

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended little-changed last Friday, despite the unexpected jump in jobless claims earlier in the week and also ECB's latest dovish guidance; whilst ignoring the bounce in existing home sales. The curve was almost unchanged, with overall benchmark yields closing between 0-1bps lower across. Both the UST 2Y and 10Y yields settled within 1bps lower at 0.20% and 1.28% respectively. The Treasury plans to sell \$60b of 2Y, \$6b of 5Y and \$62b of 7Y bonds for the week. Meanwhile, Treasury coupon sizes may be reduced going forward as predictions abound ahead of Treasury Department's quarterly refunding announcement on the 4th of August. Expectations for IG issuance this week are ~\$20b, double of last week's. Expect attention to focus on the upcoming FOMC meeting this Thursday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.20	0
5-yr UST	0.71	-1
10-yr UST	1.28	0
30-yr UST	1.92	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.24	1	2.29	1
5-yr	2.61	-1	2.61	0
7-yr	2.93	0	2.94	0
10-yr	3.12	0	3.23	0
15-yr	3.67	-4	3.91	2
20-yr	3.96	1	4.18	-1
30-yr	4.15	0	4.40	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.93	0
3-yr	2.31	0
5-yr	2.55	-1
7-yr	2.79	0
10-yr	2.99	-2

Source: Bloomberg

MGS/GII

- Last Friday, local govies lacked substantial participation heading into the weekend; whilst brushing-off the moderate inflation numbers for June. Overall benchmark yields closed mostly unchanged with several tenures settling between -4 to +2bps amid a significant drop of secondary market volume to RM1.30b. The new 5Y benchmark i.e. MGS 11/26 which replaced the MGS 9/25, edged 1bps down at 2.61% whilst the 10Y MGS 4/31 was untraded. Interest was mainly seen in the off-the-run 21's, 23's and also benchmark 3Y MGS. The GII sector maintained ~44% of overall trades. Elsewhere, the parliament will sit for the 1st time this year, stretching over five (5) days effective today. Expect attention to shift to the release of June trade numbers this Wednesday.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw investor activity remain intact last Friday with interest mainly seen across the GG-AA part of the curve amid a decrease in secondary market volume to RM444m. Overall yields closed mostly mixed, spanning across 31 names in total. Govt-guaranteed DANA 7/29 and 11/35 declined 7-9bps compared to previous-done levels at 3.30% and 4.04% each. AAA-rated airport operator MACB 32 rose 5bps at 2.94% whereas AMAN 10/26 jumped 28bps at 3.10%. Construction and property-related IJM saw a slew of tranches exchange hands. The 6/23 tranche closed unchanged at 3.06% whereas the 28-29's moved 6bps lower between 3.90-98% area. Meanwhile, the banking space was relatively quiet with CIMB Group Holdings 28NC23 declining 5bps at 2.89%.

