

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries extending out to the 5-year were pressured on Tuesday, following strong June CPI data of 5.4% y/y vs 4.9% median estimates; whilst the longer-ends however remained mostly intact. The curve flattened as overall benchmark yields closed mixed between -2 to +2bps. The UST 2Y yield edged 2bps up at 0.25% whilst the much-watched UST 10Y closed within 1bps lower at 1.36%. The reopening auction of \$24b 30Y bonds registered a poor BTC of 2.19x (previous 6 auction average: 2.38x) whilst being awarded at 2.00%, with the longest tail seen since August 2020. The strong inflation data may make it difficult now for the Fed to maintain its stance that elevated inflation readings are merely transitory. Elsewhere repo rates are primed to drop by tonight as the Fed is expected to remove more than \$80b of MBS collateral from the market for the July Class A TBA settlement date. Meantime expect attention to shift to Beige Book release and also Fed Chair Powell's Congressional testimony tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.25	2
5-yr UST	0.81	2
10-yr UST	1.36	0
30-yr UST	1.98	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.26	-1	2.30	0
5-yr	2.53	3	2.61	-3
7-yr	2.98	-4	2.94	0
10-yr	3.24	-3	3.31	-1
15-yr	3.83	0	3.97	2
20-yr	4.08	-2	4.23	0
30-yr	4.22	2	4.45	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.95	0
3-yr	2.32	-2
5-yr	2.59	-2
7-yr	2.82	-1
10-yr	3.04	-2

Source: Bloomberg

Upcoming Government Bond Tender

Reopening of RM2.5b + RM2.0b (Private Placement)
15Y GII 7/37 on Wednesday, 14th July 2021

