

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries saw little movements last Friday with tenures extending out to the 10Y marginally weaker; with focus still very much on the potential for announcement regarding tapering of asset purchases and also the Fed's high profile annual Jackson Hole symposium this week between 26-28th August. The curve inched higher as overall benchmark yields ended mostly 0-1bps higher. Both the UST 2Y and UST 10Y yields edged 1bps up at 0.23% and 1.26% each. The US Treasury's cash balance which ballooned last year as the government ramped up borrowing and spending to combat the economic effects of COVID-related shutdowns has now shrunk by ~\$1.5 trillion to ~\$314b as at last week. This was possibly due to the decline in T-bill issuances. Meanwhile, the economic calendar shows the release of Markit US manufacturing and Services PMI data tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.23	1
5-yr UST	0.78	1
10-yr UST	1.26	1
30-yr UST	1.87	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.34	0	2.36	0
5-yr	2.69	2	2.67	0
7-yr	3.05	-4	3.06	0
10-yr	3.22	-1	3.35	-1
15-yr	3.82	2	3.91	-2
20-yr	4.12	2	4.21	0
30-yr	4.25	-2	4.40	-2

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.94	0
3-yr	2.35	0
5-yr	2.61	0
7-yr	2.84	0
10-yr	3.03	-2

Source: Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GII

- Local govies saw the MGS end mixed whereas GII's were mostly better bid last Friday as investors expected the end of political uncertainties with the announcement of the new Prime Minister. Overall benchmark yields closed between -4 to +2bps as trading activity saw a decline with secondary market volume @ RM1.13b. The 5Y benchmark MGS 11/26 yield rose 2bps at 2.69% whilst the 10Y benchmark MGS 4/31 yield edged 1bps lower at 3.22%. Interest was mainly seen in the shorter off-the-run 21's, 28's and also 3Y GII. The GII sector maintained to form 56% of overall trades. While movement restrictions get lifted in stages under the NRP to resuscitate economic activities, expect bonds to be reasonably supported following the reduced uncertainties on the political front.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw decent activity last Friday with interest seen across the curve despite the sharp pullback in secondary market volume to RM874m. Overall yields closed mixed, spanning across 36 names. Govt-guaranteed PRASA 9/22 settled 3bps lower compared to previous-done levels at 2.01% whilst the 12/23 tranche rallied 23bps to 2.36%; with both bonds notching RM340m in total transacted amounts. AAA-rated PASB 28's edged 1-2bps higher between 3.38-39% whilst PLUS 31 moved 3bps lower to 3.57%. AA-rated energy bonds JEP 6/30 declined 9bps to 4.16%. EDRA 26, 33 and 35 closed unchanged at 3.51%, 4.47% and 4.68% each whilst the 2034 tranche spiked 54bps instead to 4.53%. The banking/finance sector saw MBSB 31NC26 closed 26bps lower at 4.05%.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	11/21	1.771	42	1.757	19/08/2021	1
MGS	03/22	1.701	1	1.772	17/08/2021	-7
MGS	08/23	1.992	2	2.012	17/08/2021	-2
MGS	07/24	2.345	22	2.358	18/08/2021	-1
MGS	09/24	2.395	2	2.382	18/08/2021	1
MGS	03/25	2.512	15	2.533	19/08/2021	-2
MGS	09/25	2.572	4	2.572	19/08/2021	0
MGS	11/26	2.692	2	2.675	19/08/2021	2
MGS	05/27	2.927	3	2.933	19/08/2021	-1
MGS	11/27	2.980	60	2.934	19/08/2021	5
MGS	06/28	3.048	115	3.085	19/08/2021	-4
MGS	08/29	3.191	2	3.192	18/08/2021	0
MGS	04/30	3.350	8	3.344	19/08/2021	1
MGS	04/31	3.221	19	3.233	19/08/2021	-1
