

## Global Markets Research

### Fixed Income

## Fixed Income Daily Market Snapshot

### US Treasuries

| UST       |             |           |
|-----------|-------------|-----------|
| Tenure    | Closing (%) | Chg (bps) |
| 2-yr UST  | 0.12        | 1         |
| 5-yr UST  | 0.60        | 3         |
| 10-yr UST | 1.38        | 3         |
| 30-yr UST | 2.23        | 5         |

| MGS    |             | GII       |             |           |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr   | 1.91        | 0         | 1.99        | 1         |
| 5-yr   | 2.26        | -3        | 2.50        | -2        |
| 7-yr   | 2.74        | -1        | 2.81        | 4         |
| 10-yr  | 2.98        | 1         | 3.04        | 1         |
| 15-yr  | 3.72        | -4        | 3.75        | 0         |
| 20-yr  | 3.91        | -6        | 4.09        | 0         |
| 30-yr  | 4.12        | -4        | 4.10        | 0         |

\* Market indicative levels

| MYR IRS Levels |             |           |
|----------------|-------------|-----------|
| IRS            | Closing (%) | Chg (bps) |
| 1-yr           | 1.93        | 0         |
| 3-yr           | 2.16        | -1        |
| 5-yr           | 2.47        | -4        |
| 7-yr           | 2.67        | -6        |
| 10-yr          | 2.99        | -2        |

Source : Bloomberg

### Upcoming Government Bond Tender.

Nil

- US Treasuries ended off-their-lows but nevertheless weaker on Wednesday as the strong intent by dovish Fed officials including Fed Chair Powell helped markets recover slightly. The curve bear-steepened as overall benchmark yields closed between 1-5bps higher versus prior day. The UST 2Y yield edged 1bps up at 0.12% whilst the much-watched 10Y yield rose 3bps at 1.38%. The 5s30s spread has retraced almost half of the decade-long flattening it exhibited from 2010. The \$61b 5Y auction notched weak bidding metrics due to the recent sell-off and rising worries over inflation. BTC ratio was recorded at a low cover of 2.24x (previous auction: 2.34x, average for 6 previous auctions: 2.45x) whilst being awarded at 0.621%. Expect attention to shift to the upcoming \$62b 7Y sale tonight as well as the initial jobless claims for period ending 20<sup>th</sup> February.

### MGS/GII

- On Wednesday, local govies continued to close mixed with MGS tenures extending out from 15 years rallying the most. Overall benchmark yields closed mixed between -6 to +4bps across the curve amid a higher secondary market volume of RM3.96b. The 5Y MGS 9/25 yield closed 3bps lower at 2.26% whilst the 10Y MGS 4/31 yield edged 1bps up at 2.98%. Interest was mainly seen in the off-the-run 21's and also the benchmark 5Y MGS. GII bond trades jumped to form ~44% of overall trades. Meanwhile the 7Y GII auction saw decent BTC ratio of 2.196x and awarded at an average of 2.806%. The signal of possible upward yield pressure (evidenced by the narrower-than-expected decline in January's inflation data) exists, as traders may dial back bets on further rate easing. Expect attention to shift to the January trade numbers tomorrow.

### Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw upbeat interest and momentum on Wednesday as secondary market volume spiked to RM1.01b with trades covering ~37 names. Overall yields ended mostly higher with transactions seen across the curve. Government-guaranteed LPPSA dominated with the 10/23 tranche making its debut at 2.06% whilst the 36-38's jumped 31-37bps compared to previous-done levels between 4.09-14%. AAA-rated DANUM and DANGA 26's closed 0-2bps up at 2.72% and 2.74% whilst DIGI 4/24 moved 3bps higher at 2.35%. AA-rated energy-related bonds Southern Power 26-28's rose 2-6bps between 2.95-3.31% whilst YTL Power 10/21 rallied 24bps instead at 2.63%. The banking space saw SABAH DEV 4/24 and 8/25 notch RM200m in transacted amounts; closing 0-3bps higher at 2.93% and 3.13% each.

