

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.17	5
5-yr UST	0.82	21
10-yr UST	1.52	15
30-yr UST	2.28	4

MGS		GII		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.91	0	1.98	-1
5-yr	2.26	0	2.53	3
7-yr	2.76	2	2.81	-1
10-yr	3.01	3	3.12	8
15-yr	3.73	1	3.75	0
20-yr	3.94	3	4.10	0
30-yr	4.10	-2	4.22	12

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.94	1
3-yr	2.19	3
5-yr	2.52	5
7-yr	2.70	3
10-yr	3.02	3

Source : Bloomberg

Upcoming Government Bond Tender.

Nil

- US Treasuries fell sharply on Thursday as reflation trades and improving growth outlook took its toll on both bonds and equities. The curve shifted higher as overall benchmark yields closed between 4-21bps higher versus prior day with movements more pronounced in the short-to-medium tenures. The UST 2Y yield rose 5bps at 0.17% whilst the much-watched 10Y yield spiked 15bps at 1.52%. Better-than-expected jobless claims and durable goods overshadowed nonchalant Fed officials statements that the situation in the bond market was appropriate and that the yields reflect growing optimism in the strength of the economy. Compounding to the woes was the sudden wave of selling after demand cratered following the weak \$62b 7Y auction which notched a record low BTC ratio of 2.04x (average for 6 previous auctions: 2.35x) which drew 1.195%. Expect some attention to shift to the release of January PCE inflation indicators tonight.

