

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs ended mixed on Tuesday with the long-end rallying amid favourable demand whilst the 2Y note auction was also well-received. The curve ended flatter, with both the 2s10s and 5s30s spreads approaching last week's lows as overall benchmark yields ended between -4 to +1bps. **The UST 2Y yield edged 1bps up at 0.44% whilst the much-watched UST 10Y yield settled 2bps lower at 1.61%.** Investors and traders are viewing the possibility of Fed not decisive enough to initiate its next interest rate hiking cycle in November. The 2Y note auction saw solid bidding metrics with a cover of 2.69x (six previous auction average: 2.50x) and awarded at 0.481% (six previous auction average: 0.224%). The economic calendar will reveal readings on 3Q2022 GDP tomorrow and also the Fed's preferred inflation gauge i.e. PCE for September. Expect attention to also spillover to the upcoming 5Y and 7Y auctions on Thursday and Friday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.44	1
5-yr UST	1.18	0
10-yr UST	1.61	-2
30-yr UST	2.04	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.61	-2	2.69	0
5-yr	3.13	-2	3.19	2
7-yr	3.44	-2	3.39	2
10-yr	3.57	-4	3.72	1
15-yr	4.09	0	4.17	0
20-yr	4.21	22	4.28	0
30-yr	4.33	-7	4.54	-1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.08	1
3-yr	2.68	2
5-yr	2.95	-1
7-yr	3.25	0
10-yr	3.50	0

Source: Bloomberg

Upcoming Government Bond Tender

Reopening of RM3.5b + RM500m (private placement) 10Y GII 10/30 on Thursday, 28th of October, 2022