## Daily Trades : Government Bond

| Securities | Closing | Vol         | Previous | Previous                   | Chg  |
|------------|---------|-------------|----------|----------------------------|------|
|            | YTM     | (RM mil)    | YTM      | Trade Date<br>(dd/mm/yyyy) | (bp) |
| MGS 07/21  | 1.711   | 375         | 1.700    | 23/02/2021                 | 1    |
| MGS 09/21  | 1.728   | 115         | 1.737    | 23/02/2021                 | -1   |
| MGS 11/21  | 1.754   | 5           | 1.746    | 23/02/2021                 | 1    |
| MGS 03/22  | 1.777   | 95          | 1.764    | 23/02/2021                 | 1    |
| MGS 08/22  | 1.790   | 14          | 1.782    | 22/02/2021                 | 1    |
| MGS 09/22  | 1.777   | 120         | 1.831    | 23/02/2021                 | -5   |
| MGS 03/23  | 1.906   | 82          | 1.905    | 23/02/2021                 | 0    |
| MGS 04/23  | 1.902   | 46          | 1.895    | 23/02/2021                 | 1    |
| MGS 06/24  | 2.068   | 73          | 2.089    | 23/02/2021                 | -2   |
| MGS 07/24  | 2.118   | 7           | 2.120    | 23/02/2021                 | 0    |
| MGS 09/24  | 2.155   | 1           | 2.139    | 23/02/2021                 | 2    |
| MGS 03/25  | 2.169   | 153         | 2.157    | 23/02/2021                 | 1    |
| MGS 09/25  | 2.256   | 394         | 2.283    | 23/02/2021                 | -3   |
| MGS 04/26  | 2.432   | 1           | 2.423    | 23/02/2021                 | 1    |
| MGS 11/26  | 2.472   | 31          | 2.467    | 23/02/2021                 | 0    |
| MGS 03/27  | 2.606   | 1           | 2.590    | 19/02/2021                 | 2    |
| MGS 05/27  | 2.678   | 1           | 2.662    | 23/02/2021                 | 2    |
| MGS 11/27  | 2.715   | 37          | 2.727    | 23/02/2021                 | -1   |
| MGS 06/28  | 2.738   | 49          | 2.744    | 23/02/2021                 | -1   |
| MGS 08/29  | 3.003   | 50          | 2.994    | 23/02/2021                 | 1    |
| MGS 04/31  | 2.979   | 153         | 2.965    | 23/02/2021                 | 1    |
| MGS 04/32  | 3.441   | 2           | 3.266    | 19/02/2021                 | 18   |
| MGS 04/33  | 3.761   | 87          | 3.732    | 23/02/2021                 | 3    |
| MGS 07/34  | 3.718   | 83          | 3.756    | 23/02/2021                 | -4   |
| MGS 05/35  | 3.825   | 6           | 3.825    | 23/02/2021                 | 0    |
| MGS 04/37  | 3.870   | 1           | 3.820    | 22/02/2021                 | 5    |
| MGS 06/38  | 4.065   | 40          | 4.027    | 23/02/2021                 | 4    |
| MGS 05/40  | 3.908   | 93          | 3.964    | 23/02/2021                 | -6   |
| MGS 03/46  | 4.192   | 2           | 4.185    | 23/02/2021                 | 1    |
| MGS 07/48  | 4.101   | 44          | 4.204    | 23/02/2021                 | -10  |
| MGS 06/50  | 4.118   | 52          | 4.160    | 23/02/2021                 | -4   |
| GII 03/21  | 1.717   | 230         | 1.747    | 18/02/2021                 | -3   |
| GII 04/21  | 1.707   | 110         | 1.728    | 23/02/2021                 | -2   |
| GII 08/21  | 1.740   | 20          | 1.740    | 19/02/2021                 | 0    |
| GII 04/22  | 1.808   | 22          | 1.810    | 22/02/2021                 | 0    |
| GII 05/23  | 1.993   | 3           | 1.983    | 23/02/2021                 | 1    |
| GII 11/23  | 2.015   | 30          | 2.039    | 22/02/2021                 | -2   |
| GII 05/24  | 2.132   | 10          | 2.114    | 23/02/2021                 | 2    |
| GII 10/25  | 2.340   | 20          | 2.429    | 22/02/2021                 | -9   |
| GII 03/26  | 2.500   | 50          | 2.520    | 23/02/2021                 | -2   |
| GII 07/27  | 2.791   | 10          | 2.712    | 23/02/2021                 | 8    |
| GII 09/27  | 2.815   | 987         | 2.780    | 23/02/2021                 | 4    |
| GII 10/28  | 2.933   | 40          | 2.909    | 23/02/2021                 | 2    |
| GII 10/30  | 3.037   | 39          | 3.031    | 23/02/2021                 | 1    |
| GII 10/35  | 3.792   | 1           | 3.516    | 27/01/2021                 | 28   |
| GII 09/39  | 4.091   | 134         | 4.092    | 23/02/2021                 | 0    |
| GII 11/49  | 4.100   | 42          | 4.100    | 23/02/2021                 | 0    |
|            |         | <u>3959</u> |          |                            |      |

