

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- UST's ended weak on Thursday with tenures extending out from the belly sharply pressured arising from both i.e. Fed's earlier FOMC's intention to see gradual asset-tapering commence in November and BOE's hawkish shift to contain the surge in inflation. The curve bear-steepened as overall benchmark yields ended sharply higher between 2-13bps across. The UST 2Y yield edged 2bps up at 0.25% whilst the much-watched UST 10Y yield spiked 13bps instead to 1.43%. The huge deviations in yields saw intense cash-selling flows especially in the longer-ends coupled with a rather robust corporate issuance slate. Elsewhere, the Fed's Reverse Repo which has the opposite effect of QE saw usage hit new highs at \$1.35 trillion, due mainly to the doubling of counter-party limits to \$160m and large usage by large money- and asset managers. Expect some attention tonight to divert to upcoming remarks by Fed chair Powell and several other Fed officials.

MGS/GII

- There was still no respite for local govies with both MGS/GII drifting weaker again, led by higher IRS across most tenures. Overall benchmark yields closed mostly higher again between 0-6bps amid a higher secondary market volume of RM2.48b. The 5Y benchmark MGS 11/26 yield edged 1bps up at 2.81% whilst the 10Y MGS 4/31 yield closed 1bps lower instead at 3.35%. Interest was mainly seen in the shorter off-the-run 21-22's, 24's, 28's and also 5Y, 10Y MGS. GII sector dropped to form 28% of overall trades. Elsewhere, S&P Global Ratings raised some concerns on potential risks for Malaysian banks due to continuing and repeated moratoriums on loan repayment. Expect government bonds to trend weaker in line with UST movements.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw steadier interest than govies amid slightly higher secondary market volume of RM592m with interest mainly seen along the GG-AA part of the curve. Overall yields closed mostly higher instead, spanning across 29 names. Govt-guaranteed LPPSA 9/24 spiked 11bps to 2.51% whilst the longer-end DANA 41-43's settled mixed i.e. between -2 to +3 bps and ended within 4.33-36%. AAA-rated BAKUN also saw its 2025-20 tranches close mixed on yields between 2.98-3.15% whilst the 8/22 tranche rose 3bps to 2.29%. SEB 4/31 notched RM50m worth of trades; settling unchanged at 3.67%. The AA-space was dominated by energy-related bonds i.e. BGSM, EDRA, YTL Power and JEP. EDRA 30's rallied 31-58bps between 3.97-4.01% whilst the EDRA 35 and JEP 12/29 remain unchanged at 4.50% and 4.08% each. The banking/finance sector saw PUBLIC 28NC23 rise 8bps to 2.99% whereas CIMB 27NC22 ballooned 40bps to 3.36%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.26	2
5-yr UST	0.95	10
10-yr UST	1.43	13
30-yr UST	1.94	13

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.42	2	2.46	1
5-yr	2.81	1	2.83	1
7-yr	3.16	1	3.11	0
10-yr	3.35	-1	3.45	1
15-yr	3.78	0	3.94	0
20-yr	4.06	0	4.16	6
30-yr	4.15	-6	4.43	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.98	1
3-yr	2.46	2
5-yr	2.77	3
7-yr	2.93	5
10-yr	3.15	2

