

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- UST's ended mixed on Wednesday with the yield curve sharply flatter post-FOMC meeting which saw the Fed Fund Rates maintain between 0.00-0.25%, whilst Fed Chair Powell said that the gradual tapering of monthly asset purchases to the tune of \$120b may potentially begin in November and conclude by mid-2022. The curve flattened as overall benchmark yields ended mixed between -5 to +2bps across; with the UST 2Y yield edging 2bps up at 0.24%, whilst the much-watched UST 10Y yield ended 2bps lower instead at 1.30%. The updated dot plot projections which turned more hawkish overall for the next 3 years also supported higher yields extending out to 5Y tenures. Policy makers were evenly split with the lift-off next year with at least one (1) hike next year. Expect some attention to shift to the preliminary manufacturing and PMI data releases tonight.

##### MGS/GIII

- Local govies drifted weaker again, led by higher IRS on subdued ininterest as upcoming supply concerns for the remainder of the month and October auctions dented appetite. Another "fear factor" arose due to the government's ideas of imposing capital gains tax and also a one-off higher tax rate on companies earning extra-ordinary profit during the pandemic. Overall benchmark yields closed mostly higher again between 0-6bps amid the halving of secondary market volume at a mere RM1.51b. The 5Y benchmark MGS 11/26 yield edged 1bps down at 2.80% whilst the 10Y MGS 4/31 yield closed within 1bps higher at 3.36%. Interest was mainly seen in the shorter off-the-run 21's, 26' and also 3Y MGS. GII sector jumped to form 40% of overall trades. Elsewhere, the country's aggressive vaccination drive sees ~80% threshold fully achieved. Expect attention to shift to the release of August inflation data tomorrow.

##### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space was more active than govies amid higher secondary market volume of RM553m notably due to the new issuance of CAGAMAS 3Y notes, whilst bulk of interest was seen along the GG-AA part of the curve. Overall yields closed mixed-to-higher instead, spanning across 25 names. The govt-guaranteed DANA 4/37 edged 1bps higher compared to previous-done levels at 4.16% whilst PRASA 8/41 settled unchanged at 4.35%. AAA-rated telco providers TELEKOM 10/24 and DIGI 9/26 rose 5-13bps higher at 2.79% and 3.15% each. The seldom-traded AA-rated PROHAWK saw several tranches exchange hands. PROHAWK 30-31's spiked 46-48bps to between 3.92-98% whilst the 6/30 and 12/32 tranches rallied 36-37bps instead at 3.86% and 4.15%. The banking/finance sector saw RHB Bank 10/25 jump 11bps to 3.24%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.24	2
5-yr UST	0.85	2
10-yr UST	1.30	-2
30-yr UST	1.81	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.40	2	2.45	0
5-yr	2.80	-1	2.82	2
7-yr	3.15	2	3.11	2
10-yr	3.36	0	3.44	0
15-yr	3.78	1	3.94	0
20-yr	4.06	0	4.10	-6
30-yr	4.21	6	4.43	1

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.97	0
3-yr	2.44	2
5-yr	2.74	2
7-yr	2.88	1
10-yr	3.13	0

