

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries pared earlier declines, ending Thursday off the lows following robust demand for the 7Y auction. Reports that President Biden’s budget would increase federal debt to 117% of GDP over the next 10 years ignited the earlier sell-off. Overall benchmark yields closed mostly between 0-3bps higher with the UST 2Y yield almost unchanged at 0.15% whilst the much-watched 10Y bond yields closed 3bps up at 1.61%. Thursday’s data on US jobless claims which fell to a new pandemic low of 406k coupled with strong 1Q2021 GDP growth also helped lift UST yields. The \$62b 7Y auction drew robust demand with a BTC of 2.41x, the highest since September 2020 whilst being awarded at 1.285% (previous auction: 1.306%). Meanwhile expect month-end bond rebalancing to take place earlier tonight as the nation will witness public holiday on 31st May. Expect attention to shift to the US personal consumption data tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	0
5-yr UST	0.82	1
10-yr UST	1.61	3
30-yr UST	2.28	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.31	1	2.04	-2
5-yr	2.57	-1	2.70	6
7-yr	3.00	-1	3.03	1
10-yr	3.20	1	3.30	0
15-yr	3.93	-2	3.92	-11
20-yr	4.14	-4	4.25	0
30-yr	4.38	-5	4.57	17

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.98	-2
3-yr	2.34	0
5-yr	2.65	1
7-yr	2.89	2
10-yr	3.15	3

