

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- UST's continued to drift weaker last Friday following the University of Michigan's latest consumer survey for September which showed uninspiring levels on concerns over jobs. The curve shifted higher as overall benchmark yields ended between 0-2bps higher across; with the UST 2Y yield edging within 1bps up at 0.22%, whilst the much-watched UST 10Y rose 2bps to 1.36%. Elsewhere, US Treasury secretary Yellen has warned that a potential government default in October is highly likely if the Congress refuses to raise the present federal debt ceiling limit of \$28.4 trillion. Expect attention to shift to the FOMC meeting on the rate decision come Thursday, 23rd September; with expectations that the timing of monthly asset purchases of \$120b in USTs and MBS will be announced. We also have the preliminary manufacturing and PMI data releases this Thursday.

MGS/GIII

- Local govies experienced weakness mostly across the curve last Friday (save for the long-ends which ended mixed), in a lacklustre session with very little leads going into the weekend. Overall benchmark yields closed mostly higher between 1-5bps amid a decrease in secondary market volume of RM3.18b. The 5Y benchmark MGS 11/26 yield jumped another 4bps higher at 2.77% whilst the 10Y MGS 4/31 edged 2bps up 3.32%. Interest was mainly seen in the shorter off-the-run 21's, 23's, 3Y GII, 5Y MGS and also benchmark 10Y MGS/GII. The GII sector spiked to form a mere 47% of overall trades. Slight optimism for longer-term bonds are expected despite the increase in statutory debt to 65% and fiscal deficit to between 6.5-7.0%; as the economy reopens in stages due to improving vaccine inoculation.

Corp Bonds/Sukuk

- Activity in the Corporate Bonds/Sukuk space continued to be tepid on Friday following possibly low-staffing levels arising from prior day's Malaysia Day celebrations. Secondary market volume dropped to RM257m with interest seen along the GG-AA part of the curve. Overall yields closed mixed, spanning across a mere 15 names. DANA dominated the govt-guaranteed space with 7/24 and 4/38 tranches rising 2-4bps compared to previous-done levels at 2.45% and 4.23%. The 2041 tranches however closed mixed on yields at 4.35% levels. AAA-rated DANGA 28 declined 4bps to 3.33% whilst INFRACAP 4/28 spiked 10bps at 3.59%. The AA-space saw energy-related bonds i.e. TBEI 9/25 edge 1bps up at 3.64% whereas EDRA 7/36 traded again, rallying 19bps at 4.64%. Meanwhile, several odd-lot trades were seen in CIMB Group Holdings and Tropicana-related bonds.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.22	0
5-yr UST	0.86	2
10-yr UST	1.36	2
30-yr UST	1.90	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.36	2	2.42	1
5-yr	2.77	4	2.76	3
7-yr	3.10	1	3.08	0
10-yr	3.32	2	3.43	5
15-yr	3.77	2	3.92	2
20-yr	4.03	2	4.15	-4
30-yr	4.14	-4	4.41	1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.96	1
3-yr	2.43	2
5-yr	2.73	4
7-yr	2.88	1
10-yr	3.15	5

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)	
MGS	09/21	1.804	300	1.768	15/09/2021	4
MGS	11/21	1.775	91	1.775	15/09/2021	0
MGS	03/23	1.883	207	1.849	15/09/2021	3
MGS	04/23	1.903	100	1.906	15/09/2021	0
MGS	08/23	1.972	117	1.990	15/09/2021	-2
MGS	06/24	2.359	52	2.337	15/09/2021	2
MGS	03/25	2.553	6	2.557	14/09/2021	0
MGS	09/25	2.622	3	2.606	15/09/2021	2
MGS	11/26	2.771	225	2.735	15/09/2021	4
MGS	03/27	2.936	1	2.861	09/09/2021	7
MGS	05/27	2.958	1	2.928	15/09/2021	3
MGS	11/27	3.011	10	2.985	15/09/2021	3
MGS	06/28	3.095	9	3.086	15/09/2021	1
MGS	08/29	3.235	6	3.228	15/09/2021	1
MGS	04/31	3.320	249	3.296	15/09/2021	2
MGS	06/31	3.350	134	3.385	15/09/2021	-3
MGS	07/34	3.824	5	3.798	15/09/2021	3
MGS	05/35	3.773	5	3.750	15/09/2021	2
MGS	04/37	3.880	2	3.913	15/09/2021	-3
MGS	05/40	4.033	123	4.013	15/09/2021	2
MGS	06/50	4.137	32	4.180	15/09/2021	-4
GII	07/23	2.010	130	2.013	26/08/2021	0
GII	11/23	2.026	1	2.008	15/09/2021	2
GII	10/24	2.422	492	2.413	15/09/2021	1
GII	03/26	2.764	56	2.733	15/09/2021	3
GII	07/27	3.074	10	3.072	15/09/2021	0
GII	10/28	3.236	94	3.174	15/09/2021	6
GII	07/29	3.308	1	3.293	14/09/2021	1
GII	10/30	3.426	172	3.375	15/09/2021	5
GII	11/34	3.908	50	3.870	13/09/2021	4
GII	07/36	3.915	100	3.892	15/09/2021	2
GII	09/41	4.154	391	4.194	15/09/2021	-4
GII	11/49	4.413	6	4.404	15/09/2021	1
			<u>3182</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities		Rating	Closing	Vol	Previous	Previous	Chg	Spread Against MGS*
			YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)		
Pengurusan Air SPV Berhad	06/23	GG	2.129	20	2.112	22/12/2020	2	18
Pengurusan Air SPV Berhad	06/23	GG	2.132	10	2.365	24/05/2021	-23	19
DanalInfra Nasional Berhad	07/24	GG	2.454	25	2.439	09/09/2021	2	10
DanalInfra Nasional Berhad	04/38	GG	4.231	40	4.190	07/09/2021	4	47
DanalInfra Nasional Berhad	05/41	GG	4.349	35	4.381	23/07/2021	-3	31
DanalInfra Nasional Berhad	05/41	GG	4.349	5	4.319	13/09/2021	3	31
Danga Capital Berhad	01/28	AAA	3.328	30	3.369	05/07/2021	-4	36
Infracap Resources Sdn Berhad	04/28	AAA	3.589	30	3.486	24/08/2021	10	50
Pengerang LNG (Two) Sdn Berhad	10/34	AAA	4.019	10	-	-	-	26
Pengerang LNG (Two) Sdn Berhad	10/35	AAA	4.139	10	-	-	-	38
Tanjung Bin Energy Sdn Berhad	09/25	AA3	3.639	20	3.627	03/09/2021	1	104
Edra Energy Sdn Berhad	07/36	AA3	4.639	20	4.829	15/07/2021	-19	88
CIMB Group Holdings Berhad	05/16	A1	3.159	1	3.219	20/08/2021	-6	-88
Tropicana Corporation Berhad	10/25	A+	4.757	1	4.949	15/09/2021	-19	216
Tropicana Corporation Berhad	09/19	A	6.245	1	6.250	14/09/2021	0	220
				<u>257</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM/ MARC

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