

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- USTs shrugged-off prior day's gains and were on the back-foot, ending slightly weaker instead on Tuesday. This was largely due to the higher-than-expected November Producer Price Index print as the FOMC began its 2-day meeting. The curve shifted higher with overall benchmark yields closing between 1-3bps higher across. **Both the UST 2Y and the much-watched 10Y yields edged 2bps higher at 0.65% and 1.44% respectively.** The FOMC decision may be expected to lean to the doubling of the asset-taper from the current \$15b to \$30b (note: current purchases are at \$105b). Overnight swaps are currently pricing ~28bps of rate hikes into the June 2022 meeting, with a 2<sup>nd</sup> hike of ~55bps priced into the November 2022 meeting. Elsewhere T-bills coming due in the next week gained following the introduction of legislation by the Senate Democrats to raise the debt ceiling by \$2.5 trillion. Expect attention to shift to the ongoing FOMC meeting that will be concluded by Thursday morning (Malaysian time), followed by Fed Chair Powell's press conference thereafter.

##### MGS/GII

- Local govvnies saw GII mostly gain in strength whereas MGS ended largely mixed on Tuesday amid a huge jump in secondary market volume of RM3.05b. Overall benchmark MGS/GII yields closed between -3 to +3bps across the curve save for the odd-lot trades seen in the 20Y MGS;. **The 5Y benchmark MGS 11/26 yield closed unchanged at 3.13% whilst the 10Y benchmark MGS 4/31 yield edged 1bps lower instead at 3.56%** compared to prior day's close. Interest was mainly seen in the off-the-run 22's, 25's and 10Y MGS/GII. GII transactions rose to form 31% of overall trades. Elsewhere the Parliament passed the 2022 Malaysia Budget with a majority; paving the way for national spending. Expect attention today to shift to the penultimate auction of the year consisting of the 3Y MGS 6/24.

##### Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space continued to see decent investor interest on Tuesday amid sustained secondary market volume of RM322m. Transactions were mainly seen across the GG to single-A part of the curve as overall yields closed mixed again, spanning across 32 names. Govt-guaranteed PRASA 9/22 eased 3bps lower at 2.01% compared to previous-done levels whilst the 3/45 tranche edged 1bps up instead at 4.43%. AAA-rated CAGAMAS saw several 2022 and 2024 tranches exchange hands, closing mixed on yields (i.e between -25 to +4bps) to settle within 2.18-3.16% range. In the AA-space, energy-related bonds EDRA 28 and 36 closed 5-8bps lower at 4.00% and 4.70% each whilst JEP settled 3bps lower at 2.92%. Highway operator BESRAYA 7/25 which last traded in March 2020, jumped 18bps to 3.73%. Meanwhile the banking/finance space saw ALLIANCE 2030NC 25 rise 10bps to 3.70%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.65	2
5-yr UST	1.23	3
10-yr UST	1.44	2
30-yr UST	1.82	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.77	3	2.80	1
5-yr	3.13	0	3.14	-2
7-yr	3.47	0	3.36	-1
10-yr	3.56	-1	3.64	-2
15-yr	3.86	0	3.98	0
20-yr	4.11	9	4.18	-3
30-yr	4.18	-1	4.44	-1

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.18	0
3-yr	2.73	0
5-yr	2.93	-1
7-yr	3.18	-1
10-yr	3.40	0

