

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US treasuries came under pressure and was sold off last Friday for the first time in four days as a return of risk appetite pushed US stocks to record levels. Overall yields rebounded from Thursday's multi-month lows to settle near the day highs, closing 1-7bps up across the curve. The curve bear steepened as the front end added just a bp to 0.21% while the 10s jumped 7bps to 1.36%. The UST markets may remain under pressure by the back-to-back auctions totaling \$120bn this week starting with \$58bn 3Y note sale today, followed by \$38bn 10Y and \$24bn 30Y reopenings. Fed Chair testimony, coupled with releases of first tier US data namely CPI, retail sales and industrial production, may also infuse some volatility to UST performances this week.

MGS/GII

- Local govies generally reversed prior day's gains to end on a softer note on Friday post BNM MPC meeting on Thursday where some rate cut bets were unwound. Save for the 30Y MGS, overall MGS/GII yields closed out Friday 1-7bps higher, with the biggest moves on the front end of the curve. Benchmark 5Y MGS 9/25 yields added 7bps to 2.51%, while the 10Y MGS 4/31 yields rose a more modest 3bps to 3.17%. Trading interests pulled back somewhat to RM3.37bn on Friday (from RM4.54bn Thursday) and GII formed a lower 29% of overall trade (44% on Thursday). Most of the actions were seen centered around the front-end off the runs MGS 21-22, benchies 3Y and 5Y MGS/ GII. Attention will remain on the pandemic and political development on the local front, with today's release of IPI expected to have a relatively muted market impact overall.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw further pick-up in investor interests on Friday. Secondary market volume climbed further up to RM537m (prior RM466m). Trades continued to span across the GG to single-A part of the curve but nearly two thirds of the actions were on GG papers. PTPTN '24, '28, and '34 saw a combined RM205m traded mixed at 2.37%, 3.24%, and 4.00% levels respectively. Other GG names being traded were DanaInfra '23 and '32 and Khazanah '23. In the AAA-A rated segment, interests were seen rather well spread across numerous sectors including energy, banking, telco, and property issuances. AAA-rated MAB '22 led with RM50m changed hands flat 2.89%. In the banking space, MBB '32 traded 11bps inner at 3.38%. IRS levels settled the day mixed with gains in the front end and minor losses in the 7Y and 10Y space.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.21	2
5-yr UST	0.79	4
10-yr UST	1.36	7
30-yr UST	1.99	6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.27	4	2.29	7
5-yr	2.51	7	2.61	0
7-yr	2.97	6	2.94	1
10-yr	3.17	3	3.26	3
15-yr	3.74	0	3.95	4
20-yr	4.04	2	4.20	0
30-yr	4.12	-4	4.43	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.94	0
3-yr	2.31	2
5-yr	2.58	4
7-yr	2.80	-2
10-yr	3.01	-1

