

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries caught strong bids last Friday as the US Michigan preliminary consumer sentiment index fell, on growing fears that the continued spike in COVID-Delta variant infections along with renewal of mitigation measures may derail the economy. The curve bull-flattened as overall benchmark yields ended lower between 1-8bps. The UST 2Y yield edged 1bps down at 0.21% whilst the much-watched UST 10Y outperformed the curve and rallied, pushing yields down 8bps to 1.26%. Meanwhile market participants remain deadlocked as to whether the Fed will indeed embark on its asset tapering exercise anytime soon. Traders will also be looking for further updates to the Fed's upcoming annual Jackson Hole Symposium on 26-28<sup>th</sup> August. Meanwhile expect some attention to shift to retail sales data tonight followed by building permits and housing starts for July tomorrow.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.21	-1
5-yr UST	0.77	-5
10-yr UST	1.26	-8
30-yr UST	1.92	-8

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.32	0	2.35	0
5-yr	2.69	1	2.66	1
7-yr	3.07	2	3.05	-5
10-yr	3.21	-3	3.34	-2
15-yr	3.80	0	3.92	0
20-yr	4.06	0	4.23	0
30-yr	4.29	0	4.43	13

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.96	0
3-yr	2.36	-2
5-yr	2.64	-1
7-yr	2.85	-1
10-yr	3.06	-1

Source: Bloomberg

#### Upcoming Government Bond Tender

Reopening of RM4.5b 7Y GII 10/28 on Tuesday, 17<sup>th</sup> August, 2021

##### MGS/GII

- Local govies closed mixed with somewhat subdued trading activity as investors preferred to stay sideline due to concerns over fresh political developments and the release of BNM's 2Q2021 economic report. Overall benchmark yields closed between -5 to +2bps (save for the small, odd-lot transaction on the 30Y GII), amid a drop in secondary market volume @ RM1.55b. The 5Y benchmark MGS 11/26 yield edged 1bps higher at 2.69% whilst the 10Y benchmark MGS 4/31 yield declined 3bps to 3.21%. Interest was mainly seen in the shorter off-the-run 21-22's and also benchmark 3Y MGS, 10Y GII. GII sector decreased to form 21% of overall trades. Meanwhile the Malaysian economy grew faster-than-expected by 16.1% y/y in 2Q2021. However BNM has downgraded 2021 forecast to between 3-4% amid prevailing uncertainties. Our house view for full-year GDP growth has been further revised downwards from 3.7% to 2.7%.

##### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space too saw a drop in activity last Friday with some interest seen across the GG-AA part of the curve amid a fall in secondary market volume at RM407m. Overall yields closed mostly mixed-to-lower, spanning across 20 names. Both govt-guaranteed LPPSA and PRASA 9/24 edged 0-2bps lower compared to previous-done levels at 2.40%. AAA-rated PUTRAJAYA saw the largest transacted amounts for the day with RM70m exchanging hands; rallying 26bps to 2.22%. AA-rated energy-related bonds BGSM 23 closed 13bps lower at 2.78% whilst TADAU 27 edged 1bps down at 3.99%. The banking/finance sector was however, relatively quiet.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 11/21	1.740	310	1.757	12/08/2021	-2
MGS 03/22	1.780	10	1.748	12/08/2021	3
MGS 08/22	1.798	100	1.810	12/08/2021	-1
MGS 03/23	1.910	38	1.912	12/08/2021	0
MGS 06/24	2.315	176	2.320	12/08/2021	0
MGS 07/24	2.340	99	2.346	12/08/2021	-1
MGS 09/24	2.380	3	2.361	12/08/2021	2
MGS 09/25	2.604	8	2.611	12/08/2021	-1
MGS 07/26	2.691	7	2.692	12/08/2021	0
MGS 11/26	2.688	131	2.681	12/08/2021	1
MGS 03/27	2.880	10	2.827	02/08/2021	5
MGS 05/27	2.925	14	2.879	12/08/2021	5
MGS 11/27	2.933	21	2.935	12/08/2021	0
MGS 06/28	3.071	1	3.047	12/08/2021	2
MGS 08/29	3.200	124	3.178	12/08/2021	2
MGS 04/31	3.210	149	3.241	12/08/2021	-3
MGS 06/31	3.299	2	3.340	12/08/2021	-4
MGS 04/33	3.735	2	3.742	11/08/2021	-1
MGS 07/34	3.793	6	3.793	12/08/2021	0
MGS 04/37	3.861	4	3.901	12/08/2021	-4
MGS 05/40	4.056	11	4.056	12/08/2021	0
GII 07/22	1.834	18	1.791	05/08/2021	4
GII 05/23	1.949	15	1.971	06/08/2021	-2
GII 10/23	2.055	23	1.966	11/08/2021	9
GII 10/24	2.350	2	2.355	12/08/2021	0
GII 08/25	2.531	14	2.540	12/08/2021	-1
GII 03/26	2.659	10	2.650	12/08/2021	1
GII 09/27	3.051	2	3.106	12/08/2021	-5
GII 10/28	3.150	20	3.120	12/08/2021	3
GII 10/30	3.343	166	3.361	12/08/2021	-2
GII 09/39	4.299	50	4.220	11/08/2021	8
		<u>1546</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*	
DanaInfra Nasional Berhad	05/23	GG	2.175	20	2.353	19/05/2021	-18	22
Lembaga Pembiayaan Perumahan Sektor Awam	09/24	GG	2.399	30	2.417	09/08/2021	-2	7
Prasarana Malaysia Berhad	09/24	GG	2.400	10	2.401	22/07/2021	0	7
Prasarana Malaysia Berhad	03/34	GG	3.869	60	4.040	10/06/2021	-17	6
Putrajaya Bina Sdn Berhad	09/22	AAA	2.222	70	2.483	17/05/2021	-26	44
Sarawak Energy Berhad	07/24	AAA	2.759	35	2.764	12/08/2021	0	43
Danum Capital Berhad	05/25	AAA	2.850	40	2.879	05/08/2021	-3	30
Pengurusan Air SPV Berhad	06/28	AAA	3.371	14	3.359	26/07/2021	1	32
Sarawak Energy Berhad	11/28	AAA	3.466	30	3.509	23/07/2021	-4	41
Sarawak Energy Berhad	04/31	AAA	3.733	30	3.877	19/07/2021	-14	49
Infracap Resources Sdn Berhad	04/32	AAA	4.019	10	4.059	15/07/2021	-4	78
Sabah Development Bank Berhad	07/24	AA1	4.000	1	3.839	12/08/2021	16	167
BGSM Management Sdn Berhad	09/23	AA3	2.783	30	2.917	13/04/2021	-13	83
Tadau Energy Sdn Berhad	07/27	AA3	3.990	10	4.001	05/08/2021	-1	107
Pujian Bayu Sdn Berhad	07/29	AA3	5.530	3	-	-	-	237
Sinar Kamiri Sdn Berhad	01/23	AA-	3.642	10	3.781	23/06/2021	-14	186
AmBank Islamic Berhad	03/27	A1	3.023	1	4.470	30/07/2021	-145	10
Tropicana Corporation Berhad	06/25	A+	4.894	1	5.306	04/08/2021	-41	234
IJM Land Berhad	03/19	A2	4.493	1	4.851	11/08/2021	-36	43
YNH Property Berhad	08/19	-	6.130	2	6.345	12/08/2021	-22	207
			<u>407</u>					

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
TIME dotCom Berhad	RM1 bil Islamic MTN Programme (2015/2035)	AA2/Stable	Reaffirmed
Bina Darulaman Berhad's (BDB)	RM100.0 million Islamic Commercial Papers (ICP) Programme	MARC-2 IS/Stable	Affirmed

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

**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.