

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries saw long-ends pressured last Friday following higher inflation for May, recorded from the Fed's preferred inflation gauge i.e. the PCE data and also post-FOMC flattening unwind exercises. The curve bear-steepened as overall benchmark yields ended higher between 0-5bps. The UST 2Y yield ended almost unchanged from prior day's close at 0.27% whilst the much-watched UST 10Y rose 3bps at 1.52%. Some investors nevertheless believe that data on inflation may be short-lived and may look further into the key economic report in this Friday's release of June employment figures. The Fed's Reverse Repo facility sees the largest pullback since 15th June to ~\$770b, down from ~\$813b prior day. Looming challenges around the reinstatement of the federal debt ceiling at end-July mean the mismatch between low supply of short-term securities and surging demand could get a lot worse.

MGS/GII

- Last Friday, local govies, recorded losses from prior day's close (save for the long GII) as inflation data for May remained elevated. Overall benchmark yields ended mostly higher between 0-3bps save for the skewed levels seen for both the 5Y and 20Y MGS; amid higher secondary market volume of ~RM2.55b. The 5Y MGS 9/25 spiked 57bps possibly denoting an error trade, whilst the 10Y MGS 4/31 yield closed unchanged at 3.29% respectively. Trades were mainly seen in the short off-the-run 28's, and also 3Y MGS/GII and also 5Y GII. GII bond trades jumped to form 58% of overall trades. Headline Consumer Price Index (CPI) posted a more moderate increase of 4.4% y/y in May, a slight pullback from the 4-year high of +4.7% y/y in April, led by easier gain in food and transport prices. Meanwhile, expect some attention to shift to the release of trade data for May this noon followed by the 20Y auction tomorrow.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw no let-up in investor interest amid a slight decline in secondary market volume at RM764m last Friday with trades seen across the GG-AA part of the curve. Overall yields closed mostly mixed-to-higher, spanning across lower number of names i.e. 24 in total. Govt-guaranteed DANA and PTPTN 26's edged 1-2bps compared to previous-done levels between 2.91-3.01%. AAA-rated SURIA KLCC 12/24 edged 1bps down at 2.82% whereas DANGA 30 settled unchanged at 3.65% on RM50m worth of trades. AA-rated KLK 9/22 moved 6bps lower at 2.26% whilst a slew of 7-Eleven bonds made their debut on Friday. Meanwhile the banking space saw CIMB Group Holdings 28NC23 close 7bps lower at 2.93% whilst RHB 2030NC25 recorded its maiden trade at 3.36%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.27	0
5-yr UST	0.92	1
10-yr UST	1.52	3
30-yr UST	2.15	5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.29	1	2.36	2
5-yr	3.11	57	2.72	2
7-yr	3.03	3	3.02	2
10-yr	3.29	0	3.37	3
15-yr	3.87	2	3.97	0
20-yr	4.23	32	4.27	0
30-yr	4.31	12	4.44	-4

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.97	1
3-yr	2.40	1
5-yr	2.68	2
7-yr	2.88	0
10-yr	3.12	3

Source: Bloomberg

Upcoming Government Bond Tender

Reopening of RM2.0b (+ RM2.0b Private Placement)
20Y MGS 5/40 on Tuesday, 29th June 2021