## Daily Trades : Corp Bonds/ Sukuk

| Securities   |       | Rating | Closing<br>YTM | Vol<br>(RM mil) | Previous<br>YTM | Previous<br>Trade Date<br>(dd/mm/yyyy) | Chg<br>(bp) | Spread<br>Against<br>MGS* |
|--|-------|--------|----------------|-----------------|-----------------|--|-------------|---------------------------|
| Danahra Nasional Berhad                            | 02/23 | GG     | 2.029          | 30              | 2.084           | 09/12/2020                             | -6          | 21                        |
| Lembaga Pembiayaan Perumahan Sektor Awam           | 10/23 | GG     | 2.064          | 40              | -               | -                                      | -           | 16                        |
| Lembaga Pembiayaan Perumahan Sektor Awam           | 04/24 | GG     | 2.217          | 30              | 2.148           | 24/11/2020                             | 7           | 32                        |
| Perbadanan Tabung Pendidikan Tinggi Nasional       | 07/31 | GG     | 3.339          | 20              | 3.279           | 19/02/2021                             | 6           | 37                        |
| Lembaga Pembiayaan Perumahan Sektor Awam           | 09/36 | GG     | 4.090          | 40              | 3.720           | 25/01/2021                             | 37          | 36                        |
| Lembaga Pembiayaan Perumahan Sektor Awam           | 10/38 | GG     | 4.139          | 20              | 3.830           | 18/01/2021                             | 31          | 21                        |
| Danahra Nasional Berhad                            | 04/43 | GG     | 4.330          | 20              | 3.577           | 11/08/2020                             | 75          | 40                        |
| Danahra Nasional Berhad                            | 02/49 | GG     | 4.548          | 2               | 4.548           | 23/02/2021                             | 0           | 62                        |
| DiGi Telecommunications Sdn Berhad                 | 04/24 | AAA    | 2.353          | 10              | 2.319           | 23/02/2021                             | 3           | 45                        |
| Danum Capital Berhad                               | 05/25 | AAA    | 2.640          | 100             | 2.568           | 05/02/2021                             | 7           | 52                        |
| Sarawak Energy Berhad                              | 08/25 | AAA    | 2.628          | 40              | 2.618           | 17/02/2021                             | 1           | 50                        |
| Bank Pembangunan Malaysia Berhad                   | 10/25 | AAA    | 2.729          | 10              | 2.738           | 16/02/2021                             | -1          | 48                        |
| Danum Capital Berhad                               | 02/26 | AAA    | 2.719          | 30              | 2.717           | 23/02/2021                             | 0           | 47                        |
| Danga Capital Berhad                               | 02/26 | AAA    | 2.739          | 90              | 2.723           | 23/02/2021                             | 2           | 49                        |
| Projek Lebuhraya Usahasama Berhad                  | 01/28 | AAA    | 3.108          | 10              | 3.028           | 25/01/2021                             | 8           | 37                        |
| Danga Capital Berhad                               | 01/28 | AAA    | 3.029          | 20              | -               | -                                      | -           | 29                        |
| Bakun Hydro Power Generation Sdn Berhad (fka Sarav | 08/31 | AAA    | 3.578          | 30              | 3.329           | 10/02/2021                             | 25          | 61                        |
| TNB Western Energy Berhad                          | 01/34 | AAA    | 3.999          | 15              | 3.669           | 21/01/2021                             | 33          | 26                        |
| YTL Power International Berhad                     | 10/21 | AA1    | 2.633          | 20              | 2.875           | 27/01/2021                             | -24         | 88                        |
| Teknologi Tenaga Perlis Consortium Sdn Berhad      | 01/22 | AA1    | 2.208          | 10              | 3.494           | 16/01/2020                             | -129        | 45                        |
