

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs were pressured on Thursday with front-ends leading losses within the curve; partly due to the unexpected drop in first-time claims for US unemployment benefits for week ending 16th October. The impact from heavy corporate issuance slate consisting of ~\$21b multi-tranche deal by AerCap Ireland was also a telling factor. The curve reversed its move and bear-flattened instead as overall benchmark yields settled between 1-3bps higher. **The UST 2Y yield ended 3bps higher at 0.42% whilst the much-watched UST 10Y yield edged 1bps up at 1.67%.** Elsewhere, the \$19b 5Y TIPS auction was well-received amid rising inflation concerns; and was awarded at -1.685% for a 2.45 cover. The Fed's holdings of Treasury securities as of 20th October increased by ~33.3 billion to \$5.5 trillion; its highest level since May 2020 whilst its total assets increased to ~\$8.61 trillion. Expect attention tonight to shift to the upcoming data on US manufacturing and services PMI.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.42	3
5-yr UST	1.20	3
10-yr UST	1.67	1
30-yr UST	2.13	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.62	-1	2.66	-1
5-yr	3.21	0	3.14	-6
7-yr	3.48	-4	3.38	4
10-yr	3.60	-1	3.68	2
15-yr	4.10	4	4.16	0
20-yr	4.29	30	4.33	1
30-yr	4.37	2	4.55	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.05	0
3-yr	2.64	-3
5-yr	2.95	-2
7-yr	3.19	-2
10-yr	3.47	-2

Source: Bloomberg

MGS/GII

- Local govies closed mixed on Thursday with the front-end slightly richer; quite opposite from the rest of the curve whilst IRS levels eased across most tenures. Overall benchmark yields closed mixed between -6 to +4bps (save for the adjustment in prior day's skewed odd-lot trade in the 20Y MGS) amid the huge jump in secondary market volume @ RM4.30b. The 5Y benchmark MGS 11/26 settled unchanged at 3.21% whilst the 10Y MGS 4/30 yield edged 1bps lower at 3.60%. Interest was mainly seen in the off-the-run 22's and also 3Y GII, 7Y MGS, 10Y MGS. GII trades maintained to form ~20% of overall trades. Meanwhile, the 5Y MGS auction benefitted from attractive yield levels and absence of private placement; notching a BTC ratio of 2.042X whilst being awarded at 3.209%. Expect attention to shift to the release of September CPI data at noon today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw improved investor interest amid a rise in secondary market volume to RM389m with interest seen mainly across the GG-AA part of the curve. Overall yields closed mostly mixed-to-higher, spanning across a 33 names. Govt-guaranteed PRASA 9/27 and 3/29 spiked 52bps and 119bps respectively compared to previous-done levels at 3.70% and 4.01%. AAA-rated telco DIGI 9/26 and TELEKOM 10/28 similarly jumped 13-45bps to 3.60% and 3.96% each. AA-rated SP SETIA 6/26 moved 19bps up at 3.83% on substantial trades totaling RM100m. GAMUDA 11/26 however saw yields spike 63bps to 4.00%. Meanwhile the banking/finance space remained relatively quiet for the 2nd day running.

