

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs regained some ground last Friday due to attractive levels seen following recent weaknesses over the past several sessions. The front-end was benign as a rate hike premium was rebuilt after Fed Chair Powell said that the central bank would raise rates if it sees risks of higher inflation expectations. The curve flattened with the 5s30s spreads collapsing to ~87bps; close to its lowest levels last seen in April 2020 as overall benchmark yields ended between 0-7bps lower. **The UST 2Y yield settled unchanged at 0.46% whilst the much-watched UST 10Y yield fell 7bps to 1.63%.** Fed Chair Powell commented that the FOMC was still on track to taper, but reiterated that it is not yet time to commence tightening. Elsewhere, Markit PMI's revealed mixed data with the manufacturing index down, but with gains seen in the services and composite ones. Expect attention to spillover to the upcoming auctions consisting of 2Y, 5Y and 7Y notes later this week.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.46	0
5-yr UST	1.20	-4
10-yr UST	1.63	-7
30-yr UST	2.07	-6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.63	1	2.66	0
5-yr	3.17	-4	3.19	5
7-yr	3.49	1	3.38	0
10-yr	3.63	2	3.72	4
15-yr	4.10	0	4.16	0
20-yr	4.26	-3	4.28	-5
30-yr	4.37	0	4.55	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.06	2
3-yr	2.66	2
5-yr	2.95	1
7-yr	3.21	2
10-yr	3.50	3

Source: Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GII

- Local govies closed mixed last Friday with the front-end and belly mostly pressured whilst IRS levels rose across all tenures following the increase in headline CPI for September. Overall benchmark yields closed mixed between -5 to +5bps amid the drastic drop in secondary market volume to RM1.64b. **The 5Y benchmark MGS 11/26 rallied pushing yields down 4bps to 3.17% whilst the 10Y MGS 4/30 yield edged 2bps higher at 3.63%.** Interest was mainly seen in the off-the-run 21-22's and also 5Y GII. GII trades increased to form ~27% of overall trades. We are of the opinion that the absence of demand-side factors will keep inflation in check with our projection at 2.4% for 2021. The growth agenda is expected to take priority over inflationary outlook; resulting in our expectations of a continued pause in the OPR. Elsewhere, the parliament presides for the 2nd meeting of the 4th session to discuss among others the resolution to repeal the Emergency ordinances.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk too saw investor interest taper-off amid a tepid secondary market volume of RM186m with interest seen mainly across the AAA-AA part of the curve. Overall yields closed mostly mixed, spanning across 19 names. There were no gov-guaranteed trades. AAA-rated CAMAMAS 21's closed 4-16bps lower compared to previous-done levels at 2.04% levels whilst 12/22 tranche edged 2bps lower at 2.09%. AA-rated BGSM and UEM Sunrise 24's jumped 7-8bps higher at 3.13% and 3.97% respectively whilst WCT 25's spiked 59bps to between 4.69-73%. Meanwhile the banking/finance space remained relatively quiet for the 3rd day running with only odd-lot transactions seen in ALLIANCE Bank and MBSB bonds.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	11/21	1.751	595	1.741	21/10/2021	1
MGS	03/22	1.701	85	1.691	21/10/2021	1
MGS	06/24	2.627	12	2.620	21/10/2021	1
MGS	07/24	2.635	10	2.632	21/10/2021	0
MGS	09/25	2.941	35	2.920	20/10/2021	2
MGS	07/26	3.192	68	3.202	21/10/2021	-1
MGS	11/26	3.167	166	3.210	21/10/2021	-4
MGS	06/28	3.494	36	3.481	21/10/2021	1
MGS	08/29	3.618	12	3.599	21/10/2021	2
MGS	04/30	3.709	3	3.655	21/10/2021	5
MGS	04/31	3.625	70	3.601	21/10/2021	2
MGS	07/34	4.097	10	4.123	21/10/2021	-3
MGS	04/37	4.244	4	4.223	20/10/2021	2
MGS	05/40	4.263	72	4.290	21/10/2021	-3
MGS	03/46	4.531	6	4.493	21/10/2021	4
MGS	06/50	4.366	12	4.366	21/10/2021	0
GII	03/22	1.775	150	1.791	18/10/2021	-2
GII	11/23	2.289	40	2.253	21/10/2021	4
GII	08/24	2.674	69	2.722	21/10/2021	-5
GII	03/26	3.189	16	3.141	21/10/2021	5
GII	07/27	3.427	22	3.349	20/10/2021	8
GII	07/29	3.745	2	3.723	21/10/2021	2
GII	10/30	3.715	60	3.676	21/10/2021	4
GII	09/41	4.282	90	4.328	21/10/2021	-5
			1644			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)			
Cagamas Berhad	12/21	AAA	2.043	35	2.084	10/05/2021	-4	20
Cagamas Berhad	12/21	AAA	2.035	20	2.190	11/03/2021	-16	19
Infracap Resources Sdn Berhad	04/22	AAA	2.398	10	2.413	07/10/2021	-1	55
Cagamas Berhad	08/22	AAA	2.094	10	2.111	29/09/2021	-2	25
Starbright Capital Berhad	12/22	AAA	3.067	10	3.047	09/08/2021	2	122
Kuala Lumpur Kepong Berhad	09/22	AA1	2.169	5	2.169	21/10/2021	0	32
GENM Capital Berhad	08/25	AA1	4.598	3	4.599	21/10/2021	0	166
TRIpIc Medical Sdn Berhad	10/25	AA1	3.657	10	4.451	26/02/2019	-79	72
TRIpIc Medical Sdn Berhad	10/28	AA1	4.278	10	3.369	19/11/2020	91	79
Perbadanan Kemajuan Negeri Selangor	08/23	AA3	3.332	10	3.311	18/10/2021	2	121
BGSM Management Sdn Berhad	06/24	AA3	3.132	10	3.057	14/04/2021	8	52
UEM Sunrise Berhad	03/24	AA-	3.966	20	3.898	20/09/2021	7	184
WCT Holdings Berhad	01/25	AA-	4.691	5	4.103	22/02/2021	59	208
WCT Holdings Berhad	02/25	AA-	4.729	5	4.139	05/01/2021	59	211
Dialog Group Berhad	11/20	A1	4.161	1	4.161	21/10/2021	0	-10
Tropicana Corporation Berhad	10/23	A+	4.061	1	4.189	15/10/2021	-13	194
Alliance Bank Malaysia Berhad	10/35	A2	3.868	1	3.868	21/10/2021	0	-24
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	4.15	1	4.229	14/10/2021	-8	54
Cerah Sama Sdn Berhad	01/22	AA-	2.611	20	2.783	11/01/2021	-17	76
				<u>186</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Bank Pertanian Malaysia Berhad (Agrobank)	RM1.0 billion Islamic Medium-Term Notes Programme (IMTN Programme)	AAA-IS/Stable	Assigned

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