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date	(bp)
				(dd/mm/yyyy)	
MGS 09/21	1.748	50	1.738	22/07/2021	1
MGS 11/21	1.742	128	1.700	22/07/2021	4
MGS 03/22	1.722	24	1.795	22/07/2021	-7
MGS 03/23	1.925	102	1.916	22/07/2021	1
MGS 04/23	1.881	15	1.901	22/07/2021	-2
MGS 06/24	2.235	121	2.229	21/07/2021	1
MGS 07/24	2.270	8	2.307	22/07/2021	-4
MGS 09/24	2.298	1	2.308	22/07/2021	-1
MGS 03/25	2.435	2	2.389	21/07/2021	5
MGS 09/25	2.526	4	2.526	22/07/2021	0
MGS 11/26	2.612	130	2.619	22/07/2021	-1
MGS 11/27	2.900	3	2.916	22/07/2021	-2
MGS 06/28	2.930	3	2.930	22/07/2021	0
MGS 08/29	3.132	4	3.136	22/07/2021	0
MGS 05/35	3.674	71	3.714	22/07/2021	-4
MGS 04/37	3.859	11	3.843	22/07/2021	2
MGS 05/40	3.958	48	3.946	22/07/2021	1
GII 05/23	1.947	101	1.954	21/07/2021	-1
GII 07/23	1.968	140	1.997	22/07/2021	-3
GII 11/23	1.943	1	1.954	21/07/2021	-1
GII 08/24	2.295	19	2.303	22/07/2021	-1
GII 10/24	2.293	90	2.282	22/07/2021	1
GII 03/26	2.606	40	2.607	22/07/2021	0
GII 10/28	3.071	90	3.069	22/07/2021	0
GII 11/34	3.913	10	3.887	22/07/2021	3
GII 07/36	3.914	57	3.895	22/07/2021	2
GII 09/39	4.174	11	4.174	22/07/2021	0
GII 09/41	4.177	20	4.190	22/07/2021	-1
		<u>1304</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date	(bp)	Against	
					(dd/mm/yyyy)		MGS*	
Johor Corporation	06/22	GG	1.875	10	1.881	22/07/2021	-1	10
Khazanah Nasional Berhad	08/23	GG	2.301	20	2.305	09/07/2021	0	37
Perbadanan Tabung Pendidikan Tinggi Nasional	12/24	GG	2.490	5	2.492	22/07/2021	0	25
Perbadanan Tabung Pendidikan Tinggi Nasional	07/26	GG	2.850	5	3.013	25/06/2021	-16	23
Prasarana Malaysia Berhad	12/27	GG	3.078	20	3.041	05/06/2020	4	25
Danainfra Nasional Berhad	07/29	GG	3.298	20	3.369	15/06/2021	-7	22
Danainfra Nasional Berhad	11/35	GG	4.040	10	4.129	09/06/2021	-9	34
Prasarana Malaysia Berhad	02/36	GG	4.071	20	3.699	17/03/2020	37	37
Danainfra Nasional Berhad	05/41	GG	4.381	45	4.380	15/07/2021	0	41
Malaysia Airports Capital Berhad	12/22	AAA	2.941	40	2.891	09/07/2021	5	117
Aman Sukuk Berhad	10/26	AAA	3.099	10	2.818	26/11/2020	28	48
Pengurusan Air SPV Berhad	06/27	AAA	3.219	5	3.250	21/07/2021	-3	39
Sarawak Energy Berhad	11/28	AAA	3.509	10	3.549	16/07/2021	-4	56
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak)	08/31	AAA	3.807	10	3.810	19/07/2021	0	68
Sabah Development Bank Berhad	04/24	AA1	4.041	1	4.376	22/07/2021	-34	181
Samalaju Industrial Port Sdn Berhad	12/28	AA1	3.821	20	3.869	22/06/2021	-5	87
GENM Capital Berhad	03/32	AA1	4.694	3	4.779	22/07/2021	-9	156
United Growth Berhad	06/22	AA2	2.481	30	2.525	13/07/2021	-4	71
SP Setia Berhad	06/26	AA	3.679	7	3.712	06/07/2021	-3	106
CIMB Group Holdings Berhad	03/28	AA	2.886	10	2.932	25/06/2021	-5	-6
OSK Rated Bond Sdn Berhad	04/28	AA	4.048	10	4.086	21/07/2021	-4	110
SP Setia Berhad	06/28	AA	4.119	4	4.198	01/07/2021	-8	117
OSK Rated Bond Sdn Berhad	04/31	AA	4.189	30	4.249	13/07/2021	-6	106
Perbadanan Kemajuan Negeri Selangor	01/23	AA3	3.263	25	3.404	22/06/2021	-14	149
Country Garden Real Estate Sdn Berhad	02/23	AA3	4.930	1	5.301	29/06/2021	-37	300
IJM Corporation Berhad	06/23	AA3	3.058	20	3.057	11/06/2021	0	113
Edra Energy Sdn Berhad	07/26	AA3	3.575	20	3.595	22/07/2021	-2	96
IJM Corporation Berhad	08/28	AA3	3.899	10	3.954	01/07/2021	-6	95
IJM Corporation Berhad	04/29	AA3	3.979	3	4.038	14/06/2021	-6	90
Pelabuhan Tanjung Pelepas Sdn Berhad	06/27	AA-	3.598	20	3.638	13/07/2021	-4	77
YNH Property Berhad	08/19	-	6.646	1	6.038	15/07/2021	61	267
			<u>444</u>					

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

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

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

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.