

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries saw yields creep higher generally on Thursday, taking cue instead from ECB's plans for its asset purchase program at its latest policy update. Overall benchmark yields closed mostly higher between 1-2bps save for the short-end. The UST 2Y edged 1bps lower at 0.12% whilst the much-watched 10Y yields rose 2bps at 1.10%. The 2s10s spread is seen widening to its steepest level at ~99bps; last seen in 2017. Treasury-designate Yellen is determined to review current Treasury practices, including debt issuances, weighted-average maturities whilst having the right mix of federal debt instruments. Meanwhile, expect market participants to focus on the upcoming Markit US PMI data tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.12	-1
5-yr UST	0.44	1
10-yr UST	1.10	2
30-yr UST	1.86	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.86	1	1.95	6
5-yr	2.07	9	2.22	-1
7-yr	2.44	-1	2.47	4
10-yr	2.72	2	2.73	-2
15-yr	3.33	-2	3.45	0
20-yr	3.54	-10	3.59	0
30-yr	3.96	-1	4.03	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.89	0
3-yr	1.97	2
5-yr	2.17	0
7-yr	2.35	0
10-yr	2.60	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GIII

- On Thursday, local govies closed mixed with the short-end continuing to be pressured following BNM's decision prior day to maintain the OPR at 1.75%. Overall benchmark yields closed between -10 to+9bps across the curve amid a further rise in secondary market volume @ RM6.75b. The 5Y MGS 9/25 yield spiked 9bps at 2.07% whilst the 10Y MGS 4/31 edged 2bps up at 2.72%. Tremendous interest was seen in the off-the-run 21-22's and benchmark 10Y and 15Y MGS. GII bond trades maintained its share of trades to form ~33% of overall trades. The yield curve is currently at its steepest since 2017. Meanwhile, the auction exercise for the 10Y MGS reopening saw average demand with BTC ratio at 1.992x and awarded at 2.714%.