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	11/21	1.741	405	1.714	20/10/2021	3
MGS	03/22	1.691	1340	1.740	20/10/2021	-5
MGS	08/22	1.780	5	1.778	20/10/2021	0
MGS	09/22	1.830	93	1.850	15/10/2021	-2
MGS	03/23	2.064	126	2.042	20/10/2021	2
MGS	04/23	2.345	83	2.049	20/10/2021	30
MGS	08/23	2.180	2	2.181	18/10/2021	0
MGS	06/24	2.620	13	2.634	20/10/2021	-1
MGS	09/24	2.649	50	2.688	20/10/2021	-4
MGS	07/26	3.202	62	3.172	18/10/2021	3
MGS	11/26	3.210	727	3.215	20/10/2021	0
MGS	05/27	3.354	9	3.330	20/10/2021	2
MGS	11/27	3.348	5	3.334	20/10/2021	1
MGS	06/28	3.481	318	3.520	20/10/2021	-4
MGS	08/29	3.599	4	3.633	20/10/2021	-3
MGS	04/30	3.655	1	3.695	20/10/2021	-4
MGS	04/31	3.601	114	3.610	20/10/2021	-1
MGS	06/31	3.760	21	3.736	20/10/2021	2
MGS	07/34	4.123	23	4.124	20/10/2021	0
MGS	05/35	4.099	12	4.063	18/10/2021	4
MGS	06/38	4.353	1	4.235	15/10/2021	12
MGS	05/40	4.290	1	3.987	20/10/2021	30
MGS	03/46	4.493	2	4.473	18/10/2021	2
MGS	07/48	4.567	2	4.534	20/10/2021	3
MGS	06/50	4.366	6	4.347	20/10/2021	2
GII	04/22	1.704	16	1.780	20/10/2021	-8
GII	05/23	2.242	175	2.138	20/10/2021	10
GII	11/23	2.253	20	2.301	12/10/2021	-5
GII	08/24	2.722	10	2.701	20/10/2021	2
GII	10/24	2.662	393	2.671	20/10/2021	-1
GII	03/26	3.141	131	3.202	20/10/2021	-6
GII	09/26	3.229	5	3.084	07/10/2021	15
GII	09/27	3.375	10	3.338	15/10/2021	4
GII	10/28	3.502	21	3.429	15/10/2021	7
GII	07/29	3.723	30	3.603	20/10/2021	12
GII	10/30	3.676	40	3.660	20/10/2021	2
GII	11/34	4.151	20	4.139	15/10/2021	1
GII	09/41	4.328	1	4.319	20/10/2021	1
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Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing		Vol (RM mil)	Previous		Chg (bp)	Spread Against MGS*
		YTM			YTM	Previous Trade Date (dd/mm/yyyy)		
Prasarana Malaysia Berhad	09/27	GG	3.699	30	3.177	26/04/2021	52	36
Prasarana Malaysia Berhad	03/29	GG	4.010	10	2.820	13/07/2020	119	52
DanaInfra Nasional Berhad	10/31	GG	4.010	15	3.660	17/08/2021	35	40
Sarawak Energy Berhad	01/22	AAA	2.071	20	2.066	23/09/2021	1	22
Sarawak Energy Berhad	07/24	AAA	2.977	1	2.865	11/10/2021	11	37
Cagamas Berhad	09/24	AAA	2.948	10	2.777	28/09/2021	17	34
Telekom Malaysia Berhad	12/24	AAA	3.116	1	3.039	11/10/2021	8	51
Danga Capital Berhad	02/26	AAA	3.487	1	3.457	15/10/2021	3	57
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak)	08/26	AAA	3.529	2	3.149	23/09/2021	38	36
DiGi Telecommunications Sdn Berhad	09/26	AAA	3.598	10	3.149	22/09/2021	45	42
Putrajaya Bina Sdn Berhad	09/27	AAA	3.859	2	3.168	02/08/2021	69	52
Telekom Malaysia Berhad	10/28	AAA	3.959	10	3.830	18/10/2021	13	47
Danga Capital Berhad	01/33	AAA	4.519	12	4.250	13/10/2021	27	91
Kuala Lumpur Kepong Berhad	09/22	AA1	2.169	20	2.175	20/10/2021	-1	32
TRIplic Medical Sdn Berhad	10/24	AA1	3.367	10	3.752	20/01/2020	-39	76
GENM Capital Berhad	08/25	AA1	4.599	3	4.119	18/10/2021	48	168
Kuala Lumpur Kepong Berhad	04/26	AA1	3.599	1	3.490	11/10/2021	11	43
Sabah Development Bank Berhad	07/26	AA1	4.249	1	3.922	12/10/2021	33	108
SP Setia Berhad	06/26	AA	3.830	100	3.636	22/09/2021	19	66
BGSM Management Sdn Berhad	12/22	AA3	2.604	2	2.635	27/09/2021	-3	75
Gamuda Berhad	03/23	AA3	2.931	20	2.944	01/10/2021	-1	108
BGSM Management Sdn Berhad	12/23	AA3	2.936	1	2.932	11/10/2021	0	81
Gamuda Berhad	11/26	AA3	3.998	60	3.367	11/02/2021	63	82
UEM Sunrise Berhad	05/23	AA-	3.606	1	3.620	11/10/2021	-1	148
Jimah East Power Sdn Berhad	12/24	AA-	3.648	2	3.076	22/02/2021	57	104
Southern Power Generation Sdn Berhad	10/27	AA-	4.097	2	3.549	28/07/2021	55	75
Dialog Group Berhad	11/20	A1	4.161	1	4.161	14/10/2021	0	-9
Eco World International Berhad	05/23	-	4.149	1	5.403	14/10/2021	-125	203
Tropicana Corporation Berhad	06/23	A+	4.249	1	3.947	11/10/2021	30	213
DRB-Hicom Berhad	12/24	A+	3.864	1	3.976	08/09/2021	-11	125
MMC Corporation Berhad	03/28	AA-	4.390	10	4.411	20/10/2021	-2	105
Sime Darby Property Berhad	12/25	AA+	3.660	10	3.281	23/08/2021	38	74
Celcom Networks Sdn Berhad	08/27	AA+	3.940	20	3.459	22/06/2021	48	60
				<u>389</u>				

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

Rating Action

Issuer	PDS Description	Rating/Outlook	Action
Country Garden Real Estate Sdn Bhd	RM1.5 bil Islamic Medium-Term Notes Programme (2015/2035)	AA3(s)/Stable	Reaffirmed

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