

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs extended their run on Monday despite the lack of catalysts while investors were still attuned to signs of inflation and asset-tapering news. The curve ended slightly steeper instead with the 5s30s spreads now off recent lows seen last Friday at ~87bps, as overall benchmark yields ended between 0-2bps lower (save for the long bond). **The UST 2Y yield edged 2bps lower at 0.44% whilst the much-watched UST 10Y yield settled within 1bs lower at 1.63%.** Investors are now mulling if the commencement of the tapering in mid-November and its conclusion by mid-2022 will actually signal the timing of rate increases. Elsewhere, bidding for the shorter-end 3-month and 6-month T-bills saw robust demand as yields offered were higher than the Fed's overnight reverse repo facility. The economic calendar will reveal readings on consumer confidence, followed by September durables and subsequently 3Q2022 GDP. Expect attention to spillover to the upcoming auctions consisting of 2Y, 5Y and 7Y notes between Wednesday and Friday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.44	-2
5-yr UST	1.17	-2
10-yr UST	1.63	0
30-yr UST	2.08	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.63	1	2.69	3
5-yr	3.15	-1	3.17	-2
7-yr	3.46	-3	3.38	0
10-yr	3.61	-1	3.71	-1
15-yr	4.09	-1	4.17	1
20-yr	3.99	-28	4.28	0
30-yr	4.40	4	4.55	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.07	1
3-yr	2.67	1
5-yr	2.95	0
7-yr	3.24	4
10-yr	3.50	0

Source: Bloomberg

MGS/GIII

- Local govies continued to close mixed on Monday with smaller deviation, undeterred by slightly higher IRS levels. Overall benchmark yields closed between -3 to +4bps (save for the skewed odd-lot trade in the 20Y MGS) amid slight improvement in secondary market volume @ RM1.87b. **Both the 5Y benchmark MGS 11/26 10Y and MGS 4/30 yields edged 1bps lower to 3.15% and 3.61% respectively.** Interest was mainly seen in the off-the-run 21-22's and also 3Y MGS. GII trades dropped to form a mere ~12% of overall trades. Elsewhere, the government's revenue shortfall may be partially offset by higher collection of commodity-related revenues on the back of higher demand and prices for crude oil and palm oil. Meanwhile, expect attention to shift to the unveiling of the government's 2022 Budget this Friday.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk too saw marginal improvement in investor interest amid secondary market volume of RM217m with interest seen along the GG to single-A part of the curve. Overall yields closed mostly mixed again, spanning across 21 names. Govt-guaranteed PASB 2/29 notched RM40m in nominal amounts; spiking 65bps to 3.98% whereas MRL 7/35 declined 3bps to 4.40%. AAA-rated INFRACAP 35-36's closed 12-31bps higher between 4.60-71%. AA-rated energy-related bonds i.e. BGSM saw its 2023-2024 tranches edge 2bps lower between 2.93-3.11% respectively whilst WCT 25's traded back-to-back again, settling unchanged between 4.69-73%. Meanwhile the banking/finance space remained relatively quiet for the 4th day running.

