

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.13	-1
5-yr UST	0.44	-3
10-yr UST	1.08	-5
30-yr UST	1.83	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.72	0	1.79	-1
5-yr	1.99	-2	2.17	-1
7-yr	2.44	1	2.49	0
10-yr	2.63	-1	2.73	4
15-yr	3.31	-1	3.43	-2
20-yr	3.58	0	3.58	0
30-yr	3.92	0	3.94	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.83	-1
3-yr	1.91	-1
5-yr	2.13	-2
7-yr	2.31	2
10-yr	2.55	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

- US Treasuries ended stronger following the focus on weakening economic conditions as the decline in December's retail sales and drop in consumer confidence were reminders of the potential need for more fiscal aid. Overall benchmark yields ended between 1-5bps lower with the UST 2Y yield edging 1bps lower at 0.13% whilst the much-watched UST 10Y yield rallied 5bps at 1.08%. Despite Fed Chair Powell unveiling his proposed \$1.9 trillion COVID-19 aid package, many investors were unconvinced that it will face hurdles even in a Democratic-controlled Congress. An upshot however is that both Japanese and European investors are reputed to be keen to buy additional UST's on emergence of much more attractive yields.

MGS/GII

- On Friday, local govies saw overall benchmark yields closed mostly mixed-to-lower between -2 and +4bps across the curve amid a rise in secondary market volume @ RM4.79b. There were some expectations by rates traders on lower rates going forward. The 5Y MGS 9/25 yield declined 2bps at 1.99% whilst the 10Y MGS 4/31 yield edged 1bps lower at 2.63%. Interest was mainly seen in the off-the-run 21's, 26-27's and benchmark 3Y, 7Y MGS/GII. GII bond trades surged to form ~43% of overall trades. Expect attention to focus on the upcoming MPC meeting on OPR this Wednesday which will determine the direction of bonds going forward.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw decent interest amid a secondary market volume of RM536m with interest seen along the GG-AA part of the curve as overall yields closed mostly mixed-to-higher on trades involving ~21 bonds in total. Govt-guaranteed LPPSA and DANA 29's ended a mere 0-1bps compared to previous-done levels between 2.97-3.00%. AAA-rated DANUM 26 and 35 closed 5-9bps lower at 2.68% and 3.70% each. In the AA-space, energy-related bond YTL Power saw its 2023 and 2024 tranches notch a whopping RM240m in transacted nominal amounts. These bonds closed mixed on yields between -2 to +6bps overall at levels between 2.92-3.13%. Meanwhile, the banking space saw Hong Leong Financial Group 28NC23 close sharply lower on yields at 2.89%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 02/21	1.374	22	1.750	14/01/2021	-38
MGS 07/21	1.699	60	1.699	14/01/2021	0
MGS 11/21	1.639	6	1.689	14/01/2021	-5
MGS 08/22	1.684	46	1.704	13/01/2021	-2
MGS 09/22	1.669	2	1.700	13/01/2021	-3
MGS 03/23	1.716	233	1.716	14/01/2021	0
MGS 04/23	1.740	3	1.888	13/01/2021	-15
MGS 08/23	1.764	17	1.764	14/01/2021	0
MGS 06/24	1.877	82	1.936	14/01/2021	-6
MGS 07/24	1.893	6	1.918	14/01/2021	-2
MGS 09/25	1.989	10	2.009	14/01/2021	-2
MGS 07/26	2.251	270	2.224	14/01/2021	3
MGS 11/26	2.174	218	2.192	14/01/2021	-2
MGS 05/27	2.404	372	2.378	14/01/2021	3
MGS 11/27	2.465	239	2.460	14/01/2021	0
MGS 06/28	2.441	468	2.427	14/01/2021	1
MGS 09/28	2.568	60	2.565	18/12/2020	0
