

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- USTs ended weaker on Tuesday, with the longer-ends (which were initially pressured) recovering slightly whilst unwinding its steepening move following the strong 20Y bond auction. Notably, the early bear-steepening moves were partly due to the sell-off across the longer-end European government bonds, especially UK gilts. The curve shifted higher with overall benchmark yields closing up between 1-5bps. **The UST 2Y yield rose 3bps to 0.67% whilst the much-watched 10Y jumped 4bps higher at 1.46%.** The 20Y bond auction saw solid bidding metrics; notching a cover of 2.59x (previous auction: 2.34x) whilst being awarded at 1.942% (previous auction: 2.065%). UST yields are currently being fueled by optimism over President Biden's initiatives to fight COVID-19 Omicron cases and the prospect that vaccines may be more effective than envisaged earlier. Expect attention to shift to the initial jobless claims as at 18<sup>th</sup> December, followed by the Fed's preferred inflation gauge i.e. November's PCE tomorrow.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.67	3
5-yr UST	1.22	5
10-yr UST	1.46	4
30-yr UST	1.86	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.83	-1	2.89	0
5-yr	3.18	2	3.18	0
7-yr	3.41	-2	3.36	0
10-yr	3.53	1	3.62	-2
15-yr	3.85	-2	3.97	-5
20-yr	4.08	-4	4.17	-2
30-yr	4.23	2	4.45	10

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.19	0
3-yr	2.71	2
5-yr	2.90	0
7-yr	3.15	2
10-yr	3.35	1

Source : Bloomberg

##### MGS/GIII

- Local govies generally saw the mid-longer-end i.e. 10-20Y tenures richer on Tuesday amid the substantial jump in secondary market volume of RM1.91b. Overall benchmark MGS/GII yields closed mixed between -5 to +10bps across the curve. **The 5Y benchmark MGS 11/26 yield edged 2bps higher at 3.18% whilst the 10Y benchmark MGS 4/31 yield settled 1bps higher at 3.53%** compared to prior day's close. Interest was mainly seen in the off-the-run 22's and also 7Y GII, 20Y MGS. GII continued to form a high portion i.e. 53% of overall trades. We opine that curve-steepening may ensue following the preferred duration increase, based on the recent release of the 2022 Auction Calendar. Elsewhere, expect attention to shift to the release of November CPI on Thursday.

##### Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space saw slight increase in secondary market volume @ RM260m on Tuesday. Transactions were seen mainly across the GG-AA part of the curve as overall yields closed mixed instead, spanning across 20 names. The sole govt-guaranteed trade consisted of DANA 11/35 which declined 6bps compared to previous-done levels at 4.17%. Both AAA-rated DANGA and PASB 28's closed 3bps lower at 3.76% and 4.05% each. In the AA-space, energy bonds i.e. JEV saw its 2028 tranches move 5-9bps lower between 2.84-3.05% levels. CELCOM 8/24 on the other hand, spiked 46bps to 3.26%. Meanwhile the banking/finance space saw CIMB-related names dominate this space with CIMB Bank 5/27 climbing 2bps to 3.72% whilst CIMB Group 6/22 edged 2bps lower at 2.28%. UOB 30NC25 however spiked 18bps to 3.60%.

