

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs ended narrowly mixed on Wednesday, with the longer-ends marginally richer whilst brushing aside slightly better-than-expected GDP and consumer confidence. The curve ended slightly flatter with overall benchmark yields closing up between -1 to +1bps. **The UST 2Y yield settled within 1bps lower at 0.67% whilst the much-watched 10Y saw its biggest drop in almost a week as yields fell eased also within 1bps at 1.46%.** The \$17b 5Y TIPS bond auction tailed by more than 1bps on softer bidding metrics; notching a cover of 2.42x (previous auction: 2.45x) whilst being awarded at -1.508% (previous auction: -1.685%). Investors are expected to hedge their bets on whether the Fed will stick to aggressive rate hike plans, given likely challenges to economic growth from the Omicron variant factor and gridlocked fiscal stimulus package. Expect some attention to shift to the initial jobless claims (as at 18th December), followed by the Fed's preferred inflation gauge i.e. November's PCE tonight; ahead of the long weekend break.

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	2.84	1	2.87	-2
5-yr	3.16	-2	3.26	8
7-yr	3.40	-1	3.36	0
10-yr	3.55	3	3.62	0
15-yr	3.85	0	3.97	0
20-yr	4.08	0	4.17	0
30-yr	4.23	0	4.45	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.19	0
3-yr	2.73	2
5-yr	2.91	2
7-yr	3.18	4
10-yr	3.38	2

Source : Bloomberg

MGS/GII

- Local govies generally saw activity confined mainly in the front-end and belly on Wednesday; unperturbed by the release of slightly higher November CPI data. Benchmark MGS/GII yields closed mixed between -2 to +8bps with majority unchanged across the curve amid a 36% drop in secondary market volume of RM1.23b. **The 5Y benchmark MGS 11/26 yield edged 2bps lower at 3.16% whilst the 10Y benchmark MGS 4/31 yield settled 3bps higher instead at 3.55%** compared to prior day's close. Interest was mainly seen in the off-the-run 22's, 25's and also 5Y GII. GII continued to maintain a high proportion i.e. 42% of overall trades. Elsewhere, the economic calendar remains light for the week.

Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space saw improved investor appetite amid 25% increase in secondary market volume @ RM324m on Wednesday. Transactions were seen mainly across the GG-AA part of the curve as overall yields closed mixed-to-higher instead, spanning across 20 names. The short-end govt-guaranteed PASB 2/23 edged 2bps higher compared to previous-done levels at 2.15%. Both AAA-rated CAGAMAS MBS 12/25 and SEB 7/29 spiked 34-42bps to 3.57% and 3.94% each. In the AA-space, energy bonds i.e. EDRA 7/31 and 7/35 dominated this space, with total transacted amounts of RM90m. JEV 7/31 rallied 17bps to 4.25% whilst the 7/35 tranche rose 5bps instead to 4.62%. YTL Power 6/22 too jumped 24bps to 3.17%. Meanwhile the banking/finance space saw AmBank Islamic 28NC23 climb 7bps to 3.42%.

