

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs fell albeit mostly by smaller margins last Friday with the longer tenures under-performing the most. The tone which was set earlier by last week's FOMC disclosures which included a timeline for asset-tapering along with higher projections for the Fed Funds Rate in coming years; weighed on bonds. The curve steepened as overall benchmark yields ended higher between 0-4bps across. The UST 2Y yield edged 1bps up at 0.27% whilst the much-watched UST 10Y yield moved 2bps higher at 1.45%; the highest since early-April. Elsewhere, home sales data for August did little despite posting solid gains. Expect some attention on the compressed auction cycle consisting of both 2Y and 5Y note sales tonight.

MGS/GIII

- Local govies ended weak yet again last Friday, mimicking the tepid performance seen the entire week; as levels were influenced by higher IRS. Overall benchmark yields closed higher between 0-9bps (save for the odd-lot trade in the 30Y GII) amid a higher secondary market volume of RM3.35b. Both the 5Y benchmark MGS 11/26 and 10Y MGS 4/31 yields rose 4bps to 2.85% and 3.39% each. Interest was mainly seen in the shorter off-the-run 21-23's and also 5Y MGS/GII, 10Y MGS. GII sector maintained to form ~26% of overall trades. BNM has unveiled an alternative reference rate known as Malaysia Overnight Rate (MYOR) as part of efforts to move to a transaction-based platform. The MYOR will run parallel with the existing KLIBOR. Expect government bonds to trend closer in line with UST movements whilst attention is shifted to the tabling of the 12th Malaysia plan by the PM today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space however witnessed steady interest amid sustained secondary market volume of RM599m with interest seen across the GG to single-A part of the curve. Overall yields closed mixed, spanning across 30 names. Govt-guaranteed DANA dominated the govt-guaranteed space with the 4/43, 11/47 and 4/48 tranches edging between -1 to +2bps, to close at 4.25%, 4.50% and 4.51% each. The long-end DANA 2/49 however spiked 8bps to 4.53%. AAA-rated TELEKOM 11/25 too rose 13bps at 3.03% levels whereas DANUM 2/35 declined 4bps instead at 4.09%. The AA-space saw energy-related bonds i.e. KEV, TBEI and KIMANIS Power actively traded. KEV 7/26 and KIMANIS 8/28 rallied 28-33bps to 4.50% and 3.56% whilst TBEI 8/26 rose 6bps to 3.42%. The banking/finance sector saw SABAH Credit 9/26 and 9/28 register their maiden trades at 3.45% and 3.78% respectively.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.27	1
5-yr UST	0.95	0
10-yr UST	1.45	2
30-yr UST	1.98	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.46	4	2.53	6
5-yr	2.85	4	2.92	9
7-yr	3.20	4	3.11	0
10-yr	3.39	4	3.50	5
15-yr	3.86	7	3.94	0
20-yr	4.10	4	4.21	5
30-yr	4.16	1	4.37	-5

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.98	0
3-yr	2.48	3
5-yr	2.80	3
7-yr	2.96	3
10-yr	3.20	5