| Sabah Development Bank Berhad                      | 04/24 | AA1    | 2.931          | 100             | 2.931           | 02/02/2021                             | 0           | 103                       |
| Sabah Development Bank Berhad                      | 08/25 | AA1    | 3.130          | 100             | 3.100           | 02/02/2021                             | 3           | 101                       |
| Kuala Lumpur Kepong Berhad                         | 04/26 | AA1    | 2.900          | 10              | 2.816           | 02/02/2021                             | 8           | 65                        |
| Northern Gateway Infrastructure Sdn Berhad         | 08/26 | AA1    | 3.099          | 15              | 3.949           | 08/11/2019                             | -85         | 54                        |
| Celcom Networks Sdn Berhad                         | 08/27 | AA+    | 3.027          | 20              | 2.991           | 16/02/2021                             | 4           | 29                        |
| Imtiaz Sukuk II Berhad                             | 10/25 | AA2    | 2.925          | 10              | 2.868           | 04/02/2021                             | 6           | 67                        |
| Bumitama Agri Ltd                                  | 07/24 | AA3    | 2.919          | 20              | 3.023           | 17/12/2020                             | -10         | 102                       |
| MMC Corporation Berhad                             | 04/23 | AA-    | 3.379          | 1               | 3.396           | 28/12/2020                             | -2          | 156                       |
| Pelabuhan Tanjung Pelepas Sdn Berhad               | 06/25 | AA-    | 2.938          | 20              | 2.927           | 17/02/2021                             | 1           | 81                        |
| Southern Power Generation Sdn Berhad               | 04/26 | AA-    | 2.948          | 20              | 2.888           | 29/09/2020                             | 6           | 70                        |
| Southern Power Generation Sdn Berhad               | 10/27 | AA-    | 3.178          | 20              | 3.113           | 04/02/2021                             | 6           | 44                        |
| Southern Power Generation Sdn Berhad               | 04/28 | AA-    | 3.247          | 20              | 3.229           | 27/07/2020                             | 2           | 51                        |
| Southern Power Generation Sdn Berhad               | 10/28 | AA-    | 3.309          | 10              | 3.280           | 15/12/2020                             | 3           | 45                        |
| Lebuhraya DUKE Fasa 3 Sdn Berhad                   | 08/38 | AA-    | 5.346          | 16              | 4.949           | 25/10/2019                             | 40          | 142                       |
| CIMB Group Holdings Berhad                         | 05/16 | A1     | 3.863          | 1               | 3.810           | 29/12/2020                             | 5           | -7                        |
| Alliance Bank Malaysia Berhad                      | 10/35 | A2     | 3.825          | 1               | 3.825           | 23/02/2021                             | 0           | 9                         |
| Southern Power Generation Sdn Berhad               | 10/24 | AA-    | 2.797          | 40              | 3.366           | 23/06/2020                             | -57         | 67                        |
|  |       |        |                | <u>1010</u>     |                 |  |             |                           |

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

| Rating Action                 |  |                                 |           |
|-------------------------------|--|---------------------------------|-----------|
| Issuer                        | PDS Description  | Rating/Outlook                  | Action    |
| George Kent (Malaysia) Berhad | Proposed RM100.0 million Islamic Commercial Papers (ICP) Programme and RM500.0 million Islamic Medium-Term Notes (IMTN) Programme (Sukuk Wakalah Programmes) subject to a combined limit of RM500.0 million. | MARC-1IS and A+IS               | Assigned  |
| Alpha Circle Sdn Bhd          | Senior Sukuk Musharakah of A-IS<br>Junior Sukuk Musharakah of BBB-IS on MARCWatch Negative.  | Outlook from Stable to Negative | Downgrade |

Source: RAM, MARC

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