

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.11	-1
5-yr UST	0.55	-3
10-yr UST	1.27	-4
30-yr UST	2.04	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.91	1	1.99	2
5-yr	2.33	8	2.46	2
7-yr	2.72	5	2.59	-2
10-yr	2.99	4	3.00	2
15-yr	3.77	24	3.66	16
20-yr	4.00	20	4.06	3
30-yr	4.20	14	4.09	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.94	1
3-yr	2.15	3
5-yr	2.45	6
7-yr	2.63	2
10-yr	2.95	4

Source : Bloomberg

Upcoming Government Bond Tender.

Nil

- US Treasuries showed signs of stability following a recent wave of selling on Wednesday which saw yields peak shortly after the release of better-than-expected retail sales data, PPI and industrial production numbers for January. The curve was flatter with overall benchmark yields ending 1-4bps lower. The UST 2Y yield edged 1bps down at 0.11% whilst the much-watched 10Y recouped some earlier losses seen in prior sessions with yields ending 4bps lower at 1.27%. Meanwhile the \$20b UST 20Y which averaged 1.92% saw weak bidding metrics with BTC ratio at a 1-year low of 2.15x (previous auction: 2.28x). Investors were seen digesting the increase in UST supply due to upcoming economic stimulus totaling as much as \$1.9 trillion and forecasts for accelerating economic growth once the vaccine rollouts gather steam. Expect some attention to focus on the upcoming Markit manufacturing and services PMI data for February.

MGS/GII

- On Wednesday, local govies ended weaker for 3rd consecutive session this week with no let-up seen in rising IRS levels. Overall benchmark yields closed mostly between 0-24bps higher across a steeper curve amid the sustaining of secondary market volume at RM4.48b. The 5Y MGS 9/25 yield spiked 8bps at 2.33% whilst the 10Y MGS 4/31 yield rose 4bps at 2.99%. Interest was mainly seen in the off-the-run 21's, 28's, 30's and also in the benchmark 5Y, 10Y GII/MGS. GII bond trades jumped to form ~46% of overall trades. The 20Y MGS auction which was awarded at an average 3.969% saw decent bidding metrics on a BTC ratio of 2.224x. Meanwhile the data front remains light for this week.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw investor interest dwindle on Wednesday as secondary market volume halved at ~RM351m with trades covering only ~19 names. Overall yields ended mixed with transactions seen mainly across the curve. The sole gov-guaranteed trade involved DANA 11/22 which closed unchanged compared to previous-done levels at 2.02%. AAA-rated SEB 8/25 and DANGA 2/26 moved 2-3bps higher at 2.62% and 2.67% respectively. BGSM dominated the AA-space with the 2021 and 2023 tranches rallying 5-16bps at 2.38% and 2.61% each with total transactions of RM90m. IJM 8/28 however rose 5bps at 3.70%. The banking space saw PUBLIC Islamic 27NC22 declining 9bps at 2.47% whilst BPMB 11/26 edged 1bps down at 2.90%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.735	125	1.740	16/02/2021	0
MGS 09/21	1.756	80	1.694	16/02/2021	6
MGS 11/21	1.748	220	1.701	16/02/2021	5
MGS 03/22	1.777	20	1.777	16/02/2021	0
MGS 09/22	1.899	20	1.825	15/02/2021	7
MGS 03/23	1.908	84	1.901	16/02/2021	1
MGS 08/23	1.945	31	1.933	16/02/2021	1
MGS 03/25	2.198	15	2.163	16/02/2021	4
MGS 09/25	2.330	86	2.253	16/02/2021	8
MGS 04/26	2.411	21	2.371	16/02/2021	4
MGS 07/26	2.453	11	2.417	16/02/2021	4
MGS 03/27	2.584	35	2.521	16/02/2021	6
MGS 05/27	2.607	80	2.548	16/02/2021	6
MGS 11/27	2.682	15	2.667	16/02/2021	2
MGS 06/28	2.717	132	2.666	16/02/2021	5
MGS 08/29	2.970	67	2.973	16/02/2021	0
MGS 04/30	3.048	178	2.954	16/02/2021	9
MGS 04/31	2.993	291	2.953	16/02/2021	4
MGS 06/31	3.171	112	3.042	16/02/2021	13
MGS 04/33	3.644	15	3.505	16/02/2021	14
MGS 11/33	3.660	52	3.559	16/02/2021	10
MGS 07/34	3.770	74	3.530	16/02/2021	24
MGS 05/35	3.637	17	3.546	16/02/2021	9
MGS 04/37	3.739	40	3.609	15/02/2021	13
MGS 05/40	3.997	510	3.800	16/02/2021	20
MGS 09/43	4.049	7	3.990	16/02/2021	6
MGS 03/46	4.123	5	3.946	16/02/2021	18
MGS 07/48	4.157	7	4.023	16/02/2021	13
MGS 06/50	4.202	61	4.065	16/02/2021	14
GII 03/21	1.648	23	1.732	09/02/2021	-8
GII 03/22	1.557	151	1.779	11/02/2021	-22
GII 11/22	1.844	50	1.852	25/01/2021	-1
GII 05/23	1.991	104	1.975	16/02/2021	2
GII 11/23	2.051	55	2.031	16/02/2021	2
GII 10/24	2.165	10	2.125	15/02/2021	4
GII 10/25	2.388	220	2.284	16/02/2021	10
GII 03/26	2.463	515	2.439	16/02/2021	2
GII 09/26	2.540	1	2.362	10/02/2021	18
GII 07/27	2.659	10	2.643	16/02/2021	2
GII 09/27	2.587	11	2.603	16/02/2021	-2
GII 10/28	2.896	131	2.765	16/02/2021	13
GII 12/28	2.781	44	2.730	11/02/2021	5
GII 09/30	3.050	50	2.847	08/02/2021	20
GII 10/30	3.032	265	2.985	16/02/2021	5
GII 07/36	3.661	20	3.506	16/02/2021	16
GII 09/39	4.061	407	4.032	16/02/2021	3
		<u>4479</u>			

