

Global Markets Research
Fixed Income
Fixed Income Daily Market Snapshot
US Treasuries

- USTs ended mixed on Tuesday; struggling between contradictory signs of rising inflationary conditions versus potential slowing growth. The curve steepened as overall benchmark yields settled between -3 to +5bps. **The UST 2Y yield closed 3bps lower at 0.40% whilst the much-watched UST 10Y yield rose 3bps to its highest levels since May at 1.63%.** Fed Waller said that the central bank should commence its asset-tapering exercise of the current \$120b come November; whilst cautioning that interest-rate hikes were still “some time-off”. Elsewhere, foreign holdings of USTs rose for a 5th straight month in August to a record high of ~\$5.8 trillion. Japan which remained the largest non-US holder saw its share increase to ~\$1.32 from \$1.31 trillion whilst China’s holdings dropped to ~\$1.05 trillion from \$1.07 trillion prior month. Expect some attention to shift to the release of the Fed’s beige book later tonight.

| UST | | |
|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) |
| 2-yr UST | 0.40 | -3 |
| 5-yr UST | 1.16 | -1 |
| 10-yr UST | 1.63 | 3 |
| 30-yr UST | 2.08 | 5 |

| MGS | | GII* | | |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr | 2.54 | 0 | 2.66 | 4 |
| 5-yr | 3.16 | 3 | 3.06 | 2 |
| 7-yr | 3.46 | 5 | 3.34 | 0 |
| 10-yr | 3.56 | 0 | 3.62 | 0 |
| 15-yr | 4.06 | -2 | 4.16 | -5 |
| 20-yr | 4.23 | 2 | 4.30 | 0 |
| 30-yr | 4.33 | -9 | 4.55 | 1 |

* Market indicative levels

| MYR IRS Levels | | |
|----------------|-------------|-----------|
| IRS | Closing (%) | Chg (bps) |
| 1-yr | 2.04 | 2 |
| 3-yr | 2.63 | 4 |
| 5-yr | 2.94 | 4 |
| 7-yr | 3.19 | 6 |
| 10-yr | 3.48 | 8 |

Source: Bloomberg

Upcoming Government Bond Tender

Reopening of RM4.5b 5Y MGS 11/26 on Thursday, 21st October, 2021

MGS/GII

- Local govies closed mixed on Monday ahead of yesterday’s holiday to celebrate Prophet Muhammad’s birthday. Overall benchmark yields closed between -9 to +5bps amid a 66% fall in secondary market volume @ RM1.14b. The 5Y benchmark MGS 11/26 yield closed 3bps higher again at 3.16% whilst the 10Y MGS 4/31 yield closed unchanged at 3.56% on odd-lot transaction. Interest was mainly seen in the off-the-run 22’s and 27’s. GII trades rose slightly to form ~37% of overall trades. Elsewhere, the economy is expected to get a further shot in the arm as 94% of the Malaysian adult population has been fully-vaccinated whilst 97.3% had received at least one dose as at 18th October. Meanwhile, expect some attention to shift to the 5Y MGS auction tomorrow.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw investors mainly sidelined ahead of the public holiday amid a sharp fall in secondary market volume to RM257m. Interest was seen across AAA-AA part of the curve as overall yields closed again mostly higher, spanning across a mere 16 names. Govt-guaranteed which was issued recently in August made its debut trade at 3.95%; a whopping 58bps above its coupon. AAA-rated Sarawak-based AQUASAR 26 rose 6bps compared to previous-done levels whereas the 2027 tranche rallied 108bps; last seen traded in January 2017. Telco giant TELEKOM saw its 10/28 tranche move 4bps lower at 3.83%. In the AA-space, PKNS 8/23 edged 1bps lower at 3.31%. Meanwhile the banking/finance space saw CIMB Bank 5/24 jump 30bps to 3.11% whilst some odd-lot transactions were seen in both ALLIANCE 35NC30 and AFFIN Bank 2118NC23.

