

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.11	0
5-yr UST	0.47	3
10-yr UST	1.19	5
30-yr UST	1.99	7

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.86	-3	1.87	-1
5-yr	2.16	1	2.31	-1
7-yr	2.54	1	2.51	0
10-yr	2.78	-1	2.83	0
15-yr	3.39	-2	3.46	0
20-yr	3.65	-1	3.72	0
30-yr	3.95	1	4.03	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.90	-2
3-yr	2.03	-2
5-yr	2.27	-2
7-yr	2.47	0
10-yr	2.73	0

Source : Bloomberg

Upcoming Government Bond Tender.

Nil

- US Treasuries ended weaker last Friday with concerns over inflation impacting yields especially on the longer-ends, going into the long weekend. The curve steepened as overall benchmark yields ended 0-7bps higher from prior day's moves. The UST 2Y yield closed unchanged at 0.11% whilst the much-watched 10Y yields spiked 5bps instead at 1.19%; levels unseen since the pandemic roiled financial markets in March, last year. The \$27b 30Y UST auction notched weaker-than-expected bidding metrics by chalking a BTC ratio of 2.18x; (well-below January's 2.47x and November's 2.29x); and awarded at a high yield of 1.933%. Bond yields have been under pressure and is sensitive to any indication from authorities that monetary policy may not necessarily remain easy going forward. The UST market will be closed Monday for Presidents Day celebrations. Expect attention to focus on the upcoming PPI, retail sales numbers for January followed by the 20Y auction on Wednesday.

MGS/GIII

- Last Thursday, local govies saw interest and momentum fizzle out ahead of the long Chinese Lunar holidays undeterred by the release of the weaker 4Q2020 GDP of -3.4% and overall 2020 GDP data of -5.6%. Overall benchmark yields closed mostly mixed between -3 to +1bps across the curve amid a sharp drop in secondary market volume @RM1.06b. The 5Y MGS 9/25 yield edged 1bps up at 2.16% whilst the 10Y MGS 4/31 declined 1bps at 2.78%. Interest was mainly seen in the off-the-run 21's and also in the benchmark 10Y MGS. GII bond trades decreased to form ~36% of overall trades. Our base-case projection is that BNM will leave its OPR unchanged at 1.75% for now as vaccine rollouts, eventual lifting of movement restrictions along with firmer oil prices will provide a boost to the economy. Meanwhile the data front remains light for the week.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space dimilarly saw tepid interest with low-staffing levels ahead of the long weekend break last Thursday. Secondary market volume fell to its lowest YTD figures @ a mere RM15m with trades covering ~3 names only. There were no govt-guaranteed trades for the 2nd consecutive day. Likewise AAA-rated bonds were not transacted either. AA-rated GAMUDA rose 6bps compared to previous-done levels at 3.37%. The banking space was relatively quiet with odd-lot trades done on CIMB Group and Affin perps.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 09/21	1.747	142	1.751	09/02/2021	0
MGS 11/21	1.741	10	1.735	10/02/2021	1
MGS 03/22	1.795	11	1.774	10/02/2021	2
MGS 08/22	1.821	1	1.789	10/02/2021	3
MGS 03/23	1.860	55	1.885	10/02/2021	-2
MGS 04/23	1.905	21	1.906	08/02/2021	0
MGS 08/23	1.930	66	1.929	09/02/2021	0
MGS 07/24	2.042	40	2.062	10/02/2021	-2
MGS 09/24	2.033	18	2.069	10/02/2021	-4
MGS 03/25	2.128	19	2.130	09/02/2021	0
MGS 09/25	2.160	52	2.147	10/02/2021	1
MGS 07/26	2.308	14	2.318	10/02/2021	-1
MGS 05/27	2.484	5	2.465	10/02/2021	2
MGS 11/27	2.533	10	2.531	10/02/2021	0
MGS 06/28	2.538	4	2.530	10/02/2021	1
MGS 08/29	2.770	16	2.786	10/02/2021	-2
MGS 04/30	2.854	4	2.867	10/02/2021	-1
MGS 04/31	2.784	110	2.791	10/02/2021	-1
MGS 06/31	2.970	7	2.959	10/02/2021	1
MGS 04/33	3.399	30	3.406	10/02/2021	-1
MGS 11/33	3.429	20	3.428	10/02/2021	0
MGS 07/34	3.390	6	3.406	10/02/2021	-2
MGS 06/38	3.698	5	3.725	10/02/2021	-3
MGS 05/40	3.646	7	3.657	10/02/2021	-1
MGS 03/46	3.984	2	3.984	10/02/2021	0
MGS 06/50	3.948	2	3.938	10/02/2021	1
GII 04/21	1.742	100	1.749	10/02/2021	-1
GII 08/21	1.750	40	1.700	10/02/2021	5
GII 03/22	1.779	14	1.734	09/02/2021	4
GII 04/22	1.784	26	1.757	03/02/2021	3
GII 05/23	1.876	10	1.880	10/02/2021	0
GII 05/24	2.024	20	2.024	04/02/2021	0
GII 08/25	2.188	10	2.188	10/02/2021	0
GII 10/25	2.251	17	2.274	09/02/2021	-2
GII 03/26	2.313	5	2.324	10/02/2021	-1
GII 07/27	2.569	17	2.564	10/02/2021	0
GII 09/27	2.512	2	2.515	10/02/2021	0
GII 12/28	2.730	4	2.776	09/02/2021	-5
GII 07/29	2.862	14	2.798	10/02/2021	6
GII 10/30	2.834	20	2.834	09/02/2021	0
GII 06/33	3.451	46	3.450	10/02/2021	0
GII 11/34	3.495	23	3.498	10/02/2021	0
GII 11/49	4.033	14	4.029	09/02/2021	0
		<u>1060</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*
Gamuda Berhad	11/26	AA3	3.367	10	3.303	04/09/2020	102
CIMB Group Holdings Berhad	05/16	A1	2.759	3	3.367	26/01/2021	-90
Affin Bank Berhad	07/18	A3	3.953	2	3.842	10/02/2021	30
				<u>15</u>			

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

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Alpha Circle Sdn Bhd	RM160 million Senior Sukuk Musharakah	From AA-IS to A-IS/Negative	Downgraded
	RM55 million Junior Sukuk Musharakah	From A-IS to BBB-IS/Negative	Downgraded

Source: RAM, MARC

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