Daily Trades : Corp Bonds/ Sukuk

	(dd/mm/yy yy)		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*
Danainfra Nasional Berhad	11/22	GG	2.019	10	2.017	16/02/2021	0	20
Telekom Malaysia Berhad	06/22	AAA	2.170	40	2.196	04/02/2021	-3	41
Sarawak Energy Berhad	08/25	AAA	2.618	20	2.584	10/02/2021	3	36
Danga Capital Berhad	02/26	AAA	2.666	30	2.646	03/02/2021	2	41
Bank Pembangunan Malaysia Berhad	11/26	AAA	2.899	25	2.912	24/12/2020	-1	41
Rantau Abang Capital Berhad	05/31	AAA	3.480	5	3.210	24/11/2020	27	50
YTL Power International Berhad	03/23	AA1	2.898	10	2.919	15/01/2021	-2	108
Public Islamic Bank Berhad	08/27	AA1	2.469	74	2.558	09/09/2020	-9	-2
YTL Corporation Berhad	06/34	AA1	4.000	1	4.112	08/02/2021	-11	39
BGSM Management Sdn Berhad	08/21	AA3	2.382	70	2.540	14/09/2020	-16	62
BGSM Management Sdn Berhad	09/23	AA3	2.606	20	2.653	22/01/2021	-5	70
IJM Corporation Berhad	08/28	AA3	3.698	20	3.650	10/02/2021	5	87
Pelabuhan Tanjung Pelepas Sdn Berhad	06/25	AA-	2.927	20	2.998	07/01/2021	-7	82
Tan Chong Motor Holdings Berhad	11/21	A1	3.805	1	3.804	09/02/2021	0	205
Jati Cakerawala Sdn Berhad	01/22	A1	3.804	2	3.797	16/02/2021	1	204
Alliance Bank Malaysia Berhad	10/35	A2	3.404	2	3.497	10/02/2021	-9	-21
IJM Land Berhad	03/19	A2	4.698	1	4.421	05/02/2021	28	73
YNH Property Berhad	08/19	-	6.543	1	6.952	15/02/2021	-41	258
YNH Property Berhad	08/19	-	6.357	1	6.849	16/02/2021	-49	239
				<u>351</u>				

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

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Jimah East Power Sdn Bhd	RM8.98 billion Sukuk Murabahah	AA-IS/Stable	Affirmed

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

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.

--