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	
MGS	08/22	1.850	21	1.780	21/10/2021	7
MGS	09/25	2.980	47	2.941	22/10/2021	4
MGS	03/22	1.739	122	1.701	22/10/2021	4
MGS	03/25	2.866	15	2.836	18/10/2021	3
MGS	07/26	3.192	18	3.192	22/10/2021	0
MGS	06/50	4.402	47	4.366	22/10/2021	4
MGS	09/22	1.794	1	1.830	21/10/2021	-4
MGS	09/24	2.658	2	2.649	21/10/2021	1
MGS	04/23	2.082	102	2.051	22/10/2021	3
MGS	08/29	3.622	1	3.618	22/10/2021	0
MGS	04/31	3.612	12	3.625	22/10/2021	-1
MGS	07/25	2.651	4	2.694	11/10/2021	-4
MGS	05/27	3.349	4	3.354	21/10/2021	0
MGS	09/28	3.532	1	3.076	02/09/2021	46
MGS	04/30	3.707	25	3.709	22/10/2021	0
MGS	04/26	3.150	51	3.129	15/10/2021	2
MGS	03/23	2.101	50	2.064	21/10/2021	4
MGS	11/26	3.154	142	3.167	22/10/2021	-1
MGS	11/33	4.047	7	4.012	21/10/2021	4
MGS	06/24	2.634	265	2.627	22/10/2021	1
MGS	06/31	3.769	20	3.760	21/10/2021	1
MGS	04/33	3.989	36	4.004	22/10/2021	-1
MGS	05/35	4.089	67	4.099	21/10/2021	-1
MGS	11/21	1.751	418	1.751	22/10/2021	0
MGS	07/34	4.196	7	4.097	22/10/2021	10
MGS	06/28	3.464	134	3.494	22/10/2021	-3
MGS	05/40	3.987	22	4.263	22/10/2021	-28
GII	08/25	3.058	60	2.933	13/10/2021	13
GII	07/36	4.170	12	4.160	18/10/2021	1
GII	10/30	3.706	2	3.715	22/10/2021	-1
GII	04/22	1.722	5	1.704	21/10/2021	2
GII	03/26	3.171	28	3.189	22/10/2021	-2
GII	10/24	2.692	11	2.662	21/10/2021	3
GII	11/49	4.549	16	4.549	18/10/2021	0
GII	05/23	2.162	96	2.242	21/10/2021	-8
			<u>1869</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities		Rating	Closing	Vol	Previous	Previous	Chg	Spread Against MGS*
			YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)		
Lembaga Pembiayaan Perumahan Sektor Awam	09/28	GG	3.878	10	3.798	13/10/2021	8	41
Pengurusan Air SPV Berhad	02/29	GG	3.979	40	3.330	06/07/2021	65	51
Prasarana Malaysia Berhad	03/31	GG	4.072	5	3.558	11/06/2021	51	47
Malaysia Rail Link Sdn Berhad	07/35	GG	4.400	20	4.429	14/10/2021	-3	31
Infracap Resources Sdn Berhad	04/35	AAA	4.599	10	4.479	19/05/2021	12	51
Infracap Resources Sdn Berhad	04/36	AAA	4.709	10	4.399	20/08/2021	31	61
Kuala Lumpur Kepong Berhad	09/22	AA1	2.158	10	2.169	22/10/2021	-1	31
GENM Capital Berhad	03/27	AA1	4.996	30	5.005	15/10/2021	-1	184
GENM Capital Berhad	07/28	AA1	4.600	1	5.227	14/10/2021	-63	113
Celcom Networks Sdn Berhad	10/26	AA+	3.757	10	3.248	27/07/2021	51	60
Celcom Networks Sdn Berhad	08/27	AA+	3.948	10	3.940	21/10/2021	1	59
BGSM Management Sdn Berhad	12/23	AA3	2.920	10	2.936	21/10/2021	-2	79
BGSM Management Sdn Berhad	06/24	AA3	3.111	10	3.132	22/10/2021	-2	48
Northport (Malaysia) Berhad	12/22	AA-	3.161	2	3.194	06/10/2021	-3	132
WCT Holdings Berhad	01/25	AA-	4.687	5	4.691	22/10/2021	0	206
WCT Holdings Berhad	02/25	AA-	4.725	5	4.729	22/10/2021	0	209
Special Power Vehicle Berhad	11/21	A1	3.508	20	3.758	13/08/2020	-25	166
Tropicana Corporation Berhad	10/23	A+	4.438	1	4.061	22/10/2021	38	231
IJM Land Berhad	03/19	A2	4.545	2	4.545	22/10/2021	0	29
Eco World Capital Assets Berhad	08/24	-	5.378	1	5.122	20/10/2021	26	275
LBS Bina Group Berhad	03/20	-	5.992	6	6.204	06/05/2021	-21	174
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*spread against nearest indicative tenured MGS (Source : BPAM)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Lebuhraya DUKE Fasa 3 Sdn Bhd's (DUKE 3)	RM3.64 billion Sukuk Wakalah	AA-IS/Stable	Affirmed
Tenaga Nasional Berhad	RM2.0 billion Al-Bai' Bithaman Ajil Islamic Financing Bonds (sukuk)	AAA-IS/Stable	Affirmed
Yinson Holdings Berhad	Proposed RM1.0 billion Islamic Medium-Term Notes (IMTN) programme	A1/Stable	Assigned

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