

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs ended mixed last Friday, with the longer-ends richer as it coincided with the 22-30Y sector targeted by the Fed's purchase operations. The short-ends however were pressured following Fed governor Waller's comments over the possibility of a March rate hike. The curve ended flatter with overall benchmark yields closing mixed between -5 to +2bps. **The UST 2Y yield settled 2bps up at 0.64% whilst the much-watched 10Y edged 1bps lower at 1.40%.** Earlier, curve-steepening in prior sessions were believed to be due to the risk of weaker-than-expected support foreseen for the upcoming 20Y bond auction with the holiday-shortened week on the horizon. Bond traders continue to mull over whether the economy will be able to withstand higher rates going forward. Elsewhere, usage of the Fed's reverse repo agreement surprisingly jumped to ~\$1.71 trillion; hitting fresh records but upcoming supply and higher debt ceiling may cap further rises. Expect some attention to shift to the 20Y auction on Wednesday followed by inflation-related data i.e. November's PCE on Thursday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.64	2
5-yr UST	1.18	1
10-yr UST	1.40	-1
30-yr UST	1.81	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.83	-4	2.89	-2
5-yr	3.17	2	3.18	4
7-yr	3.41	-4	3.36	3
10-yr	3.55	-3	3.64	-1
15-yr	3.87	-1	4.01	0
20-yr	4.01	-10	4.18	0
30-yr	4.22	-8	4.35	-12

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.19	-2
3-yr	2.71	-2
5-yr	2.91	-3
7-yr	3.14	-3
10-yr	3.35	-5

Source : Bloomberg

MGS/GII

- Local govies saw MGS better-bid whilst GII ended largely mixed last Friday amid a 28% drop in secondary market volume of RM995m i.e. below the RM1.0b mrk not seen since September. Overall benchmark MGS/GII yields closed mostly lower i.e. between -12 to +4bps across the curve. **The 5Y benchmark MGS 11/26 yield bucked the trend, climbing 2bps to 3.17% whilst the 10Y benchmark MGS 4/31 yield eased 3bps at 3.55%** compared to prior day's close. Interest was mainly seen in the off-the-run 28's and also 3Y, 7Y GII. GII transactions jumped to form a 65% of overall trades. The highlight was the release of the 2022 Auction Calendar which denoted a reduction in issuances within the belly i.e. 5-7Y sector whilst the 15Y sector saw an uptick in issuances. Expect some attention to shift to the release of November CPI on Thursday.

Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space maintained tepid interest last Friday amid secondary market volume of RM177m. Nevertheless, transactions were seen across the GG to single-A part of the curve as overall yields closed mostly higher, spanning across 22 names. The longer-end govt-guaranteed PLUS 1/38 settled 4bps higher compared to previous-done levels at 4.30% whilst LPPSA 3/45 closed unchanged at 4.40%. AA-rated energy-related bonds JEP 29's spiked 29-40bps between 4.43-48% area whereas TR1plc 10/34 jumped 23bps to 4.56%. Meanwhile the banking/finance space CIMB Group Holdings 2116NC23 perps decline 14bps to 3.37%. There were also several odd-lot trades seen in BPMB, Alliance Bank and AFFIN Bank as well.

