

## Global Markets Research

### Fixed Income

## Fixed Income Daily Market Snapshot

### US Treasuries

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.12	-1
5-yr UST	0.43	0
10-yr UST	1.08	-1
30-yr UST	1.83	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.85	11	1.89	8
5-yr	1.98	1	2.23	5
7-yr	2.45	4	2.43	-4
10-yr	2.71	6	2.76	3
15-yr	3.35	4	3.45	0
20-yr	3.64	2	3.59	0
30-yr	3.97	1	4.03	9

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.89	5
3-yr	1.95	5
5-yr	2.17	5
7-yr	2.35	4
10-yr	2.60	5

Source : Bloomberg

### Upcoming Government Bond Tender

Reopening of RM4.0b of 10Y MGS 4/31 on Thursday, 21<sup>st</sup> January 2021

- US Treasuries closed little unchanged and managed to claw back earlier losses following lackluster demand during the UST 20Y auction on Wednesday. Overall benchmark yields again remained range-bound and ended within 1bps of prior day's move as the inauguration of Biden as US President went smoothly. Both the UST 2Y and much-watched 10Y yields edged 1bps lower at 0.12% and 1.08% respectively. The \$24b 20Y auction notched a mere BTC ratio of 2.28x, below the 2.39x seen in December, and was awarded at 1.657%. Generally yields have traded in a narrow range, backing off from a sudden rise at the beginning of this year due to President Biden's stimulus announcement last week. Meanwhile, expect market participants to focus tonight on the initial jobless claims for period ending 9<sup>th</sup> of January.

### MGS/GII

- On Wednesday, local govies succumbed upon BNM's decision to maintain the OPR at 1.75%; contrary to earlier expectations of a rate cut by some traders; but in line with our house view. Overall benchmark yields closed significantly higher between 0-11bps across the curve (save for the 7Y GII) amid a rise in secondary market volume @ RM5.90b. The 5Y MGS 9/25 yield however was less affected as it closed within 1bps higher at 1.98% whilst the 10Y MGS 4/31 yield spiked 6bps at 2.71%. Interest was mainly seen in the off-the-run 21-22's, and benchmark 3Y, 5Y and 15Y MGS/GII. GII bond trades maintained its share of trades to form ~35% of overall trades. We maintain our house view for an OPR pause in 2021; barring further escalation in downside risks. Meanwhile, expect attention to focus on the auction exercise involving 10Y MGS today.

### Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw investor interest ease as investors awaited and digested the OPR decision. Interest was seen mainly in the GG-segment amid the halving of secondary market volume @ RM266m as overall yields closed mostly lower with number of trades totalling ~17 bonds in total. Govt-guaranteed GOVCO 24's notched RM110m in nominal amounts; edging 1bps lower compared to previous-done levels between 2.09-19%. AAA-rated TNB Western which saw RM70m in nominal amounts traded prior day saw the 2030 tranche close 19bps lower at 3.17%. In the AA-space, energy-related bond EDRA 1/32 moved 3bps lower at 3.95%. Meanwhile, the banking space saw MUAMALAT 6/26 decline 17bps at 3.77%.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 02/21	1.757	350	1.785	18/01/2021	-3
MGS 07/21	1.761	59	1.708	19/01/2021	5
MGS 09/21	1.804	144	1.724	19/01/2021	8
MGS 11/21	1.672	200	1.692	19/01/2021	-2
MGS 03/22	1.680	31	1.680	19/01/2021	0
MGS 03/23	1.854	875	1.749	19/01/2021	11
MGS 08/23	1.810	17	1.764	15/01/2021	5
MGS 09/24	1.927	1	2.018	14/01/2021	-9
MGS 03/25	2.065	31	2.040	19/01/2021	2
MGS 09/25	1.980	45	1.974	19/01/2021	1
MGS 07/26	2.279	67	2.224	19/01/2021	5
MGS 11/26	2.180	1	3.082	19/01/2021	-90
MGS 05/27	2.401	36	2.385	19/01/2021	2
MGS 11/27	2.456	164	2.449	19/01/2021	1
MGS 06/28	2.454	166	2.419	19/01/2021	4
MGS 08/29	2.688	149	2.651	19/01/2021	4
MGS 04/30	2.722	40	2.734	19/01/2021	-1
MGS 04/31	2.705	40	2.650	18/01/2021	6
MGS 06/31	2.855	12	2.860	19/01/2021	0
MGS 04/33	3.332	10	3.313	19/01/2021	2
MGS 07/34	3.345	295	3.309	19/01/2021	4
MGS 06/38	3.696	27	3.628	19/01/2021	7
MGS 05/40	3.641	20	3.626	19/01/2021	2
MGS 09/43	3.930	1	3.863	19/01/2021	7
MGS 07/48	4.070	11	3.919	19/01/2021	15
GII 03/21	1.782	380	1.645	11/01/2021	14
GII 04/21	1.768	90	1.643	19/01/2021	13
GII 08/21	1.779	200	1.701	13/01/2021	8
GII 03/22	1.710	100	1.725	15/01/2021	-2
GII 07/22	1.730	300	1.739	14/01/2021	-1
GII 04/23	1.970	50	1.978	18/01/2021	-1
GII 05/23	1.887	368	1.808	19/01/2021	8
GII 10/24	1.910	90	1.908	19/01/2021	0
GII 08/25	2.196	4	2.155	15/01/2021	4
GII 03/26	2.229	430	2.179	19/01/2021	5
GII 07/27	2.453	20	2.471	15/01/2021	-2
GII 09/27	2.429	381	2.468	19/01/2021	-4
GII 08/28	2.499	100	2.553	19/01/2021	-5
GII 10/28	2.703	32	2.670	19/01/2021	3
GII 07/29	2.669	200	2.707	14/01/2021	-4
GII 10/30	2.757	150	2.723	19/01/2021	3
GII 06/33	3.400	60	3.428	19/01/2021	-3
GII 11/34	3.434	70	3.426	13/01/2021	1
GII 07/36	3.447	50	3.447	18/01/2021	0
GII 11/49	4.030	28	3.938	11/01/2021	9
		<u>5897</u>			

## Daily Trades : Corp Bonds/ Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Pengurusan Air SPV Berhad	06/21	GG	1.787	45	1.913	25/11/2020	-13	6
Malaysia Debt Ventures Berhad	12/22	GG	2.017	15	2.772	05/03/2020	-76	26
Prasarana Malaysia Berhad	12/22	GG	1.917	5	2.817	27/02/2020	-90	16
Malaysia Debt Ventures Berhad	03/23	GG	2.037	15	2.037	27/10/2020	0	28
Danahfra Nasional Berhad	08/23	GG	1.959	20	2.115	25/09/2020	-16	15
GovCo Holdings Berhad	02/24	GG	2.09	40	2.1	14/01/2021	-1	28
GovCo Holdings Berhad	09/24	GG	2.191	70	2.199	14/01/2021	-1	25
Telekom Malaysia Berhad	06/22	AAA	2.183	5	2.188	15/01/2021	-1	45
TNB Western Energy Berhad	01/30	AAA	3.168	10	3.358	18/05/2020	-19	53
YTL Corporation Berhad	06/34	AA1	3.9	1	3.912	05/01/2021	-1	57
Country Garden Real Estate Sdn Berhad	02/23	AA3	3.973	2	5.327	05/10/2020	-135	221
Edra Energy Sdn Berhad	01/32	AA3	3.949	20	3.979	09/12/2020	-3	129
CIMB Group Holdings Berhad	05/16	A1	3.346	5	3.775	18/01/2021	-43	-28
CIMB Group Holdings Berhad	05/16	A1	3.395	1	3.762	12/01/2021	-37	-23
Tropicana Corporation Berhad	10/25	A+	5.4	1	5.499	14/01/2021	-10	335
Alliance Bank Malaysia Berhad	10/35	A2	3.598	2	3.561	19/01/2021	4	27
Bank Muamalat Malaysia Berhad	06/26	A3	3.772	10	3.943	14/09/2020	-17	172
				<u>266</u>				

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

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Sumitomo Mitsui Banking Corporation Malaysia Berhad	Financial institution ratings.	AA1/Stable/P1	Reaffirmed

Source: RAM, MARC

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