Source : Bloomberg

#### Upcoming Government Bond Tender

Re-opening of RM4.5b 3Y MGS 6/24 on Wednesday, 15<sup>th</sup> December, 2021

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/22	1.740	379	1.768	13/12/2021	-3
MGS	03/23	2.172	91	2.186	13/12/2021	-1
MGS	04/23	2.215	38	2.276	13/12/2021	-6
MGS	08/23	2.229	47	2.208	13/12/2021	2
MGS	06/24	2.768	82	2.736	10/12/2021	3
MGS	07/24	2.786	55	2.851	13/12/2021	-6
MGS	09/24	2.825	50	2.820	13/12/2021	1
MGS	03/25	2.780	2	2.890	13/12/2021	-11
MGS	09/25	2.897	204	2.877	13/12/2021	2
MGS	04/26	3.085	2	3.135	13/12/2021	-5
MGS	07/26	3.108	63	3.111	13/12/2021	0
MGS	11/26	3.133	115	3.130	13/12/2021	0
MGS	05/27	3.231	85	3.235	13/12/2021	0
MGS	11/27	3.281	100	3.290	13/12/2021	-1
MGS	06/28	3.465	155	3.468	13/12/2021	0
MGS	08/29	3.547	108	3.554	13/12/2021	-1
MGS	04/30	3.622	14	3.622	13/12/2021	0
MGS	04/31	3.557	113	3.571	13/12/2021	-1
MGS	06/31	3.670	24	3.682	13/12/2021	-1
MGS	04/33	3.765	3	3.771	10/12/2021	-1
MGS	11/33	3.851	3	3.805	09/12/2021	5
MGS	07/34	3.890	85	3.889	13/12/2021	0
MGS	05/35	3.855	78	3.855	13/12/2021	0
MGS	04/37	4.000	55	4.011	13/12/2021	-1
MGS	05/40	4.107	82	4.020	13/12/2021	9
MGS	09/43	4.278	1	4.278	09/12/2021	0
MGS	03/46	4.332	2	4.356	09/12/2021	-2
MGS	06/50	4.177	82	4.182	13/12/2021	-1
GII	05/23	2.176	66	2.235	09/12/2021	-6
GII	07/23	2.193	10	2.319	09/12/2021	-13
GII	11/23	2.370	51	2.352	09/12/2021	2
GII	10/24	2.799	72	2.789	13/12/2021	1
GII	08/25	3.056	52	3.068	10/12/2021	-1
GII	03/26	3.140	105	3.156	09/12/2021	-2
GII	07/27	3.394	96	3.386	09/12/2021	1
GII	09/27	3.363	70	3.374	13/12/2021	-1
GII	10/28	3.499	75	3.511	13/12/2021	-1
GII	07/29	3.606	46	3.594	09/12/2021	1
GII	10/30	3.638	154	3.653	13/12/2021	-2
GII	11/34	4.027	15	4.010	10/12/2021	2
GII	07/36	3.979	66	3.976	09/12/2021	0
GII	09/41	4.177	34	4.210	09/12/2021	-3
GII	11/49	4.437	20	4.449	13/12/2021	-1
			<u>3050</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*	
Prasarana Malaysia Berhad	09/22	GG	2.011	30	2.042	27/10/2021	-3	17
Prasarana Malaysia Berhad	03/45	GG	4.429	20	4.419	10/09/2021	1	31
Lembaga Pembiayaan Perumahan Sektor Awam	09/45	GG	4.430	10	-	-	-	31
Cagamas MBS Berhad	05/22	AAA	2.223	10	2.480	05/02/2021	-26	39
TNB Northern Energy Berhad	05/22	AAA	2.197	10	3.939	12/04/2019	-174	36
Aman Sukuk Berhad	07/22	AAA	2.223	5	2.106	06/12/2021	12	39
Cagamas Berhad	12/22	AAA	2.176	30	2.141	02/12/2021	4	34
Cagamas Berhad	12/22	AAA	2.145	10	2.268	10/08/2020	-12	31
Cagamas Berhad	09/24	AAA	2.930	10	3.177	08/12/2021	-25	17
Cagamas Berhad	10/24	AAA	2.994	10	3.050	27/10/2021	-6	23
Cagamas Berhad	12/24	AAA	3.160	10	3.160	08/12/2021	0	40
Rantau Abang Capital Berhad	01/32	AAA	4.068	10	3.829	13/07/2021	24	50
Tenaga Nasional Berhad	11/41	AAA	4.594	1	4.594	10/12/2021	0	47
Celcom Networks Sdn Berhad	08/22	AA+	2.296	10	2.293	10/09/2021	0	46
UMW Holdings Berhad	10/26	AA+	3.797	10	3.396	06/09/2021	40	65
GENM Capital Berhad	08/25	AA1	4.130	2	4.131	07/12/2021	0	117
Sabah Development Bank Berhad	07/26	AA1	4.136	1	4.151	17/11/2021	-1	99
Sunway Treasury Sukuk Sdn Berhad	09/24	AA-	3.688	20	3.795	03/11/2021	-11	93
Besraya (M) Sdn Berhad	07/25	AA3	3.727	10	3.547	04/03/2020	18	77
Gamuda Land (T12) Sdn Berhad	08/25	AA3	3.646	10	3.728	02/12/2021	-8	69
Edra Energy Sdn Berhad	01/28	AA3	3.999	10	4.078	03/11/2021	-8	70
Edra Energy Sdn Berhad	01/36	AA3	4.699	10	4.749	16/07/2021	-5	81
Jimah East Power Sdn Berhad	06/23	AA-	2.924	10	2.958	12/08/2021	-3	109
UEM Sunrise Berhad	09/23	AA-	3.744	20	3.717	06/12/2021	3	143
WCT Holdings Berhad	01/25	AA-	4.600	5	4.687	25/10/2021	-9	184
WCT Holdings Berhad	04/26	AA-	4.912	5	4.549	12/07/2021	36	196
CIMB Group Holdings Berhad	05/16	A1	3.861	2	3.499	29/11/2021	36	-26
Hong Leong Financial Group Berhad	11/17	A1	3.385	1	3.862	06/12/2021	-48	-74
Alliance Bank Malaysia Berhad	10/30	A2	3.697	21	3.599	09/12/2021	10	15
IJM Land Berhad	03/19	A2	4.549	1	4.490	09/12/2021	6	43
Tropicana Corporation Berhad	10/25	A+	4.795	1	5.257	06/12/2021	-46	184
Yinson Holdings Berhad	12/26	A+	5.345	10	5.348	13/12/2021	0	220
				<u>322</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Credit Guarantee Corporation Malaysia Berhad	Financial institution (FI) rating	AAA/Stable	Affirmed
Perbadanan Kemajuan Negeri Selangor (PKNS or the Agency)	RM1.7 bil Islamic Medium Term Notes Programme (2013/2033)	AA3/Stable	Reaffirmed
	RM1 bil Islamic Commercial Paper Programme (2021/2028)	P1	Reaffirmed
	RM3 bil Islamic MTN Programme (2021/2121)	AA3/Stable	Reaffirmed

Source: RAM, MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; 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

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