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	03/22	1.779	34	1.760	16/12/2021	2
MGS	09/22	1.576	1	1.680	15/12/2021	-10
MGS	08/23	2.314	2	2.347	16/12/2021	-3
MGS	06/24	2.826	78	2.868	16/12/2021	-4
MGS	09/24	2.923	2	2.944	16/12/2021	-2
MGS	09/25	3.021	22	3.041	16/12/2021	-2
MGS	07/26	3.148	20	3.108	14/12/2021	4
MGS	11/26	3.173	3	3.152	16/12/2021	2
MGS	06/28	3.412	56	3.456	16/12/2021	-4
MGS	08/29	3.531	31	3.568	16/12/2021	-4
MGS	04/31	3.549	84	3.579	16/12/2021	-3
MGS	11/33	3.811	0	3.851	14/12/2021	-4
MGS	07/34	3.884	5	3.909	16/12/2021	-2
MGS	05/35	3.874	2	3.883	16/12/2021	-1
MGS	05/40	4.012	2	4.115	16/12/2021	-10
MGS	06/50	4.216	3	4.291	16/12/2021	-8
GII	03/22	1.790	21	1.749	15/12/2021	4
GII	05/24	2.905	20	2.747	09/12/2021	16
GII	10/24	2.891	104	2.909	16/12/2021	-2
GII	03/26	3.183	7	3.140	14/12/2021	4
GII	09/27	3.365	6	3.336	16/12/2021	3
GII	08/28	3.572	120	3.573	09/12/2021	0
GII	10/28	3.477	341	3.490	16/12/2021	-1
GII	12/28	3.561	20	3.576	16/11/2021	-2
GII	07/29	3.567	1	3.606	14/12/2021	-4
GII	10/30	3.638	8	3.645	15/12/2021	-1
GII	11/49	4.351	3	4.468	15/12/2021	-12
			<u>995</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread Against MGS*	
				YTM	Trade Date (dd/mm/yyyy)			
Prasarana Malaysia Berhad	12/27	GG	3.679	15	3.078	23/07/2021	60	40
Projek Lebuhraya Usahasama Berhad	01/38	GG	4.297	10	4.254	30/07/2021	4	41
Lembaga Pembiayaan Perumahan Sektor Awam	03/45	GG	4.399	20	4.399	15/12/2021	0	28
Bakun Hydro Power Generation Sdn Berhad (f	08/24	AAA	3.057	10	2.771	13/09/2021	29	20
Danum Capital Berhad	02/34	AAA	4.139	3	4.200	03/12/2021	-6	58
Danum Capital Berhad	02/35	AAA	4.191	3	4.205	08/12/2021	-1	30
Bank Pembangunan Malaysia Berhad	11/35	AAA	4.359	4	4.349	05/10/2021	1	47
Abu Dhabi National Energy Company PJSC	03/22	AA1	3.206	7	3.176	16/12/2021	3	137
TRIpIc Medical Sdn Berhad	10/34	AA1	4.564	10	4.339	24/08/2021	23	68
Imtiaz Sukuk II Berhad	10/27	AA2	3.949	4	3.628	01/06/2021	32	67
Imtiaz Sukuk II Berhad	04/28	AA2	4.019	7	4.005	17/11/2021	1	74
Exsim Capital Resources Berhad	07/25	AA3	4.695	25	4.637	13/12/2021	6	167
SAJ Capital Sdn Berhad	01/29	AA-	4.584	10	5.019	06/03/2019	-44	114
Jimah East Power Sdn Berhad	12/29	AA-	4.478	10	4.078	23/09/2021	40	97
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/35	AA-	5.380	3	5.424	29/11/2021	-4	149
CIMB Group Holdings Berhad	05/16	A1	3.365	10	3.500	15/12/2021	-14	-75
CIMB Group Holdings Berhad	05/16	A1	3.983	1	3.626	07/12/2021	36	-14
Alliance Bank Malaysia Berhad	10/30	A2	3.700	1	3.697	14/12/2021	0	15
IJM Land Berhad	03/19	A2	5.086	5	4.539	26/08/2021	55	97
Affin Bank Berhad	07/18	A3	4.173	1	3.798	13/12/2021	38	5
Jimah East Power Sdn Berhad	06/29	AA-	4.428	10	4.139	16/07/2021	29	99
Imtiaz Sukuk II Berhad	10/25	AA2	3.658	8	3.618	17/11/2021	4	64
				<u>177</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
RHB Bank Berhad	Financial institution ratings	From AA2/Stable to AA2/Positive	Rating reaffirmed Outlook revised
	RM3 billion Multi-Currency Medium-Term Note Programme (2011/2031) Senior Notes Subordinated Notes	AA2/Positive AA3/Positive	Rating reaffirmed Outlook revised
	RM5 billion Multi-Currency Medium-Term Note Programme (2015/2045) Senior Notes Subordinated Notes	AA2/Positive AA3/Positive	Rating reaffirmed Outlook revised
RHB Islamic Bank	Financial institution ratings	From AA2/Stable to AA2/Positive	Rating reaffirmed Outlook revised
	RM5 billion Subordinated Sukuk Murabahah Programme (2014/2034)	AA2/Positive AA3/Positive	
RHB Investment Bank Berhad	Financial institution ratings	From AA2/Stable to AA2/Positive	Rating reaffirmed Outlook revised
	RM1 billion Multi-Currency Medium-Term Note Programme (2015/2045) Senior Notes Subordinated Notes	AA2/Positive AA3/Positive	Rating reaffirmed Outlook revised
Cypark Ref Sdn Bhd	RM550 mil SRI Sukuk Murabahah Programme (2019/2041)	From AA3/Stable to AA3/NEgative	Rating reaffirmed Outlook revised
Bank Pembangunan Malaysia Berhad	Financial institution rating	AAA/Stable/P1	Reaffirmed
	RM7 billion Conventional MTN and/or Islamic Murabahah MTN Programmes (2006/2036)	AAA/Stable	Reaffirmed
Edra Energy Sdn Bhd	Sukuk Wakalah of up to RM5.085 bil in nominal value (2018/2038)	AA3/Stable	Reaffirmed
Edra Power Holdings Sdn Bhd	Corporate credit rating	AA1/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

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