MGS/GII

- On Thursday, local govvnies came under some selling pressure amid a slight dip in secondary market volume @ RM3.41b. Overall benchmark yields closed 0-12bps across the curve. The 5Y MGS 9/25 yield ended unchanged at 2.26% whilst the 10Y MGS 4/31 yield rose 3bps at 3.01%. Interest was mainly seen in the off-the-run 21's, longer-end 29's, 34's and also the benchmark 10Y GII. We note that GII bond trades rose for the 3rd straight day to form ~56% of overall trades. The reflation trade signals seen in global bonds is seen to push Malaysia's yield curve steeper as well. However, this may be limited amid expectations that BNM may be at the tail-end of its rate-cutting cycle coupled with robust debt sales/auctions. Expect attention to shift to the January trade numbers today.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space blew cold on Thursday following prior day's sterling secondary market volume. Overall yields ended mostly higher with transactions seen across the curve. As volume nose-dived to a mere RM250m with trades covering ~14 names. The sole government-guaranteed transactions involved DANA 11/28 and 3/32 tranches which spiked 13-17bps compared to previous-done levels at 3.10% and 3.47% respectively. AAA-rated DANGA 26 and 28 edged 0-1bps up at 2.75% and 3.03% whilst the 2033 tranche moved sharply higher on yields at 3.85%. AA-rated UMW 10/26 closed unchanged at 3.11% whilst energy-related bonds, BGSM 12/23 rallied 10bps instead at 2.60%. TG Excellence saw tremendous bidding interest; resulting in a sharp 74bps decline at 3.01%. Meanwhile, the banking space was relatively quiet.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.679	312	1.711	24/02/2021	-3
MGS 09/21	1.696	210	1.728	24/02/2021	-3
MGS 03/22	1.765	63	1.777	24/02/2021	-1
MGS 08/22	1.766	2	1.790	24/02/2021	-2
MGS 09/22	1.801	7	1.777	24/02/2021	2
MGS 03/23	1.907	38	1.906	24/02/2021	0
MGS 04/23	1.900	16	1.902	24/02/2021	0
MGS 08/23	1.976	2	1.931	23/02/2021	4
MGS 07/24	2.128	6	2.118	24/02/2021	1
MGS 09/24	2.144	5	2.155	24/02/2021	-1
MGS 03/25	2.179	22	2.169	24/02/2021	1
MGS 09/25	2.257	15	2.256	24/02/2021	0
MGS 04/26	2.430	2	2.432	24/02/2021	0
MGS 07/26	2.469	7	2.464	23/02/2021	0
MGS 11/26	2.438	14	2.472	24/02/2021	-3
MGS 03/27	2.600	1	2.606	24/02/2021	-1
MGS 05/27	2.722	120	2.678	24/02/2021	4
MGS 11/27	2.744	2	2.715	24/02/2021	3
MGS 06/28	2.758	74	2.738	24/02/2021	2
MGS 08/29	2.996	67	3.003	24/02/2021	-1
MGS 04/30	3.009	5	3.010	23/02/2021	0
MGS 04/31	3.007	84	2.979	24/02/2021	3
MGS 06/31	3.207	26	3.192	23/02/2021	1
MGS 04/32	3.368	3	3.441	24/02/2021	-7
MGS 04/33	3.740	90	3.761	24/02/2021	-2
MGS 11/33	3.744	43	3.773	23/02/2021	-3
MGS 07/34	3.732	93	3.718	24/02/2021	1
MGS 05/35	3.827	6	3.825	24/02/2021	0
MGS 04/37	3.894	2	3.870	24/02/2021	2
MGS 05/40	3.936	135	3.908	24/02/2021	3
MGS 03/46	4.131	2	4.192	24/02/2021	-6
MGS 07/48	4.220	3	4.101	24/02/2021	12
MGS 06/50	4.103	38	4.118	24/02/2021	-2
GII 04/21	1.736	100	1.707	24/02/2021	3
GII 03/22	1.807	5	1.807	23/02/2021	0
GII 04/22	1.792	60	1.808	24/02/2021	-2
GII 11/22	1.862	40	1.882	18/02/2021	-2
GII 05/23	1.978	56	1.993	24/02/2021	-2
GII 11/23	2.015	30	2.039	22/02/2021	-2
GII 08/25	2.347	40	2.306	23/02/2021	4
GII 10/25	2.402	20	2.340	24/02/2021	6
GII 03/26	2.525	8	2.500	24/02/2021	2
GII 09/27	2.807	107	2.815	24/02/2021	-1
GII 10/28	2.932	50	2.933	24/02/2021	0
GII 07/29	3.010	200	3.001	23/02/2021	1
GII 10/30	3.121	860	3.037	24/02/2021	8
GII 11/34	3.836	242	3.855	23/02/2021	-2
GII 09/39	4.096	73	4.091	24/02/2021	0
GII 11/49	4.215	10	4.100	24/02/2021	12
		<u>3413</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*	
DanaInfra Nasional Berhad	11/28	GG	3.098	10	2.928	09/12/2020	17	24
DanaInfra Nasional Berhad	03/32	GG	3.470	80	3.340	19/02/2021	13	48
Danga Capital Berhad	02/26	AAA	2.749	20	2.739	24/02/2021	1	49
Pengurusan Air SPV Berhad	06/26	AAA	2.828	10	2.720	09/02/2021	11	57
Danga Capital Berhad	01/28	AAA	3.028	10	3.029	24/02/2021	0	28
Danga Capital Berhad	01/33	AAA	3.849	30	3.239	10/11/2020	61	86
Tenaga Nasional Berhad	08/35	AAA	4.029	20	4.030	23/02/2021	0	31
YTL Power International Berhad	05/27	AA1	3.510	2	3.459	09/02/2021	5	95
UMW Holdings Berhad	10/26	AA2	3.107	30	3.108	18/02/2021	0	54
BGSM Management Sdn Berhad	12/23	AA3	2.598	10	2.694	22/01/2021	-10	70
UEM Sunrise Berhad	05/23	AA-	3.757	5	3.700	25/01/2021	6	194
MMC Corporation Berhad	03/28	AA-	4.059	2	4.059	22/02/2021	0	132
TG Excellence Berhad	02/20	AA-	3.013	20	3.755	23/02/2021	-74	-90
Eco World International Berhad	05/23	-	5.196	1	6.346	22/02/2021	-115	338
			<u>250</u>					

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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