

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.11	0
5-yr UST	0.57	-3
10-yr UST	1.34	-2
30-yr UST	2.18	1

MGS		GII		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.91	2	1.98	1
5-yr	2.28	0	2.52	2
7-yr	2.74	0	2.78	2
10-yr	2.97	4	3.03	-6
15-yr	3.76	0	3.75	0
20-yr	3.96	-1	4.09	1
30-yr	4.16	-2	4.10	-4

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.93	-1
3-yr	2.17	-2
5-yr	2.51	-2
7-yr	2.73	3
10-yr	3.01	-3

Source : Bloomberg

Upcoming Government Bond Tender.

Reopening of RM3.5b GII 9/27 on Wednesday,
24th February 2021

- US Treasuries ended mostly stronger on Tuesday except for the long bond; with Fed Chair Powell's semi-annual testimony having lesser-than-expected effect on overall yield levels. Overall benchmark yields closed between 0-3bps lower versus prior day save for the 30Y. The UST 2Y yield closed unchanged at 0.11% whilst the much-watched 10Y yield declined 2bps at 1.34%. The 5s30s spread settled at its widest ever since 2014 . The \$60b 2Y auction was decent with BTC ratio at a mere 2.44x (previous auction: 2.67x, average for 6 previous auctions: 2.57x) whilst being awarded at 0.119%. Despite the surging UST yields of late, the short-end has been resilient resulting in the notes which were sold at a premium above 100 cents on the dollar, a unique situation not seen before. Expect attention to shift to the upcoming \$61b 5Y notes auction tonight followed by the \$62b 7Y sale on Thursday as well as the initial jobless claims for period ending 20th February.

MGS/GII

- On Tuesday, local govies closed mixed with tenures extending out from 10 years pressured the most. Overall benchmark yields closed between -6 to +4bps across the curve amid a higher secondary market volume of RM3.43b. The 5Y MGS 9/25 yield closed unchanged at 2.28% whilst the 10Y MGS 4/31 yield rose 4bps instead at 2.97%. Interest was mainly seen in the off-the-run 21's, 29's, 31's and also the benchmark 10Y, 15Y MGS. GII bond trades increased to form ~27% of overall trades. Meanwhile the World Bank is projecting a global growth of 4.0% in 2021 whilst the Malaysian economy is projected to recover and register economic growth between 5.6- 6.7%. Meanwhile, expect attention to shift to January's inflation data and 7Y GII auction today followed by the trade numbers this Friday.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw decent investor appetite on Tuesday as secondary market volume rose to RM495m with trades covering ~28 names. Overall yields ended mostly mixed with transactions seen across the curve. The long-end government-guaranteed trades involved DANA 5/41 and 2/49 tranches which spiked 30-50bps sharply higher compared to previous-done levels at 4.35% and 4.55% respectively. AAA-rated DANUM 26's notched RM140m worth of trades closing 6-8bps higher at 2.72% levels, whilst PLUS 23 closed 6bps lower at 2.36%. AA-rated UEM Sunrise 12/22 edged 1bps lower whereas the 10/25 tranche spiked 20bps at 4.16%. The banking space saw CIMB Group Holdings 2116NC23 and 2116NC21 close lower on yields at 3.33% and 2.74% whilst MBSB 12/23 declined 4bps at 2.86%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.700	679	1.740	22/02/2021	-4
MGS 09/21	1.737	203	1.786	22/02/2021	-5
MGS 11/21	1.746	31	1.753	22/02/2021	-1
MGS 03/22	1.764	52	1.735	22/02/2021	3
MGS 09/22	1.831	8	1.767	19/02/2021	6
MGS 03/23	1.905	52	1.883	22/02/2021	2
MGS 04/23	1.895	3	1.895	22/02/2021	0
MGS 08/23	1.931	15	1.941	22/02/2021	-1
MGS 06/24	2.089	4	2.070	22/02/2021	2
MGS 07/24	2.120	51	2.122	22/02/2021	0
MGS 09/24	2.139	28	2.149	22/02/2021	-1
MGS 03/25	2.157	163	2.232	22/02/2021	-8
MGS 09/25	2.283	9	2.283	22/02/2021	0
MGS 04/26	2.423	38	2.405	18/02/2021	2
MGS 07/26	2.464	29	2.451	22/02/2021	1
MGS 11/26	2.467	57	2.464	22/02/2021	0
MGS 05/27	2.662	11	2.651	22/02/2021	1
MGS 11/27	2.727	35	2.718	22/02/2021	1
MGS 06/28	2.744	158	2.739	22/02/2021	1
MGS 08/29	2.994	210	3.010	22/02/2021	-2
MGS 04/30	3.010	16	3.040	22/02/2021	-3
MGS 04/31	2.965	75	2.924	22/02/2021	4
MGS 06/31	3.192	153	3.203	22/02/2021	-1
MGS 04/33	3.732	29	3.710	22/02/2021	2
MGS 11/33	3.773	6	3.756	22/02/2021	2
MGS 07/34	3.756	148	3.761	22/02/2021	-1
MGS 05/35	3.825	3	3.810	22/02/2021	2
MGS 06/38	4.027	30	4.043	22/02/2021	-2
MGS 05/40	3.964	71	3.972	22/02/2021	-1
MGS 03/46	4.185	8	4.124	22/02/2021	6
MGS 07/48	4.204	15	4.221	22/02/2021	-2
MGS 06/50	4.160	122	4.184	22/02/2021	-2
GII 04/21	1.728	300	1.729	19/02/2021	0
GII 03/22	1.807	20	1.557	17/02/2021	25
GII 05/23	1.983	82	1.960	22/02/2021	2
GII 05/24	2.114	40	2.103	19/02/2021	1
GII 10/24	2.187	40	2.180	22/02/2021	1
GII 08/25	2.306	18	2.319	19/02/2021	-1
GII 03/26	2.520	22	2.498	22/02/2021	2
GII 07/27	2.712	6	2.695	22/02/2021	2
GII 09/27	2.780	52	2.755	22/02/2021	2
GII 10/28	2.909	75	2.870	18/02/2021	4
GII 07/29	3.001	10	2.976	19/02/2021	2
GII 09/30	3.015	7	3.036	22/02/2021	-2
GII 10/30	3.031	113	3.096	22/02/2021	-6
GII 06/33	3.776	3	3.451	16/02/2021	33
GII 11/34	3.855	14	3.777	22/02/2021	8
GII 09/39	4.092	65	4.084	22/02/2021	1
GII 11/49	4.100	54	4.135	22/02/2021	-4
		<u>3434</u>			