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	20	1.804	22/09/2021	0
MGS	11/21	1.748	182	1.770	22/09/2021	-2
MGS	03/22	1.653	132	1.762	22/09/2021	-11
MGS	09/22	1.755	1	1.790	20/09/2021	-4
MGS	03/23	1.972	91	1.950	22/09/2021	2
MGS	04/23	1.955	70	1.924	22/09/2021	3
MGS	08/23	2.020	49	2.044	22/09/2021	-2
MGS	06/24	2.420	50	2.404	22/09/2021	2
MGS	09/24	2.460	250	2.467	22/09/2021	-1
MGS	09/25	2.708	71	2.683	22/09/2021	3
MGS	11/26	2.808	256	2.802	22/09/2021	1
MGS	11/27	3.026	3	3.026	22/09/2021	0
MGS	06/28	3.158	181	3.151	22/09/2021	1
MGS	08/29	3.297	36	3.276	22/09/2021	2
MGS	04/31	3.353	323	3.359	22/09/2021	-1
MGS	06/31	3.407	12	3.407	22/09/2021	0
MGS	07/34	3.836	5	3.836	22/09/2021	0
MGS	06/38	4.086	20	4.082	15/09/2021	0
MGS	03/46	4.304	1	4.241	21/09/2021	6
MGS	06/50	4.149	34	4.210	22/09/2021	-6
GII	03/22	1.759	50	1.703	21/09/2021	6
GII	04/22	1.760	25	1.673	22/09/2021	9
GII	05/23	1.996	30	1.999	22/09/2021	0
GII	10/24	2.463	20	2.454	21/09/2021	1
GII	03/26	2.834	10	2.824	22/09/2021	1
GII	07/27	3.105	20	3.107	22/09/2021	0
GII	10/28	3.210	345	3.238	22/09/2021	-3
GII	10/30	3.452	10	3.439	22/09/2021	1
GII	07/36	3.938	100	3.935	21/09/2021	0
GII	09/41	4.158	62	4.100	22/09/2021	6
GII	11/49	4.425	24	4.426	22/09/2021	0
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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*
Pengurusan Air SPV Berhad	06/23	GG	2.107	20	2.132	17/09/2021	-2	14
Lembaga Pembiayaan Perumahan Sektor Awam	09/24	GG	2.513	40	2.399	13/08/2021	11	11
Danainfra Nasional Berhad	05/36	GG	4.069	10	4.201	01/06/2021	-13	28
Lembaga Pembiayaan Perumahan Sektor Awam	09/36	GG	4.075	5	4.047	13/09/2021	3	29
Danainfra Nasional Berhad	05/41	GG	4.334	20	4.349	17/09/2021	-2	28
Danainfra Nasional Berhad	04/43	GG	4.361	10	4.330	24/02/2021	3	31
Sarawak Energy Berhad	01/22	AAA	2.066	90	2.071	19/08/2021	-1	29
Cagamas Berhad	03/22	AAA	2.099	40	1.992	19/08/2021	11	32
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak)	08/22	AAA	2.289	40	2.259	13/09/2021	3	51
Malaysia Airports Capital Berhad	12/22	AAA	3.000	10	2.948	26/07/2021	5	122
Al Dżahab Assets Berhad	09/24	AAA	3.496	10	3.463	12/07/2021	3	109
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak)	08/25	AAA	2.980	25	2.913	27/07/2021	7	31
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak)	08/26	AAA	3.149	12	3.162	22/09/2021	-1	34
CIMB Bank Berhad	05/27	AAA	3.361	10	2.960	11/12/2020	40	35
Sarawak Energy Berhad	04/31	AAA	3.665	50	3.666	22/09/2021	0	29
YTL Power International Berhad	08/23	AA1	3.641	10	3.264	17/03/2021	38	167
Public Bank Berhad	10/28	AA1	2.993	10	2.916	17/08/2021	8	-16
Malaysia Airport Holdings Berhad	12/14	AA2	4.437	20	4.427	06/08/2021	1	38
Fortune Premiere Sdn Berhad	03/23	AA	2.972	1	2.920	15/09/2021	5	119
SP Setia Berhad	06/28	AA	4.002	20	4.018	01/09/2021	-2	85
BGSM Management Sdn Berhad	08/25	AA3	3.147	30	3.141	21/09/2021	1	48
Edra Energy Sdn Berhad	01/30	AA3	3.974	30	4.557	01/04/2021	-58	72
Edra Energy Sdn Berhad	07/30	AA3	4.009	30	4.317	28/06/2021	-31	71
Edra Energy Sdn Berhad	01/35	AA3	4.499	1	4.499	21/09/2021	0	71
Jimah East Power Sdn Berhad	12/29	AA-	4.078	20	4.078	26/08/2021	0	82
Quantum Solar Park (Semenanjung) Sdn Berhad	04/32	AA-	4.429	10	4.429	21/09/2021	0	106
Quantum Solar Park (Semenanjung) Sdn Berhad	04/33	AA-	4.568	10	4.569	21/09/2021	0	120
TG Excellence Berhad	02/20	AA-	3.661	8	3.555	22/09/2021	11	-40
Mah Sing Group Berhad	03/25	-	4.032	1	3.974	28/09/2020	6	162
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*spread against nearest indicative tenured MGS (Source : BPAM)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
UMW Holdings Berhad	RM2.0 billion Islamic Medium-Term Notes (IMTN) Programme (Sukuk Musharakah)	AA+ IS/Stable	Assigned
	RM2.0 billion Perpetual Sukuk Programme (Perpetual Sukuk)	AA- IS/Stable	Assigned
Malaysia Steel Works (KL) Bhd	RM130.0 million Sukuk Ijarah Programme	AAA IS (FG)	Affirmed

Source: RAM/ MARC

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