MGS 08/29	2.692	120	2.676	14/01/2021	2
MGS 04/30	2.709	13	2.735	14/01/2021	-3
MGS 04/31	2.626	144	2.633	14/01/2021	-1
MGS 04/33	3.311	2	3.350	14/01/2021	-4
MGS 07/34	3.309	274	3.317	14/01/2021	-1
MGS 04/37	3.400	1	3.540	13/01/2021	-14
MGS 07/48	3.980	28	4.015	13/01/2021	-3
MGS 06/50	3.921	18	3.921	14/01/2021	0
GII 04/21	1.635	260	1.769	29/12/2020	-13
GII 03/22	1.725	30	1.854	07/01/2021	-13
GII 04/22	1.781	1	1.820	07/01/2021	-4
GII 11/22	1.800	30	1.871	12/01/2021	-7
GII 05/23	1.789	281	1.804	14/01/2021	-2
GII 10/24	1.945	28	1.995	14/01/2021	-5
GII 08/25	2.155	30	2.283	12/01/2021	-13
GII 10/25	2.169	60	2.270	12/01/2021	-10
GII 03/26	2.171	391	2.181	14/01/2021	-1
GII 09/26	2.246	180	2.282	14/01/2021	-4
GII 07/27	2.471	60	2.507	12/01/2021	-4
GII 09/27	2.488	230	2.485	14/01/2021	0
GII 10/28	2.686	11	2.692	14/01/2021	-1
GII 09/30	2.777	10	2.767	13/01/2021	1
GII 10/30	2.726	191	2.689	14/01/2021	4
GII 06/33	3.350	140	3.401	13/01/2021	-5
GII 07/36	3.430	20	3.425	14/01/2021	1
GII 08/37	3.634	120	3.655	28/12/2020	-2
		<u>4786</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*
Lembaga Pembiayaan Perumahan Sektor Awam	04/29	GG	2.970	80	2.960	14/01/2021	1	44
Danainfra Nasional Berhad	11/29	GG	3.000	25	3.000	14/01/2021	0	38
Telekom Malaysia Berhad	06/22	AAA	2.188	20	2.231	04/12/2020	-4	50
Danum Capital Berhad	02/26	AAA	2.677	10	2.769	17/12/2020	-9	66
Sarawak Energy Berhad	11/28	AAA	2.979	10	2.939	04/01/2021	4	45
Danum Capital Berhad	02/35	AAA	3.697	5	3.748	22/12/2020	-5	38
Tenaga Nasional Berhad	08/38	AAA	3.868	9	3.869	14/01/2021	0	29
Hong Leong Financial Group Berhad	09/21	AA1	2.495	5	2.428	16/10/2020	7	81
YTL Power International Berhad	03/23	AA1	2.919	60	2.918	23/09/2020	0	121
YTL Power International Berhad	08/23	AA1	2.959	120	2.975	08/01/2021	-2	123
YTL Power International Berhad	10/24	AA1	3.127	60	3.067	29/07/2020	6	120
GENM Capital Berhad	08/25	AA1	3.933	1	3.234	06/08/2020	70	192
Hong Leong Financial Group Berhad	06/28	AA2	2.890	20	4.096	26/03/2020	-121	47
Edra Solar Sdn Berhad	10/29	AA2	3.607	10	-	-	-	99
Sime Darby Plantation Berhad (fka Sime Darby Planta	03/16	AA	3.098	30	3.183	19/08/2020	-9	-49
Press Metal Aluminium Holdings Berhad	08/25	AA3	3.843	10	3.948	05/01/2021	-11	183
Edra Energy Sdn Berhad	01/36	AA3	4.259	10	4.179	18/02/2020	8	94
Malayan Banking Berhad	02/17	AA3	3.640	1	3.500	22/12/2020	14	6
Alliance Bank Malaysia Berhad	10/32	A2	3.396	1	3.501	08/12/2020	-11	76
Guan Chong Berhad	12/27	AA-	3.717	44	3.709	04/01/2021	1	129
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/39	AA-	5.228	7	5.188	28/12/2020	4	165
				<u>536</u>				

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

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Cellco Capital Bhd	Proposed RM520 million issuance (Issue 1) under its Islamic Commercial Papers/Islamic Medium-Term Notes (Sukuk Ijarah Programme) with a combined limit of up to RM1.0 billion	MARC-1 IS / AA IS	Assigned
Pengurusan Air SPV Berhad	RM20 bil Islamic MTN Programme (2009/2039)	RM20 bil Islamic MTN Programme (2009/2039)	Reaffirmed
Hong Leong Financial Group Berhad	Corporate credit ratings Financial institution ratings	AA1/Stable/P1 AAA/Stable/P1	Reaffirmed Reaffirmed

Source: RAM, MARC

Hong Leong Bank Berhad

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