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	1.786	128	1.721	21/12/2021	6
MGS	03/23	2.196	1	2.227	21/12/2021	-3
MGS	06/24	2.833	121	2.825	21/12/2021	1
MGS	09/24	2.900	23	2.857	21/12/2021	4
MGS	03/25	2.867	1	2.867	21/12/2021	0
MGS	09/25	3.011	207	2.984	20/12/2021	3
MGS	04/26	3.146	3	3.125	20/12/2021	2
MGS	07/26	3.147	11	3.170	21/12/2021	-2
MGS	11/26	3.161	50	3.183	21/12/2021	-2
MGS	05/27	3.246	5	3.239	21/12/2021	1
MGS	11/27	3.251	5	3.279	20/12/2021	-3
MGS	06/28	3.394	60	3.407	21/12/2021	-1
MGS	08/29	3.555	2	3.568	21/12/2021	-1
MGS	04/31	3.555	74	3.527	21/12/2021	3
MGS	06/31	3.632	21	3.645	21/12/2021	-1
MGS	07/34	3.879	1	3.879	21/12/2021	0
MGS	06/50	4.229	2	4.231	21/12/2021	0
GII	07/23	2.391	20	2.329	21/12/2021	6
GII	10/24	2.870	50	2.889	21/12/2021	-2
GII	10/25	3.023	4	3.097	16/12/2021	-7
GII	03/26	3.257	361	3.182	21/12/2021	8
GII	10/28	3.452	60	3.468	21/12/2021	-2
GII	10/30	3.618	16	3.617	21/12/2021	0
GII	09/39	4.220	3	4.224	20/12/2021	0
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Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread Against MGS*	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)		
Pengurusan Air SPV Berhad	02/23	GG	2.147	50	2.127	19/08/2021	2	30
Jambatan Kedua Sdn Berhad	05/25	GG	3.230	1	2.620	18/08/2021	61	40
Pengurusan Air SPV Berhad	09/25	GG	3.290	2	3.120	25/11/2021	17	28
Prasarana Malaysia Berhad	09/28	GG	3.799	2	3.362	07/09/2021	44	38
DanaInfra Nasional Berhad	10/28	GG	3.709	10	-	-	-	29
Sarawak Energy Berhad	07/24	AAA	3.026	2	2.977	21/10/2021	5	19
Cagamas MBS Berhad	12/25	AAA	3.569	10	3.229	11/03/2021	34	56
Pengurusan Air SPV Berhad	08/28	AAA	3.897	10	3.640	24/08/2021	26	48
Sarawak Energy Berhad	07/29	AAA	3.938	10	3.519	14/09/2021	42	45
YTL Power International Berhad	06/22	AA1	3.168	40	2.924	22/07/2021	24	132
Sabah Development Bank Berhad	06/23	AA1	3.205	1	4.143	20/12/2021	-94	136
Sabah Development Bank Berhad	07/24	AA1	3.848	1	4.284	20/12/2021	-44	101
SEP Resources (M) Sdn Berhad	12/30	AA1	4.101	2	3.397	14/07/2020	70	57
Sime Darby Property Berhad	12/25	AA+	3.654	20	3.660	21/10/2021	-1	64
AEON Co. (M) Berhad	07/22	AA2	2.707	10	3.054	13/07/2021	-35	86
Kedah Cement Sdn Berhad (fka Lafarge Cem	07/23	AA3	3.253	30	3.317	29/10/2021	-6	90
Bumitama Agri Ltd	07/26	AA3	3.848	1	3.839	21/12/2021	1	68
Pelabuhan Tanjung Pelepas Sdn Berhad	08/27	AA-	4.109	2	4.097	12/11/2021	1	81
UiTM Solar Power Dua Sdn Berhad	03/31	AA-	4.950	5	4.579	04/08/2021	37	142
Edra Energy Sdn Berhad	07/31	AA3	4.348	50	4.518	29/10/2021	-17	80
Edra Energy Sdn Berhad	07/35	AA3	4.619	40	4.569	21/09/2021	5	76
Cenergi SEA Berhad	12/26	A1	5.000	15	5.149	21/12/2021	-15	184
AmBank Islamic Berhad	02/28	A1	3.419	10	3.347	29/11/2021	7	12
Hong Leong Financial Group Berhad	11/17	A1	3.310	1	3.871	20/12/2021	-56	-80
Eco World International Berhad	05/23	-	5.159	1	5.192	09/12/2021	-3	332
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*spread against nearest indicative tenured MGS (Source : BPAM)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Bintulu Port Holdings Berhad	Corporate credit rating	AA1/Stable/P1	Reaffirmed
Samalaju Industrial Port Sdn Bhd	Sukuk Murabahah Programme of up to RM950 mil (2015/2036)	AA1(s)/Stable	Reaffirmed
MMC Corporation Berhad	RM2.5 billion Sukuk Murabahah Programme	AA-IS/Stable	Affirmed
Berjaya Land Berhad	RM500.0 million Medium-Term Notes (MTN) Programme guaranteed by Danajamin Nasional Berhad (Danajamin)	AAA(fg)/Stable	Affirmed
	RM150.0 million MTN Programme guaranteed by OCBC Bank (Malaysia) Berhad (OCBC Malaysia).	AAA(bg)/Stable	Affirmed

Source: RAM, MARC

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