

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries closed stronger on Monday anchored on the front-end amid a quiet day on the US economic front; whilst boosting equities namely tech-related stocks, amid some calm over the trajectory of inflation. Overall benchmark yields ended between 0-2bps lower with the much-watched 10Y yields edging 2bps down at 1.60% while the 2s was little changed at 0.15%. Elsewhere the relatively weak demand for Monday's 3-month and 6-month Treasury bills at yields above zero indicates that investor interest for securities at these low yields is vanishing. Nevertheless the Fed's reverse repo agreement facility has witnessed a huge surge in usage as a flood of cash overwhelms US dollar funding markets. Expect attention to shift to the upcoming auctions for 2Y, 5Y and 7Y notes beginning this Wednesday followed by US personal consumption data on Thursday.

MGS/GII

- On Monday, local govies saw MGS well-bid whilst GII ended mostly unchanged, save for the 7-15Y space amid a decrease in secondary market volume of RM2.45b. Overall benchmark yields declined between 0-4bps except for the 7Y GII. The 5Y MGS 9/25 yield closed unchanged at 2.57% whilst the 10Y MGS 4/31 yield edged 2bps lower at 3.19%. Interest was mainly seen in the shorter off-the-run 21-22's and also benchmark 10Y MGS. GII bond trades fell to form 19% of overall trades. Expect attention to focus on continuing updates surrounding the latest movement restrictions due to the current wave of COVID-19 infections and progress on vaccination rollouts.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw reduced activity on Monday amid a drastic drop in secondary market volume of only RM173m. Trades were printed mostly across the AAA-AA part of the curve as overall yields closed mostly higher on 13 various names. The sole govt-guaranteed trade consisted of PASB 6/23 which spiked 29bps compared to previous-done levels at 2.37%. AAA-rated utility giants TELEKOM 3/24 similarly spiked 29bps at 2.71% whilst TNB Western 7/31 edged 1bps lower instead at 3.95%. AA-rated energy-related bonds YTL power 10/24 rose 29bps at 3.40% whilst KIMANIS rallied sharply at 2.83%, since its last trade in August last year. The banking space saw Bank ISLAM 30NC25 edge 2bps higher at 3.58%. Elsewhere quasi-government body, CAGAMAS has successfully completed its issuances of conventional medium term-notes (CMTN's) worth RM1.5b comprising 2Y tranches.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	0
5-yr UST	0.80	-2
10-yr UST	1.60	-2
30-yr UST	2.30	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.30	-1	2.08	0
5-yr	2.57	0	2.61	0
7-yr	2.98	-2	3.05	6
10-yr	3.19	-2	3.28	-1
15-yr	3.85	-1	4.02	-3
20-yr	4.16	-4	4.25	0
30-yr	4.43	-1	4.53	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.00	0
3-yr	2.33	-1
5-yr	2.66	-1
7-yr	2.89	1
10-yr	3.16	1

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 07/21	1.720	167	1.757	21/05/2021	-4
MGS 09/21	1.728	331	1.735	21/05/2021	-1
MGS 11/21	1.738	154	1.769	21/05/2021	-3
MGS 03/22	1.812	103	1.781	21/05/2021	3
MGS 08/22	1.860	4	1.870	21/05/2021	-1
MGS 09/22	1.870	1	1.916	19/05/2021	-5
MGS 03/23	2.034	11	1.996	21/05/2021	4
MGS 04/23	2.014	2	2.024	20/05/2021	-1
MGS 06/24	2.296	40	2.302	21/05/2021	-1
MGS 07/24	2.318	8	2.332	20/05/2021	-1
MGS 03/25	2.521	1	2.536	20/05/2021	-2
MGS 09/25	2.566	60	2.568	21/05/2021	0
MGS 04/26	2.619	94	2.636	20/05/2021	-2
MGS 07/26	2.705	1	2.718	21/05/2021	-1
MGS 05/27	2.855	1	2.866	21/05/2021	-1
MGS 11/27	2.856	1	2.877	21/05/2021	-2
MGS 06/28	2.981	74	3.003	21/05/2021	-2
MGS 08/29	3.148	10	3.155	21/05/2021	-1
MGS 04/30	3.270	1	3.275	12/05/2021	0
MGS 04/31	3.190	421	3.214	21/05/2021	-2
MGS 06/31	3.404	15	3.406	21/05/2021	0
MGS 04/33	3.789	1	3.812	21/05/2021	-2
MGS 07/34	3.847	245	3.857	21/05/2021	-1
MGS 05/35	3.927	104	3.926	21/05/2021	0
MGS 05/40	4.156	121	4.199	21/05/2021	-4
MGS 06/50	4.433	15	4.447	21/05/2021	-1
GII 07/22	1.867	60	1.878	21/05/2021	-1
GII 07/27	3.031	60	3.019	20/05/2021	1
GII 07/29	3.241	50	3.250	21/05/2021	-1
GII 09/27	3.046	100	2.990	19/05/2021	6
GII 07/36	4.024	1	4.052	21/05/2021	-3
GII 10/30	3.281	65	3.296	21/05/2021	-1
GII 04/22	1.820	80	1.805	21/05/2021	2
GII 11/23	2.191	20	2.177	20/05/2021	1
GII 03/22	1.797	6	1.791	20/05/2021	1
GII 05/23	2.082	20	2.085	21/05/2021	0
		<u>2449</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yy)	(bp)	Against MGS*	
Pengurusan Air SPV Berhad	06/23	GG	2.365	25	2.078	07/01/2021	29	32
Telekom Malaysia Berhad	03/24	AAA	2.707	30	2.422	24/11/2020	29	41
Putrajaya Holdings Sdn Berhad	07/24	AAA	2.864	20	2.488	03/03/2021	38	57
TNB Western Energy Berhad	07/31	AAA	3.950	10	3.959	21/05/2021	-1	74
Sarawak Energy Berhad	12/32	AAA	4.128	20	4.169	30/04/2021	-4	92
Tenaga Nasional Berhad	08/40	AAA	4.488	1	4.488	19/05/2021	0	29
YTL Power International Berhad	10/24	AA1	3.399	20	3.108	05/02/2021	29	110
Genting RMTN Berhad	11/34	AA1	4.902	1	4.902	20/05/2021	0	95
Kimanis Power Sdn Berhad	08/23	AA	2.829	20	3.957	09/08/2019	-113	78
Press Metal Aluminium Holdings Berhad	10/24	AA3	3.969	5	4.051	19/05/2021	-8	167
Bank Islam Malaysia Berhad	10/30	A1	3.580	20	3.562	20/05/2021	2	39
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	4.331	1	4.334	18/05/2021	0	112
YNH Property Berhad	08/19	-	7.111	1	6.252	21/05/2021	86	291
			<u>173</u>					

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Ranhill Powertron II Sdn Bhd	RM90.0 million outstanding Islamic Medium-Term Notes (IMTN)	AA-IS/Stable	Affirmed
	RM350.0 million outstanding guaranteed IMTN	AAA-IS/Stable	Affirmed
Alpha Circle Sdn Bhd	RM140 million Senior Sukuk Musharakah RM55 million Junior Sukuk Musharakah	From A-IS to BBB-IS From BBB-IS to BB-IS	Downgraded

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

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.