

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended slightly mixed on Tuesday with little movements and modest bids amid a bigger-than expected decline in US retail sales and also a rise in industrial production for July. Overall benchmark yields ended mostly within a 1bp move. Both the UST 2Y and UST10Y yields closed almost unchanged at 0.22% and 1.26% respectively. Ongoing concerns remain over COVID-19/Delta variant infections and its adverse impact on the economy along with geopolitical issues involving Afghanistan. Fed Chair Powell, during an event said that the ultimate impact of COVID's delta variant on the economy remains unknown. Meanwhile, expect attention to shift to the upcoming 20Y bond auction and release of the minutes of the FOMC's July meeting tonight.

MGS/GII

- Local govies saw slight recovery on Tuesday with the long-ends showing larger deviations than the rest of the curve following some slight relief as the existing "caretaker PM" continues at the helm to maintain ongoing of existing policies, until a new government is sworn in soon. Overall benchmark yields closed mostly unchanged-to-lower i.e. between -9 to +3bps as trading activity remained muted despite a slight increase in secondary market volume @ RM1.89b. The 5Y benchmark MGS 11/26 yield edged 1bps lower at 2.67% whilst the 10Y benchmark MGS 4/31 yield closed unchanged at 3.21%. Interest was mainly seen in the shorter off-the-run 21's, 23-24's and also benchmark 7Y GII. The GII sector ballooned to form 65% of overall trades. Meanwhile, the 7Y GII auction saw decent bidding metrics at BTC ratio of 1.98x with total bids totalling RM7.91b. Expect a relatively quiet session for bonds today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space too saw slight improvement in investor appetite on Tuesday with interest seen across the GG-AA part of the curve amid a sharper increase in secondary market volume of RM313m. Overall yields closed mixed-to-lower, spanning across 24 names. Govt-guaranteed DANA and PRASA 23's saw different fortunes with the former moving 3bps lower compared to previous-done levels at 2.21% whereas the latter rose 9bps instead at 2.24%. AAA-rated INFRACAP 26 declined 8bps at 3.14% whilst the 2028 tranche closed unchanged at 3.52%. The AA-rated IJM 6/23 fell 7bps to 2.98% whilst energy-related bonds i.e. EDRA saw its 7/33 tranche rally 31bps to 4.47%. The banking/finance sector saw PUBLIC 28NC23 move 17bps lower at 2.92%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.22	0
5-yr UST	0.77	0
10-yr UST	1.26	0
30-yr UST	1.92	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.33	-2	2.36	0
5-yr	2.67	-1	2.68	3
7-yr	3.05	0	3.06	0
10-yr	3.21	0	3.34	-4
15-yr	3.81	0	3.93	0
20-yr	4.10	3	4.21	-2
30-yr	4.23	-9	4.35	-6

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.94	-1
3-yr	2.35	0
5-yr	2.61	0
7-yr	2.84	0
10-yr	3.05	0

Source: Bloomberg

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	11/21	1.771	26	1.729	16/08/2021	4
MGS	03/22	1.772	1	1.770	16/08/2021	0
MGS	08/22	1.727	3	1.798	13/08/2021	-7
MGS	03/23	1.904	178	1.945	16/08/2021	-4
MGS	08/23	2.012	1	1.933	12/08/2021	8
MGS	06/24	2.331	46	2.349	16/08/2021	-2
MGS	07/24	2.345	1	2.345	16/08/2021	0
MGS	09/24	2.383	163	2.390	16/08/2021	-1
MGS	11/26	2.667	30	2.680	16/08/2021	-1
MGS	11/27	2.919	15	2.945	16/08/2021	-3
MGS	06/28	3.046	20	3.048	16/08/2021	0
MGS	04/31	3.214	15	3.214	16/08/2021	0
MGS	04/33	3.737	3	3.735	13/08/2021	0
MGS	07/34	3.828	80	3.827	16/08/2021	0
MGS	04/37	3.861	1	3.861	13/08/2021	0
MGS	05/40	4.095	71	4.062	16/08/2021	3
MGS	06/50	4.225	2	4.318	16/08/2021	-9
GII	08/21	1.797	204	1.792	12/08/2021	0
GII	03/22	1.780	12	1.781	12/08/2021	0
GII	04/22	1.779	10	1.787	12/08/2021	-1
GII	05/23	1.951	550	1.949	13/08/2021	0
GII	11/23	2.084	20	2.130	16/08/2021	-5
GII	10/24	2.356	10	2.356	16/08/2021	0
GII	03/26	2.678	50	2.645	16/08/2021	3
GII	09/26	2.782	6	2.659	02/08/2021	12
GII	10/28	3.145	246	3.138	16/08/2021	1
GII	07/29	3.264	50	3.280	12/08/2021	-2
GII	10/30	3.337	60	3.375	16/08/2021	-4
GII	07/36	3.931	2	3.926	16/08/2021	0
GII	08/37	4.101	1	3.944	11/08/2021	16
GII	09/41	4.213	5	4.232	16/08/2021	-2
GII	11/49	4.350	10	4.413	16/08/2021	-6
			<u>1891</u>			