Source: Bloomberg

#### 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	09/21	1.804	315	1.753	21/09/2021	5
MGS	11/21	1.770	156	1.759	21/09/2021	1
MGS	03/22	1.762	11	1.760	21/09/2021	0
MGS	03/23	1.950	12	1.925	21/09/2021	2
MGS	04/23	1.924	28	1.947	21/09/2021	-2
MGS	08/23	2.044	52	1.872	20/09/2021	17
MGS	06/24	2.404	130	2.378	21/09/2021	3
MGS	07/24	2.401	3	2.414	21/09/2021	-1
MGS	09/24	2.467	52	2.452	21/09/2021	2
MGS	03/25	2.583	4	2.553	17/09/2021	3
MGS	07/25	2.624	3	2.503	02/09/2021	12
MGS	09/25	2.683	1	2.688	21/09/2021	-1
MGS	04/26	2.783	1	2.712	21/09/2021	7
MGS	07/26	2.830	16	2.809	21/09/2021	2
MGS	11/26	2.802	40	2.810	21/09/2021	-1
MGS	05/27	2.999	3	2.963	21/09/2021	4
MGS	11/27	3.026	1	2.993	20/09/2021	3
MGS	06/28	3.151	43	3.135	21/09/2021	2
MGS	08/29	3.276	12	3.304	21/09/2021	-3
MGS	04/31	3.359	1	3.357	21/09/2021	0
MGS	06/31	3.407	1	3.367	20/09/2021	4
MGS	07/34	3.836	1	3.850	21/09/2021	-1
MGS	05/35	3.780	16	3.773	21/09/2021	1
MGS	04/37	3.925	5	3.880	17/09/2021	4
MGS	06/50	4.210	4	4.149	21/09/2021	6
GII	04/22	1.673	68	1.730	21/09/2021	-6
GII	05/23	1.999	10	1.960	20/09/2021	4
GII	03/26	2.824	200	2.808	21/09/2021	2
GII	07/27	3.107	88	3.105	21/09/2021	0
GII	09/27	3.110	25	3.092	20/09/2021	2
GII	10/28	3.238	93	3.226	21/09/2021	1
GII	07/29	3.315	15	3.308	17/09/2021	1
GII	10/30	3.439	23	3.434	21/09/2021	0
GII	08/37	4.190	1	4.150	13/09/2021	4
GII	05/47	4.447	2	4.419	09/09/2021	3
GII	11/49	4.426	80	4.353	21/09/2021	7
			1513			

## 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*
DanaInfra Nasional Berhad	04/37	GG	4.159	10	4.149	02/08/2021	1	38
Prasarana Malaysia Berhad	08/41	GG	4.352	2	4.352	20/09/2021	0	29
Cagamas Berhad	09/23	AAA	2.370	300	-	-	-	40
Projek Lebuhraya Usahasama Berhad	01/24	AAA	2.758	5	2.577	27/08/2021	18	78
Telekom Malaysia Berhad	10/24	AAA	2.785	5	2.739	28/07/2021	5	40
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak)	08/26	AAA	3.162	20	3.102	08/09/2021	6	35
DiGi Telecommunications Sdn Berhad	09/26	AAA	3.149	10	3.020	08/09/2021	13	34
Pengurusan Air SPV Berhad	06/28	AAA	3.589	10	3.391	20/08/2021	20	44
Sarawak Energy Berhad	04/31	AAA	3.666	20	3.668	21/09/2021	0	31
Danga Capital Berhad	09/33	AAA	3.884	10	4.269	22/04/2021	-39	53
YTL Power International Berhad	10/24	AA1	3.795	20	3.538	13/09/2021	26	141
YTL Corporation Berhad	11/26	AA1	4.060	5	3.788	12/07/2021	27	125
RHB Bank Berhad	10/25	AA2	3.243	20	3.132	08/09/2021	11	58
Konsortium ProHAWK Sdn Berhad	06/30	AA2	3.863	10	4.219	25/07/2019	-36	56
Konsortium ProHAWK Sdn Berhad	12/30	AA2	3.922	10	3.459	25/08/2020	46	62
Konsortium ProHAWK Sdn Berhad	06/31	AA2	3.976	10	3.498	25/08/2020	48	62
Konsortium ProHAWK Sdn Berhad	12/32	AA2	4.147	10	4.519	06/04/2021	-37	79
SP Setia Berhad	06/26	AA	3.636	30	3.651	27/08/2021	-1	83
UEM Sunrise Berhad	04/22	AA-	3.170	10	3.371	03/08/2021	-20	139
UEM Sunrise Berhad	10/25	AA-	4.263	10	4.246	04/08/2021	2	160
Southern Power Generation Sdn Berhad	04/32	AA-	4.104	10	4.201	10/06/2021	-10	75
Southern Power Generation Sdn Berhad	10/34	AA-	4.368	10	4.591	30/03/2021	-22	59
TG Excellence Berhad	02/20	AA-	3.555	5	4.100	09/09/2021	-55	-50
CIMB Group Holdings Berhad	05/16	A1	3.372	1	3.373	21/09/2021	0	-69
Eco World Capital Assets Berhad	08/24	-	4.784	1	5.255	21/09/2021	-47	240
				<u>553</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Salvare Assets Bhd	RM17 mil Senior Class A	A1/Stable	Assigned
	RM1 mil Senior Class B Notes (collectively, First Tranche MTN) 10-year RM300 mil Medium-Term Notes (MTN) programme	A3/Stable	

Source: RAM/ MARC

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