Corp Bonds/Sukuk

- Interest in Corporate Bond/Sukuk space was ramped up on Thursday with interest seen across the GG-AA part of the curve amid the spike in secondary market volume @ RM664m. Overall yields closed mostly mixed with trades totaling ~40 in total. The longer-end gov-guaranteed PRASA 3/31 and DANA 5/31 chalked RM50m in trades; closing 2bps and 42bps respectively compared to previous-done levels between 3.14-15%. AAA-rated PLUS27 rose 5bps at 2.92% whilst TNB Western 32-24's saw action closing mostly lower on yields at between 3.41-67%. Energy-related bonds JEP dominated the AA-space with the 2029-2031 tranches notching a whopping RM220m in trades; closing 0-14bps higher between 3.59-69%. Meanwhile, the banking space was relatively quiet.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 02/21	1.793	330	1.757	20/01/2021	4
MGS 07/21	1.809	1055	1.761	20/01/2021	5
MGS 09/21	1.755	709	1.804	20/01/2021	-5
MGS 11/21	1.752	65	1.672	20/01/2021	8
MGS 03/22	1.652	1	1.680	20/01/2021	-3
MGS 09/22	1.772	25	1.730	19/01/2021	4
MGS 03/23	1.868	113	1.854	20/01/2021	1
MGS 06/24	2.004	131	1.860	19/01/2021	14
MGS 07/24	2.009	40	1.906	20/01/2021	10
MGS 09/24	1.980	1	1.927	20/01/2021	5
MGS 03/25	2.093	10	2.065	20/01/2021	3
MGS 09/25	2.068	174	1.980	20/01/2021	9
MGS 04/26	2.214	5	2.166	19/01/2021	5
MGS 07/26	2.243	82	2.279	20/01/2021	-4
MGS 11/26	2.205	85	2.180	20/01/2021	2
MGS 03/27	2.390	5	2.335	18/01/2021	6
MGS 05/27	2.408	69	2.401	20/01/2021	1
MGS 11/27	2.447	71	2.456	20/01/2021	-1
MGS 06/28	2.441	41	2.454	20/01/2021	-1
MGS 08/29	2.731	28	2.688	20/01/2021	4
MGS 04/31	2.722	496	2.705	20/01/2021	2
MGS 06/31	2.877	14	2.855	20/01/2021	2
MGS 04/33	3.372	126	3.332	20/01/2021	4
MGS 11/33	3.417	1	3.390	19/01/2021	3
MGS 07/34	3.327	132	3.345	20/01/2021	-2
MGS 05/35	3.377	34	3.437	20/01/2021	-6
MGS 06/38	3.677	34	3.696	20/01/2021	-2
MGS 05/40	3.541	612	3.641	20/01/2021	-10
MGS 03/46	3.950	1	3.947	19/01/2021	0
MGS 06/50	3.956	15	3.967	20/01/2021	-1
GII 03/21	1.739	50	1.782	20/01/2021	-4
GII 08/21	1.780	1600	1.779	20/01/2021	0
GII 03/22	1.778	4	1.710	20/01/2021	7
GII 04/22	1.789	19	1.781	15/01/2021	1
GII 05/23	1.950	15	1.887	20/01/2021	6
GII 07/23	1.975	80	1.831	19/01/2021	14
GII 11/23	1.935	20	1.845	19/01/2021	9
GII 10/24	2.001	30	1.910	20/01/2021	9
GII 08/25	2.186	61	2.196	20/01/2021	-1
GII 10/25	2.187	40	2.169	15/01/2021	2
GII 03/26	2.223	130	2.229	20/01/2021	-1
GII 09/27	2.467	131	2.429	20/01/2021	4
GII 10/28	2.680	40	2.703	20/01/2021	-2
GII 10/30	2.733	25	2.757	20/01/2021	-2
GII 06/33	3.385	1	3.400	20/01/2021	-2
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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*
Prasarana Malaysia Berhad	02/27	GG	2.688	15	2.649	18/12/2020	4	42
Danainfra Nasional Berhad	07/27	GG	2.688	5	2.488	07/09/2020	20	42
Prasarana Malaysia Berhad	02/31	GG	3.139	10	2.929	15/10/2020	21	43
Prasarana Malaysia Berhad	03/31	GG	3.140	20	3.161	13/01/2021	-2	43
Danainfra Nasional Berhad	05/31	GG	3.150	30	3.569	13/01/2020	-42	44
Lembaga Pembiayaan Perumahan Sektor Awam	09/36	GG	3.734	20	3.749	13/01/2021	-2	41
Bakun Hydro Power Generation Sdn Berhad (fka Sara)	08/23	AAA	2.429	15	2.930	04/03/2020	-50	58
Projek Lebuhraya Usahasama Berhad	01/27	AAA	2.915	10	2.868	30/09/2020	5	65
Telekom Malaysia Berhad	10/28	AAA	2.952	30	2.999	11/12/2020	-5	37
TNB Western Energy Berhad	01/32	AAA	3.408	20	3.930	08/08/2019	-52	69
TNB Northern Energy Berhad	11/33	AAA	3.599	10	3.759	23/01/2020	-16	27
TNB Western Energy Berhad	01/34	AAA	3.669	10	3.659	19/01/2021	1	34
Kuala Lumpur Kepong Berhad	09/29	AA1	3.229	60	3.249	12/01/2021	-2	55
Imtiaz Sukuk II Berhad	10/25	AA2	2.887	5	2.899	07/01/2021	-1	83
Anih Berhad	11/24	AA	2.893	10	3.277	09/03/2020	-38	93
Bandar Serai Development Sdn Berhad	08/23	AA3	2.997	70	3.598	03/02/2020	-60	115
SHC Capital Sdn Berhad	12/22	AA-	3.810	5			381	202
UEM Sunrise Berhad	05/23	AA-	3.702	60	3.797	07/01/2021	-10	191
Jimah East Power Sdn Berhad	06/25	AA-	3.110	30	3.090	22/09/2020	2	115
Kimanis Power Sdn Berhad	08/25	AA-	3.007	5	3.144	16/12/2020	-14	95
Jimah East Power Sdn Berhad	12/29	AA-	3.589	90	3.594	28/12/2020	0	91
Jimah East Power Sdn Berhad	06/30	AA-	3.619	60	3.479	20/10/2020	14	94
Jimah East Power Sdn Berhad	06/31	AA-	3.689	70	3.683	28/12/2020	1	98
CIMB Group Holdings Berhad	05/16	A1	3.386	1	3.395	20/01/2021	-1	-17
Hong Leong Financial Group Berhad	11/17	A1	3.237	1	3.800	13/01/2021	-56	-32
Eco World Capital Assets Berhad	08/24	-	5.855	3	6.414	20/01/2021	-56	389
				<u>664</u>				

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

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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