MGS/GII

- Local govies closed slightly stronger on Tuesday with MGS leading gains following the surprise announcement of lower-than-expected issuance size for the upcoming 10Y GII auction. However, GII saw the belly being slightly pressured. Overall benchmark yields closed mostly lower between -7 to +2bps (save for the adjustment in the skewed odd-lot trade in the 20Y MGS) amid a sustained secondary market volume of RM1.81b. **The 5Y benchmark MGS 11/26 yield edged 2bps down at 3.13% whilst the 10Y benchmark MGS 4/31 moved 4bps lower at 3.57%.** Interest was mainly seen in the off-the-run 23's and also 5Y MGS. GII trades rose to form 23% of overall trades. Meanwhile, expect attention to shift to the 10Y GII auction tomorrow followed by the unveiling of the government's 2022 Budget this Friday.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk continued to witness improvement in investor interest amid higher secondary market volume of RM349m with interest seen along the AAA-AA part of the curve. Overall yields closed mostly mixed-to-higher again, spanning across 25 names. The sole-guaranteed trade consisted of DANA 10/31 which nudged 1bs higher compared to previous-done levels at 4.02%. AAA-rated utility provider TNB Western 32's spiked 43-57bps at 4.40% levels. AA-rated PROHAWK which is usually less frequently traded saw its 2024 and 2026 tranches exchange hands with yields moving opposite ends to 3.37% and 3.83% each. MALAKOFF 29-30's moved 2-3bps higher between 4.34-39% on RM40m worth of transactions each. Meanwhile the banking/finance space saw several odd-lot trades in CIMB Group Holdings bonds.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	11/21	1.762	8	1.751	25/10/2021	1
MGS	03/22	1.680	17	1.739	25/10/2021	-6
MGS	09/22	1.829	53	1.794	25/10/2021	3
MGS	03/23	2.098	334	2.101	25/10/2021	0
MGS	04/23	2.096	32	2.082	25/10/2021	1
MGS	08/23	2.345	6	2.180	21/10/2021	17
MGS	06/24	2.613	96	2.634	25/10/2021	-2
MGS	03/25	2.871	5	2.866	25/10/2021	0
MGS	09/25	2.917	2	2.980	25/10/2021	-6
MGS	07/26	3.158	33	3.192	25/10/2021	-3
MGS	11/26	3.129	507	3.154	25/10/2021	-2
MGS	11/27	3.328	1	3.391	25/10/2021	-6
MGS	06/28	3.439	85	3.464	25/10/2021	-2
MGS	09/28	3.578	10	3.532	25/10/2021	5
MGS	08/29	3.606	28	3.622	25/10/2021	-2
MGS	04/30	3.700	20	3.707	25/10/2021	-1
MGS	04/31	3.573	63	3.612	25/10/2021	-4
MGS	06/31	3.782	1	3.769	25/10/2021	1
MGS	04/33	3.973	1	3.989	25/10/2021	-2
MGS	11/33	4.034	3	4.047	25/10/2021	-1
MGS	07/34	4.176	41	4.196	25/10/2021	-2
MGS	05/35	4.089	1	4.089	25/10/2021	0
MGS	04/37	4.230	1	4.277	25/10/2021	-5
MGS	05/40	4.210	13	3.987	25/10/2021	22
MGS	03/46	4.478	1	4.448	25/10/2021	3
MGS	07/48	4.518	2	4.567	21/10/2021	-5
MGS	06/50	4.335	26	4.402	25/10/2021	-7
GII	03/22	1.771	94	1.775	22/10/2021	0
GII	04/22	1.781	60	1.722	25/10/2021	6
GII	07/22	1.898	1	1.734	15/10/2021	16
GII	05/23	2.193	80	2.162	25/10/2021	3
GII	03/26	3.193	71	3.171	25/10/2021	2
GII	09/26	3.196	5	3.229	21/10/2021	-3
GII	09/27	3.394	17	3.375	21/10/2021	2
GII	10/30	3.717	6	3.706	25/10/2021	1
GII	11/49	4.543	80	4.549	25/10/2021	-1
			<u>1807</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	10/31	GG	4,019	10	4,010	21/10/2021	1	42
TNB Western Energy Berhad	01/32	AAA	4,401	10	3,828	01/03/2021	57	81
TNB Northern Energy Berhad	05/32	AAA	4,402	10	3,970	15/06/2021	43	81
GENM Capital Berhad	07/23	AA1	3,897	10	4,242	06/10/2021	-35	176
GENM Capital Berhad	03/27	AA1	4,981	11	4,996	25/10/2021	-2	185
GENM Capital Berhad	07/28	AA1	5,211	10	4,600	25/10/2021	61	176
UMW Holdings Berhad	06/22	AA2	2,362	10	2,646	17/06/2021	-28	52
Edra Solar Sdn Berhad	10/24	AA2	3,470	10	3,059	03/03/2021	41	84
Konsortium ProHAWK Sdn Berhad	12/24	AA2	3,369	5	4,774	11/01/2017	-141	74
Konsortium ProHAWK Sdn Berhad	12/26	AA2	3,827	5	3,478	16/06/2021	35	69
Perbadanan Kemajuan Negeri Selangor	11/22	AA3	3,038	30	3,083	25/08/2021	-5	119
Gamuda Berhad	03/23	AA3	2,913	30	2,931	21/10/2021	-2	107
Perbadanan Kemajuan Negeri Selangor	08/23	AA3	3,307	30	3,332	22/10/2021	-2	117
Perbadanan Kemajuan Negeri Selangor	10/23	AA3	3,403	5	3,357	05/10/2021	5	127
UEM Sunrise Berhad	04/22	AA-	3,129	10	3,170	22/09/2021	-4	129
WCT Holdings Berhad	05/22	AA-	3,701	20	3,691	13/09/2021	1	186
WCT Holdings Berhad	10/22	AA-	3,874	20	3,919	04/10/2021	-4	203
UEM Sunrise Berhad	05/23	AA-	3,573	30	3,606	21/10/2021	-3	144
Malakoff Power Berhad	12/29	AA-	4,339	40	4,299	13/10/2021	4	79
Malakoff Power Berhad	12/30	AA-	4,389	40	4,372	13/10/2021	2	80
CIMB Group Holdings Berhad	05/16	A1	3,185	1	3,097	11/10/2021	9	-106
CIMB Group Holdings Berhad	05/16	A1	3,602	1	3,418	13/10/2021	18	-65
Tropicana Corporation Berhad	10/23	A+	4,437	1	4,438	25/10/2021	0	230
IJM Land Berhad	03/19	A2	4,443	1	4,355	20/10/2021	9	19
LBS Bina Group Berhad	03/20	-	5,992	1	5,992	25/10/2021	0	174
				<u>349</u>				

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

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

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