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	07/21	1.772	40	1.678	24/06/2021	9
MGS	11/21	1.759	91	1.750	24/06/2021	1
MGS	03/22	1.742	9	1.800	23/06/2021	-6
MGS	08/22	1.800	5	1.796	24/06/2021	0
MGS	03/23	1.955	9	1.977	24/06/2021	-2
MGS	06/24	2.292	152	2.284	24/06/2021	1
MGS	07/24	2.326	11	2.334	24/06/2021	-1
MGS	09/24	2.372	1	2.393	23/06/2021	-2
MGS	07/26	2.701	2	2.732	24/06/2021	-3
MGS	11/26	2.611	8	2.615	24/06/2021	0
MGS	03/27	2.862	7	2.847	23/06/2021	2
MGS	05/27	2.928	5	2.910	24/06/2021	2
MGS	11/27	2.947	15	2.910	24/06/2021	4
MGS	06/28	3.032	277	2.998	23/06/2021	3
MGS	08/29	3.188	2	3.189	24/06/2021	0
MGS	04/31	3.291	119	3.287	24/06/2021	0
MGS	11/33	3.811	1	3.794	23/06/2021	2
MGS	07/34	3.829	5	3.806	24/06/2021	2
MGS	05/35	3.873	184	3.857	24/06/2021	2
MGS	05/40	4.233	90	4.133	24/06/2021	10
MGS	06/50	4.308	15	4.191	24/06/2021	12
GII	04/22	1.755	10	1.760	23/06/2021	-1
GII	10/24	2.360	560	2.346	24/06/2021	1
GII	10/25	2.627	100	2.625	23/06/2021	0
GII	03/26	2.721	695	2.700	24/06/2021	2
GII	09/26	2.822	25	2.742	10/06/2021	8
GII	09/27	3.015	13	2.990	23/06/2021	2
GII	07/29	3.274	20	3.267	24/06/2021	1
GII	10/30	3.370	82	3.339	24/06/2021	3
GII	11/49	4.444	1	4.484	24/06/2021	-4
			<u>2552</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*	
Jambatan Kedua Sdn Berhad	07/23	GG	2.298	10	2.372	03/06/2021	-7	33
Pengurusan Air SPV Berhad	06/24	GG	2.528	20	2.529	24/06/2021	0	23
Small Medium Enterprise Development Bank Malaysia B	04/25	GG	2.805	20	2.842	07/05/2021	-4	36
DanaInfra Nasional Berhad	04/26	GG	2.914	20	2.899	02/06/2021	2	36
Perbadanan Tabung Pendidikan Tinggi Nasional	07/26	GG	3.013	100	2.999	23/06/2021	1	46
Prasarana Malaysia Berhad	03/30	GG	3.540	10	3.491	11/06/2021	5	30
GovCo Holdings Berhad	06/31	GG	3.641	20	3.603	14/06/2021	4	35
DanaInfra Nasional Berhad	11/32	GG	3.808	10	3.709	05/05/2021	10	51
Suria KLCC Sdn Berhad	12/24	AAA	2.821	10	2.835	23/06/2021	-1	38
Pengurusan Air SPV Berhad	02/28	AAA	3.440	5	3.460	24/06/2021	-2	42
Danga Capital Berhad	01/30	AAA	3.649	50	3.650	24/06/2021	0	41
Kuala Lumpur Kepong Berhad	09/22	AA1	2.262	20	2.320	18/05/2021	-6	46
Sabah Development Bank Berhad	04/26	AA1	4.180	20	4.197	17/06/2021	-2	162
Genting RMTN Berhad	11/34	AA1	5.200	2	5.200	24/06/2021	0	133
CIMB Group Holdings Berhad	03/28	AA	2.932	20	3.000	06/05/2021	-7	-9
Perbadanan Kemajuan Negeri Selangor	10/23	AA3	3.576	10	3.630	21/05/2021	-5	160
7-Eleven Malaysia Holdings Berhad	06/24	AA3	3.950	72	-	-	-	165
Bumitama Agri Ltd	07/24	AA3	3.196	5	3.197	21/06/2021	0	90
7-Eleven Malaysia Holdings Berhad	06/26	AA3	4.230	110	-	-	-	167
Bumitama Agri Ltd	07/26	AA3	3.507	5	3.498	02/06/2021	1	95
7-Eleven Malaysia Holdings Berhad	06/28	AA3	4.395	95	-	-	-	137
RHB Bank Berhad	11/30	AA3	3.357	20	-	-	-	12
Malayan Banking Berhad	02/17	AA3	3.432	30	3.391	24/06/2021	4	-79
Jimah East Power Sdn Berhad	12/30	AA-	4.356	80	4.329	21/06/2021	3	111
				<u>764</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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