##### 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	1.721	143	1.739	20/12/2021	-2
MGS	08/22	1.769	50	1.695	20/12/2021	7
MGS	09/22	1.612	2	1.659	20/12/2021	-5
MGS	03/23	2.227	87	2.226	20/12/2021	0
MGS	04/23	2.305	2	2.299	16/12/2021	1
MGS	08/23	2.371	30	2.314	17/12/2021	6
MGS	06/24	2.825	175	2.838	20/12/2021	-1
MGS	09/24	2.857	8	2.886	20/12/2021	-3
MGS	07/26	3.170	11	3.148	20/12/2021	2
MGS	11/26	3.183	13	3.164	20/12/2021	2
MGS	05/27	3.239	10	3.234	16/12/2021	0
MGS	06/28	3.407	34	3.428	20/12/2021	-2
MGS	08/29	3.568	3	3.546	20/12/2021	2
MGS	04/31	3.527	1	3.520	20/12/2021	1
MGS	06/31	3.643	39	3.681	20/12/2021	-4
MGS	04/33	3.802	52	3.778	16/12/2021	2
MGS	11/33	3.839	50	3.811	17/12/2021	3
MGS	07/34	3.879	1	3.887	20/12/2021	-1
MGS	05/35	3.846	9	3.865	20/12/2021	-2
MGS	04/37	3.952	1	3.971	20/12/2021	-2
MGS	05/40	4.079	136	4.116	20/12/2021	-4
MGS	06/50	4.231	46	4.212	20/12/2021	2
GII	03/22	1.770	10	1.790	17/12/2021	-2
GII	04/22	1.758	116	1.781	20/12/2021	-2
GII	07/22	1.770	30	1.785	15/12/2021	-1
GII	05/23	2.344	2	2.176	14/12/2021	17
GII	07/23	2.329	21	2.193	14/12/2021	14
GII	10/23	2.437	2	2.430	18/11/2021	1
GII	11/23	2.455	1	2.370	14/12/2021	9
GII	10/24	2.889	70	2.891	17/12/2021	0
GII	03/26	3.182	40	3.183	17/12/2021	0
GII	09/26	3.215	30	3.257	15/12/2021	-4
GII	08/28	3.563	100	3.572	17/12/2021	-1
GII	10/28	3.468	266	3.477	20/12/2021	-1
GII	10/30	3.617	90	3.635	20/12/2021	-2
GII	07/36	3.966	158	4.013	15/12/2021	-5
GII	08/37	4.165	20	4.184	20/12/2021	-2
GII	09/41	4.174	1	4.193	20/12/2021	-2
GII	11/49	4.448	50	4.351	17/12/2021	10
			<u>1909</u>			

## Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous	Previous	Chg (bp)	Spread Against MGS*	
				YTM	Trade Date (dd/mm/yyyy)			
DanaInfra Nasional Berhad	11/35	GG	4.170	20	4.230	23/11/2021	-6	30
Projek Lebuhraya Usahasama Berhad	01/22	AAA	1.894	3	2.163	07/10/2021	-27	5
Gulf Investment Corporation G.S.C	06/22	AAA	2.526	1	2.494	10/12/2021	3	68
Westports Malaysia Sdn Berhad	10/24	AAA	3.298	10	2.681	07/09/2020	62	46
CIMB Bank Berhad	05/27	AAA	3.719	100	3.703	17/11/2021	2	56
Danga Capital Berhad	01/28	AAA	3.759	10	3.789	30/11/2021	-3	47
Pengurusan Air Selangor Sdn Berhad	10/28	AAA	4.049	20	4.078	18/11/2021	-3	63
CIMB Group Holdings Berhad	06/22	AA1	2.280	40	2.302	20/12/2021	-2	44
Sabah Development Bank Berhad	07/26	AA1	4.160	1	4.599	20/12/2021	-44	100
GENM Capital Berhad	07/28	AA1	4.499	1	4.956	20/12/2021	-46	108
United Overseas Bank (Malaysia) Berhad	08/30	AA1	3.598	10	3.421	29/11/2021	18	6
Celcom Networks Sdn Berhad	08/24	AA+	3.257	10	2.800	28/07/2021	46	42
Fortune Premiere Sdn Berhad	03/23	AA	2.923	1	2.925	23/11/2021	0	108
OSK Rated Bond Sdn Berhad	04/28	AA	4.369	1	4.357	11/11/2021	1	108
Jimah Energy Ventures Sdn Berhad	05/23	AA3	2.842	10	2.889	15/11/2021	-5	100
Jimah Energy Ventures Sdn Berhad	11/23	AA3	3.046	10	3.136	08/04/2021	-9	70
Bumitama Agri Ltd	07/26	AA3	3.839	1	3.828	15/12/2021	1	68
Gamuda Berhad	06/30	AA3	4.365	10	3.782	18/12/2020	58	83
Cenergi SEA Berhad	12/26	A1	5.149	1	-	-	-	199
Tropicana Corporation Berhad	06/23	A+	4.487	1	5.037	20/12/2021	-55	214
				<u>260</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Jimah East Power Sdn Bhd	RM8.82 billion Sukuk Murabahah	AA-IS/Stable	Affirmed
Cerah Sama Sdn Bhd	RM420.0 million Sukuk	AA-IS/Stable	Affirmed
Projek Lebuhraya Usahasama Berhad's (PLUS)	RM23.35 billion Sukuk Musharakah Programme	AAA-IS/Stable	Affirmed

Source: RAM, MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; 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

**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.