Daily Trades : Government Bond

| Securities | | Closing | Vol | Previous | Previous | Chg |
|------------|-------|---------|-------------|----------|----------------------------|------|
| | | YTM | (RM mil) | YTM | Trade Date (dd/mm/yyyy) | (bp) |
| MGS | 11/21 | 1.743 | 45 | 1.725 | 15/10/2021 | 2 |
| MGS | 03/22 | 1.750 | 552 | 1.750 | 15/10/2021 | 0 |
| MGS | 08/23 | 2.181 | 1 | 2.143 | 15/10/2021 | 4 |
| MGS | 09/24 | 2.621 | 1 | 2.627 | 15/10/2021 | -1 |
| MGS | 03/25 | 2.836 | 4 | 2.826 | 15/10/2021 | 1 |
| MGS | 09/25 | 2.957 | 18 | 2.881 | 15/10/2021 | 8 |
| MGS | 07/26 | 3.172 | 8 | 3.172 | 15/10/2021 | 0 |
| MGS | 11/26 | 3.163 | 31 | 3.132 | 15/10/2021 | 3 |
| MGS | 05/27 | 3.294 | 3 | 3.246 | 15/10/2021 | 5 |
| MGS | 11/27 | 3.287 | 4 | 3.298 | 15/10/2021 | -1 |
| MGS | 06/28 | 3.461 | 28 | 3.414 | 15/10/2021 | 5 |
| MGS | 04/31 | 3.556 | 3 | 3.554 | 15/10/2021 | 0 |
| MGS | 06/31 | 3.670 | 1 | 3.676 | 15/10/2021 | -1 |
| MGS | 04/33 | 4.003 | 7 | 3.937 | 15/10/2021 | 7 |
| MGS | 11/33 | 4.040 | 1 | 3.984 | 15/10/2021 | 6 |
| MGS | 07/34 | 4.061 | 3 | 4.051 | 15/10/2021 | 1 |
| MGS | 05/35 | 4.063 | 4 | 4.081 | 14/10/2021 | -2 |
| MGS | 04/37 | 4.212 | 1 | 4.217 | 14/10/2021 | 0 |
| MGS | 05/40 | 4.226 | 6 | 4.206 | 15/10/2021 | 2 |
| MGS | 09/43 | 4.399 | 1 | 4.372 | 14/10/2021 | 3 |
| MGS | 06/50 | 4.334 | 6 | 4.427 | 15/10/2021 | -9 |
| GII | 03/22 | 1.791 | 115 | 1.779 | 13/10/2021 | 1 |
| GII | 08/24 | 2.592 | 10 | 2.587 | 13/10/2021 | 0 |
| GII | 10/24 | 2.655 | 102 | 2.611 | 15/10/2021 | 4 |
| GII | 03/26 | 3.059 | 33 | 3.040 | 15/10/2021 | 2 |
| GII | 07/27 | 3.354 | 130 | 3.354 | 15/10/2021 | 0 |
| GII | 07/29 | 3.702 | 1 | 3.702 | 15/10/2021 | 0 |
| GII | 07/36 | 4.160 | 9 | 4.215 | 12/10/2021 | -5 |
| GII | 09/39 | 4.345 | 2 | 4.345 | 15/10/2021 | 0 |
| GII | 11/49 | 4.549 | 15 | 4.540 | 15/10/2021 | 1 |
| | | | <u>1141</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) | (bp) | | |
| Prasarana Malaysia Berhad | 08/29 | GG | 3.949 | 80 | - | - | 395 | 41 |
| CIMB Bank Berhad | 05/24 | AAA | 3.112 | 20 | 2.811 | 05/07/2021 | 30 | 56 |
| Aquasar Capital Sdn Berhad | 07/26 | AAA | 3.494 | 60 | 3.430 | 29/01/2020 | 6 | 33 |
| Sarawak Energy Berhad | 01/27 | AAA | 3.579 | 20 | 3.417 | 04/10/2021 | 16 | 42 |
| Aquasar Capital Sdn Berhad | 07/27 | AAA | 3.696 | 18 | 4.775 | 06/01/2017 | -108 | 38 |
| Zamarad Assets Berhad | 09/27 | AAA | 3.795 | 5 | 3.799 | 15/10/2021 | 0 | 48 |
| Telekom Malaysia Berhad | 10/28 | AAA | 3.830 | 10 | 3.868 | 12/10/2021 | -4 | 38 |
| Danum Capital Berhad | 05/30 | AAA | 4.115 | 10 | 3.580 | 09/09/2021 | 54 | 55 |
| Danum Capital Berhad | 02/34 | AAA | 4.342 | 10 | 4.343 | 14/10/2021 | 0 | 77 |
| Sarawak Energy Berhad | 08/35 | AAA | 4.461 | 10 | 4.110 | 27/09/2021 | 35 | 38 |
| GENM Capital Berhad | 08/25 | AA1 | 4.119 | 1 | 4.119 | 15/10/2021 | 0 | 121 |
| Perbadanan Kemajuan Negeri Selangor | 08/23 | AA3 | 3.311 | 10 | 3.323 | 04/08/2021 | -1 | 122 |
| Malaysian Resources Corporation Berhad | 10/26 | AA- | 4.610 | 1 | 4.610 | 15/10/2021 | 0 | 145 |
| Alliance Bank Malaysia Berhad | 10/35 | A2 | 4.126 | 2 | 3.819 | 04/10/2021 | 31 | 4 |
| Tropicana Corporation Berhad | 09/19 | A | 6.054 | 1 | 5.285 | 11/10/2021 | 77 | 182 |
| Affin Bank Berhad | 07/18 | A3 | 3.726 | 1 | 3.795 | 14/10/2021 | -7 | -51 |
| | | | | <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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