MGS	04/33	3.750	2	3.758	19/08/2021	-1
MGS	07/34	3.859	2	3.867	19/08/2021	-1
MGS	05/35	3.822	55	3.801	19/08/2021	2
MGS	05/40	4.123	27	4.099	19/08/2021	2
MGS	03/46	4.317	1	4.356	11/08/2021	-4
MGS	07/48	4.350	30	4.449	19/08/2021	-10
MGS	06/50	4.247	75	4.265	19/08/2021	-2
GII	08/21	1.720	110	1.779	19/08/2021	-6
GII	03/22	1.790	10	1.671	19/08/2021	12
GII	04/22	1.772	3	1.770	19/08/2021	0
GII	05/23	1.954	50	1.955	18/08/2021	0
GII	10/23	2.080	20	2.082	19/08/2021	0
GII	11/23	2.073	40	2.075	19/08/2021	0
GII	10/24	2.362	220	2.360	19/08/2021	0
GII	09/26	2.779	60	2.782	17/08/2021	0
GII	10/30	3.350	20	3.357	19/08/2021	-1
GII	08/33	3.815	20	3.785	12/08/2021	3
GII	07/36	3.911	8	3.931	17/08/2021	-2
GII	05/47	4.450	17	4.530	19/08/2021	-8
GII	11/49	4.400	58	4.419	19/08/2021	-2
			<u>1126</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
								YTM
Prasarana Malaysia Berhad	09/22	GG	2.012	150	2.038	30/07/2021	-3	22
Prasarana Malaysia Berhad	12/23	GG	2.355	190	2.586	26/04/2021	-23	40
Putrajaya Holdings Sdn Berhad	10/21	AAA	2.050	15	2.159	09/07/2021	-11	26
Putrajaya Holdings Sdn Berhad	12/21	AAA	2.050	35	2.160	17/05/2021	-11	26
DiGi Telecommunications Sdn Berhad	04/22	AAA	2.059	15	2.117	06/07/2021	-6	27
Sarawak Energy Berhad	08/25	AAA	2.968	30	3.107	06/07/2021	-14	42
Putrajaya Holdings Sdn Berhad	05/26	AAA	3.039	25	3.064	29/06/2021	-2	36
Putrajaya Holdings Sdn Berhad	09/26	AAA	3.060	70	2.669	04/09/2020	39	39
Manjung Island Energy Berhad	11/26	AAA	3.050	10	3.198	22/04/2021	-15	38
Sarawak Energy Berhad	01/27	AAA	3.222	30	3.221	19/08/2021	0	55
Danum Capital Berhad	05/27	AAA	3.195	5	3.178	02/08/2021	2	28
Pengurusan Air SPV Berhad	04/28	AAA	3.382	40	3.369	19/08/2021	1	33
Pengurusan Air SPV Berhad	06/28	AAA	3.391	20	3.371	13/08/2021	2	34
Telekom Malaysia Berhad	10/28	AAA	3.283	10	3.280	18/08/2021	0	23
Projek Lebuhraya Usahasama Berhad	01/31	AAA	3.569	10	3.597	18/08/2021	-3	36
Infracap Resources Sdn Berhad	04/36	AAA	4.399	1	4.420	14/07/2021	-2	59
Sabah Development Bank Berhad	07/24	AA1	3.738	2	3.739	19/08/2021	0	141
GENM Capital Berhad	07/28	AA1	4.629	2	4.589	19/08/2021	4	157
Perbadanan Kemajuan Negeri Selangor	04/22	AA3	2.901	20	3.076	25/01/2021	-18	111
Gamuda Land (T12) Sdn Berhad	08/25	AA3	3.623	10	3.623	19/08/2021	0	107
Edra Energy Sdn Berhad	07/26	AA3	3.508	4	3.508	19/08/2021	0	83
Tanjung Bin Energy Sdn Berhad	09/28	AA3	4.058	10	4.161	19/08/2021	-10	100
Edra Energy Sdn Berhad	07/33	AA3	4.467	10	4.469	17/08/2021	0	124
Edra Energy Sdn Berhad	01/34	AA3	4.529	10	3.989	25/11/2020	54	130
Edra Energy Sdn Berhad	07/35	AA3	4.680	1	4.679	06/08/2021	0	87
UEM Sunrise Berhad	10/21	AA-	3.148	20	3.215	30/07/2021	-7	136
UEM Sunrise Berhad	12/22	AA-	3.522	10	3.560	28/07/2021	-4	173
MMC Corporation Berhad	11/27	AA-	3.924	10	3.958	18/08/2021	-3	101
Jimah East Power Sdn Berhad	06/30	AA-	4.158	25	4.252	21/07/2021	-9	95
CIMB Group Holdings Berhad	05/16	A1	3.219	1	3.235	12/08/2021	-2	-88
DRB-Hicom Berhad	12/29	A+	4.804	1	4.729	15/07/2021	8	164
Bank Muamalat Malaysia Berhad	06/31	A3	4.378	1	4.301	30/06/2021	8	115
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	4.051	50	4.308	22/07/2021	-26	82
Affin Islamic Bank Berhad	10/17	A3	3.921	1	3.944	30/07/2021	-2	-17
UEM Sunrise Berhad	02/24	AA-	3.842	30	3.875	27/07/2021	-3	189
Alliance Islamic Bank Berhad	03/19	BBB1	4.182	1	3.900	14/07/2021	28	9
				<u>874</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

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

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.