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	05/41	GG	4.350	30	3.853	17/12/2020	50	39
Danainfra Nasional Berhad	02/49	GG	4.548	8	4.253	15/02/2021	30	59
Cagamas Berhad	04/22	AAA	2.138	10	2.176	14/12/2020	-4	38
Malaysia Airports Capital Berhad	12/22	AAA	2.598	60	2.608	05/02/2021	-1	78
Projek Lebuhraya Usahasama Berhad	01/23	AAA	2.356	20	2.416	12/01/2021	-6	54
DiGi Telecommunications Sdn Berhad	04/24	AAA	2.319	10	2.326	07/01/2021	-1	42
Danum Capital Berhad	02/26	AAA	2.717	50	2.641	16/02/2021	8	45
Danga Capital Berhad	02/26	AAA	2.723	90	2.666	17/02/2021	6	46
Tenaga Nasional Berhad	08/35	AAA	4.030	20	3.712	22/01/2021	32	25
Tenaga Nasional Berhad	08/38	AAA	4.150	12	3.868	15/01/2021	28	19
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/23	AA1	2.859	10	2.896	05/11/2020	-4	96
Perbadanan Kemajuan Negeri Selangor	08/21	AA3	2.797	10	2.916	29/01/2021	-12	104
Trinity Asia Ventures Berhad	09/22	AA3	3.862	20	3.874	22/02/2021	-1	204
Perbadanan Kemajuan Negeri Selangor	10/23	AA3	3.315	20	3.307	05/01/2021	1	141
Tanjung Bin Energy Issuer Berhad	03/25	AA3	2.837	20	2.898	14/12/2020	-6	70
Press Metal Aluminium Holdings Berhad	08/25	AA3	3.887	2	3.850	27/01/2021	4	175
BGSM Management Sdn Berhad	08/25	AA3	2.829	20	2.868	27/10/2020	-4	56
Sports Toto Malaysia Sdn Berhad	06/22	AA-	3.333	2	3.486	09/12/2020	-15	158
UEM Sunrise Berhad	12/22	AA-	3.516	10	3.523	18/02/2021	-1	170
UEM Sunrise Berhad	10/25	AA-	4.157	20	3.962	04/02/2021	20	189
Southern Power Generation Sdn Berhad	10/26	AA-	3.038	10	3.178	11/11/2020	-14	49
TG Excellence Berhad	02/20	AA-	3.755	1	3.674	19/02/2021	8	-20
Affin Bank Berhad	09/27	A1	3.618	0	3.285	04/02/2021	33	88
CIMB Group Holdings Berhad	05/16	A1	3.326	20	3.335	16/02/2021	-1	-63
CIMB Group Holdings Berhad	05/16	A1	2.735	10	3.499	09/02/2021	-76	-122
Alliance Bank Malaysia Berhad	10/35	A2	3.825	8	3.404	17/02/2021	42	5
Tropicana Corporation Berhad	10/23	A+	5.026	1	5.034	02/02/2021	-1	312
DRB-Hicom Berhad	12/29	A+	4.912	2	4.915	22/02/2021	0	197
				<u>495</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
UiTM Solar Power Dua Sdn Bhd	Proposed Green SRI Sukuk of up to RM100.0 million.	AA-IS	Assigned
Cendana Sejati Sdn Bhd	RM360 million Senior Sukuk Murabahah Medium Term Notes Programme (Senior Sukuk Programme)	From C3/Negative to D	Downgraded

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.

--