Source: Bloomberg

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 09/21	1.737	250	1.756	08/07/2021	-2
MGS 11/21	1.768	101	1.760	08/07/2021	1
MGS 03/22	1.805	266	1.821	08/07/2021	-2
MGS 08/22	1.772	52	1.750	07/07/2021	2
MGS 09/22	1.768	44	1.758	08/07/2021	1
MGS 03/23	1.310	17	1.896	08/07/2021	-59
MGS 04/23	1.927	12	1.903	07/07/2021	2
MGS 08/23	1.964	2	1.958	08/07/2021	1
MGS 06/24	2.267	346	2.224	08/07/2021	4
MGS 07/24	2.259	42	2.255	08/07/2021	0
MGS 09/24	2.347	4	2.257	08/07/2021	9
MGS 09/25	2.505	226	2.435	08/07/2021	7
MGS 04/26	2.648	4	2.596	07/07/2021	5
MGS 07/26	2.650	22	2.659	08/07/2021	-1
MGS 11/26	2.523	3	2.529	08/07/2021	-1
MGS 05/27	2.888	20	2.834	07/07/2021	5
MGS 11/27	2.883	5	2.862	08/07/2021	2
MGS 06/28	2.970	98	2.914	08/07/2021	6
MGS 09/28	3.039	0	2.961	07/07/2021	8
MGS 08/29	3.099	59	3.084	08/07/2021	2
MGS 04/30	3.193	35	3.212	08/07/2021	-2
MGS 04/31	3.174	492	3.147	08/07/2021	3
MGS 06/31	3.330	73	3.321	08/07/2021	1
MGS 04/32	3.438	4	3.460	05/07/2021	-2
MGS 07/34	3.808	75	3.777	08/07/2021	3
MGS 05/35	3.738	70	3.733	08/07/2021	0
MGS 04/37	3.976	4	3.905	08/07/2021	7
MGS 05/40	4.041	41	4.023	08/07/2021	2
MGS 07/48	4.381	0	4.405	08/07/2021	-2
MGS 06/50	4.118	22	4.154	08/07/2021	-4
GII 03/22	1.780	15	1.750	08/07/2021	3
GII 04/22	1.707	23	1.750	08/07/2021	-4
GII 11/23	2.026	40	1.982	01/07/2021	4
GII 10/24	2.291	346	2.228	08/07/2021	6
GII 03/26	2.614	220	2.610	08/07/2021	0
GII 09/26	2.664	20	2.685	08/07/2021	-2
GII 09/27	2.941	50	2.926	08/07/2021	1
GII 07/29	3.199	9	3.161	08/07/2021	4
GII 10/30	3.257	144	3.229	08/07/2021	3
GII 06/33	3.739	30	3.725	08/07/2021	1
GII 07/36	3.950	90	3.908	08/07/2021	4
		<u>3375</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Khazanah Nasional Berhad	08/23	GG	2.305	20	2.264	06/07/2021	4	37
DanaInfra Nasional Berhad	10/23	GG	2.259	50	2.349	11/06/2021	-9	32
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	2.369	40	2.599	18/05/2021	-23	12
Lembaga Pembiayaan Perumahan Sektor Awam	10/25	GG	2.701	20	2.763	30/06/2021	-6	28
Perbadanan Tabung Pendidikan Tinggi Nasional	07/28	GG	3.240	25	3.239	08/07/2021	0	27
DanaInfra Nasional Berhad	11/32	GG	3.679	40	3.808	25/06/2021	-13	49
Perbadanan Tabung Pendidikan Tinggi Nasional	12/34	GG	4.005	140	3.469	04/02/2020	54	25
Prasarana Malaysia Berhad	02/35	GG	4.030	4	3.600	28/12/2020	43	27
Putrajaya Holdings Sdn Berhad	10/21	AAA	2.159	24	2.199	22/03/2021	-4	38
Malaysia Airports Capital Berhad	12/22	AAA	2.891	50	2.894	08/07/2021	0	111
Pengurusan Air SPV Berhad	10/26	AAA	3.161	10	3.193	30/06/2021	-3	65
DiGi Telecommunications Sdn Berhad	09/29	AAA	3.550	10	3.679	22/06/2021	-13	47
Bank Pembangunan Malaysia Berhad	06/31	AAA	4.003	0	4.003	07/07/2021	0	81
Sabah Credit Corporation	12/21	AA1	2.501	2	2.603	10/03/2021	-10	72
YTL Power International Berhad	06/22	AA1	2.849	20	2.835	06/07/2021	1	107
Malayan Banking Berhad	10/32	AA1	3.379	20	3.489	16/06/2021	-11	19
Genting RMTN Berhad	11/34	AA1	5.002	0	5.002	07/07/2021	0	125
MMC Corporation Berhad	11/27	AA-	3.996	5	4.048	06/07/2021	-5	119
Jimah East Power Sdn Berhad	12/29	AA-	4.257	20	4.178	28/05/2021	8	117
Penang Port Sdn Berhad	12/31	AA-	4.148	10	4.209	29/06/2021	-6	96
Hong Leong Assurance Berhad	12/28	AA3	4.013	4	3.855	08/07/2021	16	105
RHB Islamic Bank Berhad	05/29	AA3	3.163	10	3.198	29/06/2021	-4	8
Tropicana Corporation Berhad	10/23	A+	4.910	1	4.006	24/06/2021	90	297
CIMB Group Holdings Berhad	05/16	A1	2.746	1	2.647	08/07/2021	10	-130
Alliance Bank Malaysia Berhad	10/35	A2	4.048	10	3.975	08/07/2021	7	29
Mah Sing Group Berhad	02/17	-	4.885	0	3.192	16/06/2021	169	84
YNH Property Berhad	07/19	-	6.723	1	6.723	08/07/2021	0	268
Eco World International Berhad	05/23	-	5.299	0	4.605	23/06/2021	69	-
Tropicana Corporation Berhad	09/19	-	4.874	0	4.872	08/07/2021	0	-
				<u>537</u>				

*spread against nearest indicative tenured MGS (Source : BPAM)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM; MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.