

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs saw the curve steepen as the longer-ends continued to weaken on Monday; partly due to the heavy corporate issuance calendar and earlier expectations for the Fed to commence hiking rates by mid-2022. Overall benchmark yields rose between 0-6bps across. **The UST 2Y yield closed within 1bps higher at 0.52% whilst the much-watched UST 10Y ended 5bps higher at 1.62%.** The IG issuance slate alone atoned for almost 14 deals, especially incorporating long-end tranches which were deemed to support the bearishness on that part of the curve. Investors are mulling if the FOMC may indeed have to act sooner than later and also more aggressively on rate hikes considering rising inflationary pressures. Elsewhere demand for the Fed's overnight reverse repo agreement fell as investors were lured by higher money-market rates. Expect some attention to shift to the release of Retail Sales and Industrial Production numbers for October.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.52	0
5-yr UST	1.25	3
10-yr UST	1.62	5
30-yr UST	2.00	6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.65	0	2.70	-1
5-yr	3.12	-2	3.17	5
7-yr	3.40	-5	3.41	0
10-yr	3.52	-5	3.56	-5
15-yr	3.98	-5	4.09	-2
20-yr	3.99	-20	4.22	1
30-yr	4.26	-5	4.44	-2

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.11	0
3-yr	2.74	0
5-yr	2.97	0
7-yr	3.19	1
10-yr	3.35	0

Source: Bloomberg

MGS/GII

- Local govies saw the MGS notching gains followed by GII generally as the excess real yield for the MYR may have been viewed as a favorable factor. Overall benchmark yields closed mostly lower between -20bps save for the 5Y and 20Y GII amid a sustained secondary market volume @ RM2.30b. **The 5Y benchmark MGS 11/26 yield edged 2bps lower at 3.12% whilst the 10Y benchmark MGS 4/31 rallied 5bps to 3.52%.** Interest was mainly seen in the off-the-run- 22's, 15Y MGS and 10Y GII. GII trades rose to form 42% of overall trades. The 15Y MGS auction saw solid demand especially from pension funds, GLC's, life insurance companies and also foreign parties; with BTC registering 3.063x and awarded at 3.99%

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw tepid participation from investors on Monday amid low secondary market volume of RM168m. Interest was seen mainly across the GG-AA part of the curve as overall yields continued to close mostly mixed-to-higher, spanning across 22 names. Govt-guaranteed SME 3/24 spiked 32bps compared to previous-done levels to 2.83% whereas LPPSA 8/35 made its debut trade at 4.20%; 20bps above its coupon. The sole AAA-rated trade consisted of DANGA 9/33 which edged 2bps lower at 4.20%. Energy-related bonds dominated the AA-space with BGSM 6/24 settling 6bps lower at 3.12% and JEV 22-23's sharply lower on yields since their last respective trades in 2018; closing between 4.48-58% levels. Meanwhile the banking/finance space saw MAYBANK perps i.e. 2117NC24 close 3bps lower at 3.53% whilst Bank MUAMALAT 11/21spiked 59bps to 5.36%.

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/22	1.721	339	1.819	12/11/2021	-10
MGS	09/25	2.934	43	2.986	12/11/2021	-5
MGS	11/26	3.118	80	3.135	12/11/2021	-2
MGS	05/27	3.293	2	3.283	12/11/2021	1
MGS	11/27	3.306	17	3.317	11/11/2021	-1
MGS	06/28	3.396	117	3.450	12/11/2021	-5
MGS	08/29	3.542	14	3.589	12/11/2021	-5
MGS	04/31	3.519	32	3.569	12/11/2021	-5
MGS	06/31	3.662	52	3.674	12/11/2021	-1
MGS	07/34	3.934	26	3.990	12/11/2021	-6
MGS	05/35	3.980	450	4.030	12/11/2021	-5
MGS	04/37	4.131	7	4.186	12/11/2021	-5
MGS	06/38	4.251	1	4.217	10/11/2021	3
MGS	05/40	3.988	11	4.185	12/11/2021	-20
MGS	09/43	4.267	6	4.411	08/11/2021	-14
MGS	03/46	4.382	3	4.392	12/11/2021	-1
MGS	07/48	4.419	2	4.444	10/11/2021	-3
MGS	06/50	4.263	130	4.310	12/11/2021	-5
GII	10/24	2.702	13	2.713	11/11/2021	-1
GII	03/26	3.172	74	3.122	12/11/2021	5
GII	10/28	3.495	45	3.513	12/11/2021	-2
GII	10/30	3.564	482	3.617	12/11/2021	-5
GII	07/36	4.086	20	4.105	12/11/2021	-2
GII	09/41	4.219	23	4.204	10/11/2021	2
GII	05/47	4.450	21	4.475	10/11/2021	-2
GII	11/49	4.437	293	4.454	12/11/2021	-2
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Daily Trades : Corp Bonds/ Sukuk

Securities		Rating	Closing	Vol	Previous	Previous	Chg	Spread Against MGS*
			YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)		
Small Medium Enterprise Development Bank Malaysia B	03/24	GG	2.827	30	2.507	30/08/2021	32	49
Lembaga Pembiayaan Perumahan Sektor Awam	08/35	GG	4.200	20			420	23
Danga Capital Berhad	09/33	AAA	4.201	10	4.220	08/11/2021	-2	65
GENM Capital Berhad	03/27	AA1	4.656	1	4.851	12/11/2021	-20	153
GENM Capital Berhad	07/28	AA1	4.854	1	4.767	12/11/2021	9	143
Country Garden Real Estate Sdn Berhad	03/22	AA3	3.555	25	3.570	15/09/2021	-1	170
Jimah Energy Ventures Sdn Berhad	11/22	AA3	2.703	10	4.479	26/11/2018	-178	84
Jimah Energy Ventures Sdn Berhad	05/23	AA3	2.889	10	4.578	08/10/2018	-169	103
BGSM Management Sdn Berhad	06/24	AA3	3.122	20	3.185	02/11/2021	-6	47
Malaysian Resources Corporation Berhad	04/22	AA-	3.241	25	3.407	15/09/2021	-17	138
UMW Holdings Berhad	04/18	AA-	4.850	1	4.852	27/10/2021	0	69
Malayan Banking Berhad	02/17	AA3	3.526	10	3.556	03/11/2021	-3	-64
Bank Muamalat Malaysia Berhad	11/21	A	5.358	5	4.766	21/09/2021	59	350
YNH Property Berhad	08/19	-	5.851	1	6.641	11/11/2021	-79	169
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*spread against nearest indicative tenured MGS (Source : BPAM)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Bank Kerjasama Rakyat Malaysia Berhad	Financial institution (FI) rating	AA2/Stable/P1	Affirmed
Perbadanan Kemajuan Pertanian Negeri Pahang	RM650 mil Sukuk Wakalah Programme (2020/2050)	AA3(s)/Stable	Reaffirmed

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

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