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*
DanalInfra Nasional Berhad	08/23	GG	2.212	10	2.240	16/08/2021	-3	24
Prasarana Malaysia Berhad	09/23	GG	2.236	40	2.142	04/12/2020	9	27
Lembaga Pembiayaan Perumahan Sektor Awam	09/26	GG	2.900	5	2.978	24/06/2021	-8	22
DanalInfra Nasional Berhad	10/31	GG	3.660	4	3.140	26/01/2021	52	40
Malaysia Rail Link Sdn Berhad	07/35	GG	4.000	2	3.399	30/09/2020	60	19
Projek Lebuhraya Usahasama Berhad	01/23	AAA	2.333	30	2.360	13/07/2021	-3	54
Cagamas Berhad	05/23	AAA	2.328	2	2.370	18/06/2021	-4	36
Cagamas Berhad	11/23	AAA	2.472	18	2.448	30/07/2021	2	50
Projek Lebuhraya Usahasama Berhad	01/24	AAA	2.576	10	2.586	12/08/2021	-1	61
Cagamas Berhad	10/24	AAA	2.660	2	2.869	20/04/2021	-21	34
Infracap Resources Sdn Berhad	04/26	AAA	3.138	20	3.219	27/07/2021	-8	46
Infracap Resources Sdn Berhad	04/28	AAA	3.518	70	3.518	06/08/2021	0	46
Sarawak Energy Berhad	04/31	AAA	3.709	20	3.733	13/08/2021	-2	45
Sabah Development Bank Berhad	07/24	AA1	3.741	1	3.742	16/08/2021	0	142
GENM Capital Berhad	03/27	AA1	4.511	20	4.581	14/07/2021	-7	161
Public Bank Berhad	10/28	AA1	2.916	30	3.088	11/03/2021	-17	-14
IJM Corporation Berhad	06/23	AA3	2.982	10	3.056	26/07/2021	-7	101
CIMB Thai Bank Public Company Limited	07/31	AA3	3.847	5	3.747	05/08/2021	10	59
Edra Energy Sdn Berhad	07/33	AA3	4.469	10	4.779	18/03/2021	-31	121
Penang Port Sdn Berhad	12/31	AA-	4.069	1	4.148	09/07/2021	-8	81
AmBank (M) Berhad	03/31	A1	4.042	1	4.049	18/06/2021	-1	78
IJM Land Berhad	03/19	A2	4.446	1	4.493	13/08/2021	-5	38
Eco World International Berhad	04/23	-	4.293	1	5.322	16/08/2021	-103	233
YNH Property Berhad	08/19	-	6.081	1	6.129	16/08/2021	-5	201
				<u>313</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Dynasty Harmony Sdn Bhd	RM165 mil Islamic Medium-Term Notes (the Sukuk) (2018/2033)	AA3/Stable	Reaffirmed
OCBC Bank (Malaysia) Berhad	Financial institution ratings	AAA/Stable/P1	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

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.