MGS/GIII

- On Tuesday, local govies generally recovered from prior day's sell-down on supply concerns, with the belly gaining the most. Overall benchmark yields settled between -4 to +3bps amid the improvement in secondary market volume @ RM2.79b. Both the 5Y MGS 9/25 and 10Y MGS 4/31 yields ended opposite; with the former up 3bps at 2.53% whilst the later ended 3bps lower at 3.24%. Interest was mainly seen in the off-the-run 21's, 23's and also benchmark 3Y GII and 5Y, 10Y MGS. GII transactions increased to form 24% of overall trades. Expect investors to shift attention to the 15Y GII auction today, along with ongoing updates changes on the current lockdown restrictions in important states e.g. Selangor and Kuala Lumpur.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw a jump in investor interest on Monday with trades seen across the AAA-AA part of the curve amid the doubling of secondary market volume @ RM676m. Overall yields closed mostly mixed-to-lower spanning across 26 names in total. There were several bonds that made their debut trades. The govt-guaranteed LPPSA 24-25's declined 6-18bps compared to previous-done levels between 2.52-77% levels. FELDA 3/26 made its debut trade at 3.00%. AAA-rated SEB 7/24 and 1/27 dominated with RM140m in transacted amounts; closing 2-5bps lower at 2.83% and 3.36% each. AA-rated energy-related bonds JEP saw the 6/29 tranche close unchanged at 4.15% on heavy volume whereas the 2032 tranches ended 2-9bps between 4.47-4.50%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	4.430	97	1.948	12/07/2021	248
MGS 09/21	1.744	306	1.755	12/07/2021	-1
MGS 11/21	1.739	109	1.721	12/07/2021	2
MGS 03/22	1.758	161	1.759	12/07/2021	0
MGS 08/22	1.690	7	1.786	12/07/2021	-10
MGS 09/22	1.756	130	1.776	12/07/2021	-2
MGS 03/23	1.913	347	1.915	12/07/2021	0
MGS 04/23	1.926	10	1.927	09/07/2021	0
MGS 08/23	1.936	3	1.977	12/07/2021	-4
MGS 06/24	2.262	136	2.270	12/07/2021	-1
MGS 07/24	2.341	100	2.368	12/07/2021	-3
MGS 09/24	2.335	40	2.329	12/07/2021	1
MGS 09/25	2.533	187	2.507	12/07/2021	3
MGS 04/26	2.656	35	2.628	12/07/2021	3
MGS 07/26	2.655	6	2.650	12/07/2021	0
MGS 11/26	2.523	5	2.554	12/07/2021	-3
MGS 05/27	2.878	10	2.900	12/07/2021	-2
MGS 11/27	2.914	1	2.938	12/07/2021	-2
MGS 06/28	2.983	40	3.020	12/07/2021	-4
MGS 08/29	3.137	81	3.135	12/07/2021	0
MGS 04/31	3.240	184	3.267	12/07/2021	-3
MGS 04/32	3.421	30	3.519	12/07/2021	-10
MGS 04/33	3.725	1	3.759	12/07/2021	-3
MGS 11/33	3.758	20	3.777	12/07/2021	-2
MGS 07/34	3.808	5	3.833	12/07/2021	-3
MGS 06/38	4.137	4	4.145	12/07/2021	-1
MGS 05/40	4.082	52	4.106	12/07/2021	-2
MGS 09/43	4.272	1	4.304	12/07/2021	-3
MGS 07/48	4.375	13	4.417	12/07/2021	-4
GII 03/22	1.770	50	1.780	09/07/2021	-1
GII 04/22	1.664	100	1.707	09/07/2021	-4
GII 05/23	1.951	50	1.880	07/07/2021	7
GII 11/23	1.996	20	2.026	09/07/2021	-3
GII 05/24	2.214	10	2.197	05/07/2021	2
GII 10/24	2.297	161	2.301	12/07/2021	0
GII 08/25	2.500	1	2.585	05/07/2021	-9
GII 03/26	2.613	100	2.640	12/07/2021	-3
GII 09/27	2.937	40	2.941	09/07/2021	0
GII 10/28	3.074	51	3.089	12/07/2021	-2
GII 07/29	3.194	20	3.199	09/07/2021	0
GII 10/30	3.307	44	3.319	12/07/2021	-1
GII 08/33	3.774	10	3.755	12/07/2021	2
GII 11/34	3.916	1	3.897	08/07/2021	2
GII 07/36	3.970	10	3.950	09/07/2021	2
GII 09/41	4.228	1	4.231	12/07/2021	0
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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*
Danainfra Nasional Berhad	08/23	GG	2.162	30	2.219	01/07/2021	-6	22
Lembaga Pembiayaan Perumahan Sektor Awam	09/24	GG	2.459	35	2.521	03/06/2021	-6	21
Lembaga Pembiayaan Perumahan Sektor Awam	04/25	GG	2.589	30	2.769	19/04/2021	-18	16
Federal Land Development Authority	03/26	GG	3.000	5	-	-	-	48
Danainfra Nasional Berhad	02/39	GG	4.291	20	4.420	23/04/2021	-13	20
Projek Lebuhraya Usahasama Berhad	01/23	AAA	2.360	10	2.385	02/07/2021	-2	41
Sarawak Energy Berhad	07/24	AAA	2.833	70	2.858	01/07/2021	-2	58
Toyota Capital Malaysia Sdn Berhad	10/24	AAA	3.317	20	-	-	-	106
Danga Capital Berhad	02/26	AAA	2.962	20	2.998	24/06/2021	-4	44
Sarawak Energy Berhad	01/27	AAA	3.357	70	3.409	01/07/2021	-5	55
Projek Lebuhraya Usahasama Berhad	01/31	AAA	3.800	15	3.818	30/06/2021	-2	56
Rantau Abang Capital Berhad	01/32	AAA	3.829	10	3.899	24/06/2021	-7	59
GENM Capital Berhad	07/28	AA1	4.700	1	4.629	23/06/2021	7	171
United Growth Berhad	06/22	AA2	2.525	22	2.647	23/09/2020	-12	74
AEON Co. (M) Berhad	07/22	AA2	3.054	48	-	-	-	127
OSK Rated Bond Sdn Berhad	04/28	AA	4.088	10	4.168	28/06/2021	-8	110
OSK Rated Bond Sdn Berhad	04/31	AA	4.249	10	4.313	23/06/2021	-6	101
WCT Holdings Berhad	05/22	AA-	3.844	20	3.883	23/06/2021	-4	206
Pelabuhan Tanjung Pelepas Sdn Berhad	06/27	AA-	3.638	10	3.682	28/05/2021	-4	83
MMC Corporation Berhad	11/27	AA-	3.977	20	3.997	12/07/2021	-2	117
Jimah East Power Sdn Berhad	06/29	AA-	4.148	120	4.149	21/06/2021	0	103
Jimah East Power Sdn Berhad	06/32	AA-	4.474	30	4.563	02/04/2021	-9	123
Jimah East Power Sdn Berhad	12/32	AA-	4.499	10	4.519	21/06/2021	-2	126
TG Excellence Berhad	02/20	AA-	4.159	1	3.508	01/07/2021	65	7
CIMB Group Holdings Berhad	05/16	A1	2.923	20	2.746	09/07/2021	18	-117
George Kent (Malaysia) Berhad	03/26	A+	5.199	20	-	-	-	268
				<u>676</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
KAF Investment Bank Berhad	Financial Institution (FI) ratings	AA-/MARC-1/Stable	Affirmed
AEON Co (M) Bhd	RM1 bil Islamic Medium-Term Notes Programme (2016/2031)	AA2/Stable	Reaffirmed
	RM300 mil Islamic Commercial Papers Programme (2016/2023)	P1 ratings	Reaffirmed

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