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	09/21	1.804	135	1.804	23/09/2021	0
MGS	11/21	1.708	708	1.748	23/09/2021	-4
MGS	03/22	1.664	28	1.653	23/09/2021	1
MGS	09/22	1.760	100	1.755	23/09/2021	1
MGS	03/23	1.982	264	1.972	23/09/2021	1
MGS	04/23	1.985	14	1.955	23/09/2021	3
MGS	08/23	2.028	36	2.020	23/09/2021	1
MGS	06/24	2.457	178	2.420	23/09/2021	4
MGS	07/24	2.504	30	2.401	22/09/2021	10
MGS	09/25	2.738	22	2.708	23/09/2021	3
MGS	11/26	2.853	220	2.808	23/09/2021	5
MGS	05/27	3.030	15	2.999	22/09/2021	3
MGS	06/28	3.203	62	3.158	23/09/2021	4
MGS	08/29	3.339	11	3.297	23/09/2021	4
MGS	04/30	3.346	10	3.289	21/09/2021	6
MGS	04/31	3.393	418	3.353	23/09/2021	4
MGS	04/33	3.805	10	3.753	21/09/2021	5
MGS	07/34	3.858	78	3.836	23/09/2021	2
MGS	05/35	3.855	52	3.780	22/09/2021	8
MGS	04/37	3.964	7	3.925	22/09/2021	4
MGS	05/40	4.097	84	4.056	21/09/2021	4
MGS	06/50	4.161	3	4.149	23/09/2021	1
GII	04/22	1.770	93	1.760	23/09/2021	1
GII	07/22	1.771	13	1.770	15/09/2021	0
GII	08/24	2.520	60	2.419	20/09/2021	10
GII	10/24	2.526	130	2.463	23/09/2021	6
GII	03/26	2.920	190	2.834	23/09/2021	9
GII	10/28	3.255	80	3.210	23/09/2021	4
GII	10/30	3.504	174	3.452	23/09/2021	5
GII	09/39	4.290	6	4.302	14/09/2021	-1
GII	09/41	4.212	122	4.158	23/09/2021	5
			<u>3352</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*	
Pengurusan Air SPV Berhad	06/23	GG	2.127	20	2.107	23/09/2021	2	11
Pengurusan Air SPV Berhad	06/26	GG	3.003	5	2.422	12/11/2020	58	13
Lembaga Pembiayaan Perumahan Sektor Awam	09/36	GG	4.084	10	4.075	23/09/2021	1	24
Danainfra Nasional Berhad	04/43	GG	4.352	5	4.361	23/09/2021	-1	25
Danainfra Nasional Berhad	11/47	GG	4.500	5	4.480	26/08/2021	2	40
Danainfra Nasional Berhad	04/48	GG	4.510	5	4.521	03/08/2021	-1	41
Danainfra Nasional Berhad	02/49	GG	4.530	25	4.449	13/09/2021	8	43
Zamarad Assets Berhad	03/24	AAA	3.126	5	2.904	22/10/2020	22	64
Telekom Malaysia Berhad	11/25	AAA	3.025	10	2.894	28/07/2021	13	31
Zamarad Assets Berhad	03/26	AAA	3.472	5	3.654	24/02/2020	-18	60
Manjung Island Energy Berhad	11/31	AAA	3.829	5	3.738	04/08/2021	9	42
Sarawak Energy Berhad	12/32	AAA	3.809	40	3.839	08/09/2021	-3	40
Danum Capital Berhad	02/35	AAA	4.089	20	4.134	01/09/2021	-4	25
Tenaga Nasional Berhad	08/40	AAA	4.248	1	4.415	20/09/2021	-17	15
Sabah Credit Corporation	09/26	AA1	3.450	80	-	-	-	58
Genting RMTN Berhad	11/29	AA1	4.696	1	4.701	07/09/2021	0	141
Kapar Energy Ventures Sdn Berhad	07/26	AA+	4.499	60	4.829	27/04/2018	-33	163
Tanjung Bin Power Sdn Berhad	08/26	AA2	3.418	10	3.357	14/09/2021	6	54
Kimanis Power Sdn Berhad	08/28	AA	3.559	20	3.839	29/04/2020	-28	36
Perbadanan Kemajuan Negeri Selangor	12/22	AA3	3.071	10	3.407	10/06/2021	-34	129
MMC Corporation Berhad	11/27	AA-	3.856	10	3.788	10/09/2021	7	82
Quantum Solar Park (Semenanjung) Sdn Berhad	04/29	AA-	4.092	10	4.139	11/08/2021	-5	81
Quantum Solar Park (Semenanjung) Sdn Berhad	10/32	AA-	4.498	20	4.639	05/08/2021	-14	109
TG Excellence Berhad	02/20	AA-	4.264	1	3.661	23/09/2021	60	16
CIMB Group Holdings Berhad	05/16	A1	3.159	1	3.159	17/09/2021	0	-94
Dialog Group Berhad	11/20	A1	4.032	5	4.387	17/09/2021	-36	-7
Eco World International Berhad	05/23	-	5.421	1	4.446	06/09/2021	98	340
Tropicana Corporation Berhad	06/23	A+	4.465	1	4.164	20/09/2021	30	244
DRB-Hicom Berhad	12/29	A+	4.879	10	4.889	23/08/2021	-1	160
Sabah Credit Corporation	09/28	AA1	3.780	200	-	-	-	58
			<u>599</u>					

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Axis REIT Sukuk Berhad	RM110 mil of Class A, Class B, Class C and Class D sukuk	AAA, AA1, AA2 and AA3 each with Stable Outlook	Reaffirmed

Source: RAM/ MARC

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