Source: Bloomberg

Upcoming Government Bond Tender

Re-opening of RM4.5b 5Y GII 3/26 on Friday, 28th May, 2021

MGS/GIII

- On Tuesday, local govies saw MGS mostly recover from prior day’s losses whilst GII ended largely mixed, with the 30Y GII spiking 17bps compared to yesterday’s 13bps rally. Overall benchmark yields closed between -11 to +17bps amid a rise in secondary market volume of RM2.78b. The 5Y MGS 9/25 yield settled 1bps lower at 2.57% whilst the 10Y MGS 4/31 yield edged 1bps up instead at 3.20%. Interest was mainly seen in the shorter off-the-run 21’s, 24’s and also benchmark 3Y, 15Y MGS/GII. GII bond trades dropped to form a mere 19% of overall trades. Meanwhile, the economy is expected to be impacted from reduced economic activities arising from the MCO from 12th May until 7th June. Expect attention to focus on the upcoming 5Y GII auction today followed by the trade data for April.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw a pull-back in investor activity on Thursday amid a drop in secondary market volume of RM474m. Trades were however printed across the GG to single-A part of the curve as overall yields closed mixed-to-higher on 25 various names. Govt-guaranteed DANA 28’s settled between -20 to +2bps compared to previous-done levels within 3.20-26% area. PLUS 1/38 (GG) declined 16bps at 4.42%. AAA-rated PLUS 1/24 and TELEKOM 3/24 moved 2-6bps lower at 2.84% and 2.69% each. AA-rated toll-operator DUKE Fasa 3 rose 19bps at 5.54% whilst UEM Sunrise 5/26 made its debut trade at 4.55%; about 5bps lower than its recently issued coupon of 4.60%. Meanwhile the banking space saw ALLIANCE Bank 32NC27 close 8bps higher at 3.72% whilst AmBank Islamic 3/25 notched RM100m of trades at 3.42%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.717	180	1.701	25/05/2021	2
MGS 09/21	1.739	120	1.750	25/05/2021	-1
MGS 11/21	1.764	209	1.760	25/05/2021	0
MGS 03/22	1.738	61	1.764	25/05/2021	-3
MGS 03/23	1.994	71	2.017	25/05/2021	-2
MGS 04/23	1.999	86	2.009	25/05/2021	-1
MGS 08/23	2.105	2	2.101	25/05/2021	0
MGS 06/24	2.307	396	2.302	25/05/2021	0
MGS 07/24	2.336	10	2.349	25/05/2021	-1
MGS 09/24	2.374	6	2.387	21/05/2021	-1
MGS 03/25	2.484	155	2.509	25/05/2021	-2
MGS 09/25	2.568	79	2.583	25/05/2021	-2
MGS 04/26	2.666	156	2.619	24/05/2021	5
MGS 07/26	2.698	7	2.695	25/05/2021	0
MGS 09/26	2.705	4	2.702	10/05/2021	0
MGS 11/26	2.645	16	2.629	21/05/2021	2
MGS 03/27	2.786	6	2.816	24/05/2021	-3
MGS 05/27	2.872	6	2.872	25/05/2021	0
MGS 11/27	2.866	30	2.860	25/05/2021	1
MGS 06/28	2.996	139	3.004	25/05/2021	-1
MGS 08/29	3.144	21	3.154	25/05/2021	-1
MGS 04/30	3.281	5	3.301	25/05/2021	-2
MGS 04/31	3.203	89	3.196	25/05/2021	1
MGS 06/31	3.371	4	3.405	25/05/2021	-3
MGS 04/33	3.802	3	3.789	24/05/2021	1
MGS 07/34	3.769	54	3.828	25/05/2021	-6
MGS 05/35	3.927	178	3.945	25/05/2021	-2
MGS 04/37	4.113	6	4.095	24/05/2021	2
MGS 06/38	4.213	12	4.228	25/05/2021	-1
MGS 05/40	4.139	99	4.180	25/05/2021	-4
MGS 03/46	4.367	16	4.399	24/05/2021	-3
MGS 07/48	4.451	1	4.439	25/05/2021	1
MGS 06/50	4.383	10	4.435	25/05/2021	-5
GII 04/22	1.808	8	1.835	25/05/2021	-3
GII 11/22	1.956	50	1.997	07/05/2021	-4
GII 05/23	2.042	149	2.065	25/05/2021	-2
GII 07/23	2.104	4	2.106	19/05/2021	0
GII 11/23	2.183	28	2.195	25/05/2021	-1
GII 05/24	2.321	110	2.357	21/05/2021	-4
GII 03/26	2.700	10	2.641	25/05/2021	6
GII 09/27	3.031	42	3.022	25/05/2021	1
GII 11/34	3.984	40	3.983	25/05/2021	0
GII 09/39	4.120	21	4.315	25/05/2021	-20
GII 11/49	4.570	80	4.400	25/05/2021	17
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Daily Trades : Corp Bonds/ Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yy)	Chg (bp)	Spread Against MGS*
DanaInfra Nasional Berhad	05/28	GG	3.200	15	3.179	17/05/2021	2	20
DanaInfra Nasional Berhad	10/28	GG	3.259	20	3.459	18/03/2021	-20	26
Projek Lebuhraya Usahasama Berhad	01/38	GG	4.415	30	4.579	19/03/2021	-16	48
Pengurusan Air SPV Berhad	02/23	AAA	2.594	5	3.547	25/11/2019	-95	55
Danum Capital Berhad	05/23	AAA	2.545	10	2.577	25/05/2021	-3	50
Projek Lebuhraya Usahasama Berhad	01/24	AAA	2.840	10	2.896	15/04/2021	-6	54
Telekom Malaysia Berhad	03/24	AAA	2.685	20	2.707	24/05/2021	-2	38
Sarawak Energy Berhad	01/27	AAA	3.309	10	3.308	25/05/2021	0	48
Telekom Malaysia Berhad	09/27	AAA	3.337	10	2.788	27/01/2021	55	51
Sarawak Energy Berhad	11/28	AAA	3.570	10	3.737	08/04/2021	-17	44
Pengurusan Air Selangor Sdn Berhad	12/30	AAA	3.840	5	3.890	25/05/2021	-5	64
Infracap Resources Sdn Berhad	04/31	AAA	4.089	30	4.078	27/04/2021	1	89
Sarawak Energy Berhad	04/36	AAA	4.479	80	4.459	20/05/2021	2	54
Tenaga Nasional Berhad	08/40	AAA	4.512	21	4.599	25/05/2021	-9	36
Sabah Development Bank Berhad	05/23	AA1	3.940	1	3.850	25/05/2021	9	190
TG Excellence Berhad	02/20	AA-	3.435	20	3.849	05/05/2021	-41	-71
AmBank Islamic Berhad	03/25	AA3	3.418	100	-	-	-	95
Edra Energy Sdn Berhad	07/35	AA3	4.792	25	4.787	25/05/2021	0	85
UEM Sunrise Berhad	05/26	AA-	4.547	10	-	-	-	196
MMC Corporation Berhad	11/27	AA-	4.939	1	4.307	10/05/2021	63	211
Southern Power Generation Sdn Berhad	04/31	AA-	4.089	10	4.118	25/05/2021	-3	89
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/38	AA-	5.536	10	5.346	24/02/2021	19	160
Dialog Group Berhad	11/20	A1	3.973	12	3.973	25/05/2021	0	-18
DRB-Hicom Berhad	08/25	A+	4.041	1	3.981	11/09/2020	6	158
Alliance Bank Malaysia Berhad	10/32	A2	3.723	10	3.645	18/05/2021	8	52
				<u>474</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Kinabalu Capital Sdn Bhd	Issue 2 Medium-Term Notes (MTN) of RM130 million Class A, RM25 million Class B and RM15 million Class C	AAA/Stable, AA/Stable and A/Stable	Affirmed
	Issue 2 of up to RM170 million Commercial Papers (CP)	MARC-1/Stable	Affirmed

Source: RAM, MARC

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