

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries saw little movements on Monday as weaker-than-expected retail sales and industrial production data out of China coupled with the Taliban's seizure of power in Afghanistan left investors either sidelined or adopting a risk-off mode. Some strength was seen especially in the belly as overall benchmark yields ended mostly between 0-1bps lower. The UST 2Y yield closed almost unchanged at 0.21% whilst the much-watched UST 10Y yield edged 1bps lower at 1.25%. Bonds were also seen undergoing slight pressure due to heavy corporate issuance slate with swap-bidding activities weighing on the curve. Nevertheless a series of strong employment data out of US may warrant a serious look at the Fed's possibility of asset tapering announcement at its next meeting in September. Meanwhile, China's holdings of USTs fell for the 4th straight month in June by ~\$17b to \$1.062 trillion but overall foreign holdings of US debt rose ~\$67b to \$7.202 trillion; the highest since February 2020.

MGS/GII

- Local govvies were mostly pressured on Monday surrounding the cabinet resignation as the existing PM took the responsibility of being a "caretaker PM" until a new government is sworn in. Trading activity remained subdued with many investors preferring to remain sidelined amid a slight drop in secondary market volume @ RM1.40b. Overall benchmark yields closed between -2 to +3bps The 5Y benchmark MGS 11/26 yield edged 1bps lower at 2.68% whilst the 10Y benchmark MGS 4/31 yield closed within 1bps up at 3.21%. Interest was mainly seen in the shorter off-the-run 21-22's and also 29's. The GII sector inched up to form 24% of overall trades. Meanwhile, expect attention to shift to today's 7Y GII auction.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space too saw a severe drop in investor activity on Monday with token interest seen across the GG-AA part of the curve amid a fall in secondary market volume at RM134m. Overall yields closed mixed, spanning across only 16 names transacted in amounts of at least RM500,000 and above. Govt-guaranteed DANA 8/23 and 5/32 edged 1-2bps higher compared to previous-done levels at 2.24% and 3.73% each. AAA-rated CAGAMAS 8/23 spiked 40bps at 2.38% whilst the 11/24 tranche declined 6bps to 2.69%. BAKUN 8/30 rose 5bps at 3.66%. The AA-rated sector mostly saw odd-lot transactions. The banking/finance sector witnessed MAYBANK 2117NC24 exchanging hands, closing 17bps higher at 3.35%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.21	0
5-yr UST	0.76	-1
10-yr UST	1.25	-1
30-yr UST	1.93	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.35	4	2.36	1
5-yr	2.68	-1	2.65	-1
7-yr	3.05	-2	3.06	1
10-yr	3.21	0	3.38	3
15-yr	3.81	1	3.93	0
20-yr	4.06	1	4.23	1
30-yr	4.32	3	4.41	-2

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.95	-1
3-yr	2.35	-2
5-yr	2.61	-3
7-yr	2.84	-1
10-yr	3.05	-1

Source: Bloomberg

Upcoming Government Bond Tender

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

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 09/21	1.689	118	1.751	12/08/2021	-6
MGS 11/21	1.729	74	1.740	13/08/2021	-1
MGS 03/22	1.770	140	1.780	13/08/2021	-1
MGS 03/23	1.945	1	1.910	13/08/2021	4
MGS 04/23	1.930	12	1.926	12/08/2021	0
MGS 06/24	2.349	31	2.315	13/08/2021	3
MGS 07/24	2.345	4	2.340	13/08/2021	1
MGS 09/24	2.390	1	2.380	13/08/2021	1
MGS 03/25	2.519	20	2.529	12/08/2021	-1
MGS 09/25	2.577	119	2.604	13/08/2021	-3
MGS 04/26	2.669	21	2.675	11/08/2021	-1
MGS 07/26	2.688	10	2.691	13/08/2021	0
MGS 11/26	2.680	50	2.688	13/08/2021	-1
MGS 05/27	2.893	47	2.925	13/08/2021	-3
MGS 11/27	2.945	50	2.933	13/08/2021	1
MGS 06/28	3.048	47	3.071	13/08/2021	-2
MGS 08/29	3.179	123	3.200	13/08/2021	-2
MGS 04/30	3.282	12	3.257	12/08/2021	2
MGS 04/31	3.214	19	3.210	13/08/2021	0
MGS 11/33	3.791	21	3.797	12/08/2021	-1
MGS 07/34	3.827	25	3.793	13/08/2021	3
MGS 05/35	3.810	20	3.799	12/08/2021	1
MGS 06/38	4.152	61	3.999	12/08/2021	15
MGS 05/40	4.062	40	4.056	13/08/2021	1
MGS 07/48	4.413	1	4.480	12/08/2021	-7
MGS 06/50	4.318	2	4.290	13/08/2021	3
GII 07/22	1.820	21	1.834	13/08/2021	-1
GII 07/23	2.000	50	1.980	11/08/2021	2
GII 11/23	2.130	30	2.082	12/08/2021	5
GII 10/24	2.356	34	2.350	13/08/2021	1
GII 08/25	2.526	20	2.531	13/08/2021	-1
GII 03/26	2.645	17	2.659	13/08/2021	-1
GII 09/27	3.061	37	3.051	13/08/2021	1
GII 10/28	3.138	8	3.150	13/08/2021	-1
GII 10/30	3.375	50	3.343	13/08/2021	3
GII 11/34	3.890	1	3.891	06/08/2021	0
GII 07/36	3.926	3	3.924	12/08/2021	0
GII 09/41	4.232	45	4.226	06/08/2021	1
GII 11/49	4.413	21	4.432	13/08/2021	-2
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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	08/23	GG	2.240	20	2.220	11/08/2021	2	29
DanaInfra Nasional Berhad	05/32	GG	3.729	10	3.719	12/08/2021	1	48
Cagamas Berhad	08/23	AAA	2.378	20	1.975	28/10/2020	40	43
Cagamas Berhad	11/24	AAA	2.686	20	2.743	26/07/2021	-6	36
Pengurusan Air SPV Berhad	04/28	AAA	3.373	20	3.349	06/08/2021	2	32
Rantau Abang Capital Berhad	03/29	AAA	3.390	1	3.658	16/04/2021	-27	23
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak)	08/30	AAA	3.660	10	3.609	04/08/2021	5	45
GENM Capital Berhad	07/23	AA1	4.098	1	4.140	30/07/2021	-4	215
Sabah Development Bank Berhad	04/24	AA1	3.988	1	4.038	28/07/2021	-5	166
Sabah Development Bank Berhad	07/24	AA1	3.742	2	4.000	13/08/2021	-26	142
SP Setia Berhad	06/26	AA	3.641	2	3.679	23/07/2021	-4	96
UEM Sunrise Berhad	03/24	AA-	3.862	1	3.892	03/08/2021	-3	154
TG Excellence Berhad	02/20	AA-	3.645	1	4.313	13/08/2021	-67	-43
Malayan Banking Berhad	02/17	AA3	3.348	20	3.182	29/07/2021	17	-73
UMW Holdings Berhad	04/18	A1	4.591	1	4.228	11/08/2021	36	52
YNH Property Berhad	08/19	-	6.312	4	6.313	13/08/2021	0	224
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*spread against nearest indicative tenured MGS (Source : BPAM)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Bank Simpanan Nasional	Proposed RM3.5 billion Islamic Medium-Term Notes Sukuk Wakalah Programme (2021/-).	AAA/Stable	Assigned

Source: RAM/ MARC

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