

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended stronger last Friday with the long-ends richer; supported by weaker-than-forecast April retail sales data and also a fall in May preliminary University of Michigan consumer sentiment. The curve bull-flattened as overall benchmark yields ended between 1-4bps lower with the UST 2Y yield edging 1bps down at 0.15% and the much-watched 10Y ending 3bps lower at 1.62%. The steady stream of Fed speaks which stressed the transitory nature of price jumps provided a boost to bonds. Elsewhere the Fed continues to purchase \$80b of USTs on a monthly basis. It has to date purchased about \$2.4 trillion with ~33% from the 0-2.25Y bucket. Separately, the 60-day correlation between UST's and S&P 500 Index has reached the highest since 1999. Expect attention to shift to the minutes of the FOMC meeting this Thursday followed by the manufacturing and services PMI numbers on Friday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	-1
5-yr UST	0.81	-1
10-yr UST	1.62	-3
30-yr UST	2.35	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.33	0	2.11	0
5-yr	2.58	0	2.60	0
7-yr	2.96	2	3.00	0
10-yr	3.14	4	3.26	0
15-yr	3.84	-2	3.95	6
20-yr	4.24	3	4.20	0
30-yr	4.38	4	4.56	1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.01	0
3-yr	2.41	4
5-yr	2.69	2
7-yr	2.88	2
10-yr	3.13	2

Source: Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GIII

- Last Wednesday, local govies continued to drift weaker ahead of the long Hari Raya holidays with investors and traders unwilling to take long positions. Secondary market volume registered a paltry RM913m as overall benchmark yields settled mostly higher between 0-6bps higher across the curve, save for the 15Y MGS. The 5Y MGS 9/25 yield closed almost unchanged at 2.58% whilst the 10Y MGS 4/31 yield rose 4bps at 3.14%. Interest was mainly seen in the shorter off-the-run 21's, and 24's. GII bond trades formed a mere 5% of overall trades. Elsewhere the US Department of Justice has remitted USD452m of seized 1MDB funds to the GOM. Meanwhile the economic calendar is light for the week. Expect attention to shift to ongoing updates over the resurgence of virus infections locally and also the Israeli-Palestinian conflict.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw secondary market activity taper off ahead of the long weekend holidays last Wednesday amid a pullback in secondary market volume of RM262m. Trades were thin and seen printed mainly across the AAA-AA part of the curve as overall yields closed mostly-to-lower on a mere 12 various names. The sole govt-guaranteed trade consisted of DANA 8/23 which spiked 39bps compared to previous-done levels at 2.45%. AAA-rated SEB 1/27 notched RM120m in nominal amounts; declining 22bps instead at 3.35%. The AA sector saw energy-related bonds EDRA saw the 2044 tranches and 7/29 tranche well-bid with yields closing 3-58bps lower at 3.42-50% levels and 4.30% respectively. Meanwhile the banking space saw nil activity.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.665	38	41.550	11/05/2021	-3989
MGS 09/21	1.688	258	1.738	11/05/2021	-5
MGS 11/21	1.759	10	1.754	11/05/2021	0
MGS 03/22	1.786	50	1.780	11/05/2021	1
MGS 03/23	2.066	1	2.040	11/05/2021	3
MGS 06/24	2.326	226	2.323	11/05/2021	0
MGS 07/24	2.348	2	2.397	11/05/2021	-5
MGS 09/25	2.578	6	2.581	11/05/2021	0
MGS 05/27	2.851	4	2.840	11/05/2021	1
MGS 06/28	2.956	3	2.937	11/05/2021	2
MGS 04/30	3.275	5	3.257	07/05/2021	2
MGS 06/31	3.374	20	3.404	11/05/2021	-3
MGS 07/34	3.837	70	3.857	11/05/2021	-2
MGS 05/35	3.882	13	3.882	11/05/2021	0
MGS 06/38	4.234	60	4.230	11/05/2021	0
MGS 05/40	4.235	91	4.201	11/05/2021	3
MGS 06/50	4.377	5	4.342	11/05/2021	4
GII 06/33	3.848	43	3.848	11/05/2021	0
GII 11/49	4.557	8	4.544	10/05/2021	1
		<u>913</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yy yy)	(bp)	Against MGS*	
DanaInfra Nasional Berhad	08/23	GG	2.452	20	2.058	25/01/2021	39	40
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak Energy Berhad)	08/26	AAA	3.158	20	3.448	29/03/2021	-29	58
Sarawak Energy Berhad	01/27	AAA	3.348	120	3.570	24/03/2021	-22	52
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak Energy Berhad)	08/29	AAA	3.639	10	3.962	22/03/2021	-32	58
Abu Dhabi National Energy Company PJSC	03/22	AA1	2.401	10	3.266	28/04/2021	-87	60
GENM Capital Berhad	08/25	AA1	4.390	10	4.384	14/04/2021	1	192
Genting RMTN Berhad	11/34	AA1	4.944	2	4.899	11/05/2021	4	108
UMW Holdings Berhad	10/23	AA2	2.945	10	2.954	03/05/2021	-1	89
Edra Energy Sdn Berhad	01/24	AA3	3.420	10	4.001	17/12/2019	-58	110
Edra Energy Sdn Berhad	07/24	AA3	3.501	20	3.528	23/04/2021	-3	119
Edra Energy Sdn Berhad	07/29	AA3	4.295	30	4.381	23/04/2021	-9	124
DRB-Hicom Berhad	12/29	A+	4.774	1	4.809	11/05/2021	-4	164
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*spread against nearest indicative tenured MGS (Source : BPAM)

Rating Action

Issuer	PDS Description	Rating/Outlook	Action
UniTapah Sdn Bhd	Sukuk Murabahah of up to RM600 mil (2014/2035)	AA1/Stable	Reaffirmed
Bellevue Group-sponsored Sukuk Ijarah backed by Aman Central Mall	RM785 million First Tranche Sukuk Ijarah under AC First Genesis Berhad's (the Issuer) RM3 billion Sukuk Ijarah Programme (the Programme)		Assigned
	Senior Class A	AAA/Stable	
	Senior Class B	AA2/Stable	
	Guaranteed Class C	Unrated	
	Subordinated Class D	Unrated	

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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