

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries rose late in the session; wiping out earlier bearish signals to the FOMC policy statement during Fed Chair Powell's press conference. Support was also seen coming from month-end demand and extensions. The curve shifted slightly lower with overall benchmark yields closing between a mere 0-1bps lower. The UST 2Y yield ended at 0.20% whilst the much-watched UST 10Y settled 1bps lower at 1.23%. The Fed which left the target range for its Fed Funds rate unchanged between 0-0.25%, said that it is getting closer to tapering its bond-buying program as the economy progresses towards its goals. It continues to view inflation as transitory and also intends to make permanent the domestic and foreign standing repo facilities it rolled out last year. Expect some attention to shift to the jobless claims report as at 24th July, followed by Friday's \$62b 7Y notes auction.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.20	0
5-yr UST	0.71	0
10-yr UST	1.23	-1
30-yr UST	1.88	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.25	0	2.30	1
5-yr	2.62	1	2.61	1
7-yr	2.97	0	2.98	0
10-yr	3.17	1	3.30	1
15-yr	3.71	0	3.90	1
20-yr	3.98	3	4.16	0
30-yr	4.16	6	4.42	3

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.94	0
3-yr	2.31	0
5-yr	2.54	2
7-yr	2.80	1
10-yr	3.00	0

Source: Bloomberg

Upcoming Government Bond Tender

Reopening of RM 3.5b+ RM2.0b (Private Placement) of 10Y GII 10/30 on Thursday, 29th July 2021

MGS/GII

- On Wednesday, local govies ended weaker with the curve steepening slightly on earlier supply concerns and lack of bids towards the later part of the session. Overall benchmark yields closed between 0-6bps higher with the long-ends pressured the most amid a slight decrease in secondary market volume to RM2.31b. Both the 5Y benchmark MGS 11/26 and 10Y MGS 4/31 yields edged 1bps up each at 2.62% and 3.17%. Interest was mainly seen in the off-the-run 22's and also benchmark 5Y MGS/GII. The GII sector jumped to form ~54% of overall trades. Elsewhere, trade data for 2Q2021 revealed that sharp pick-up in imports suggests that negative net exports may pose a drag to growth for the said quarter. We continue to maintain our full-year GDP growth forecast at 3.7%. Expect some attention to shift to the 10Y GII auction today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk continued to see solid activity on Wednesday with interest seen across GG-AA part of the curve amid a slight pull-back in secondary market volume @ RM840m. Overall yields closed mostly mixed, spanning across 43 names. Govt-guaranteed PRASA 3/40 and 3/45 spiked 64-70bps compared to previous-done levels between 4.34-45% whilst the 9/42 tranche declined 27bps instead at 4.44%. Both AAA-rated DANUM 2/26 and Petroleum Sarawak 3/28 moved 1-5bps lower at 2.94% and 3.64% respectively on substantial transacted amounts of RM80m each. The AA-rated space saw several energy-related bonds exchange hands. BGSM 12/26 jumped 41bps at 3.39% whereas Southern Power 29's rose 66-70bps between 3.77-84%. The banking space saw SABAH Dev Bank 7/24 and 7/27 make their debut trades at 4.10% and 4.38% each.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 09/21	1.751	96	1.747	27/07/2021	0
MGS 03/22	1.763	5	1.745	27/07/2021	2
MGS 08/22	1.766	15	1.737	26/07/2021	3
MGS 03/23	1.917	77	1.890	27/07/2021	3
MGS 04/23	1.922	24	1.919	26/07/2021	0
MGS 06/24	2.253	61	2.254	27/07/2021	0
MGS 09/24	2.316	30	2.306	27/07/2021	1
MGS 03/25	2.488	5	2.435	23/07/2021	5
MGS 09/25	2.565	34	2.531	27/07/2021	3
MGS 04/26	2.652	6	2.600	26/07/2021	5
MGS 07/26	2.687	30	2.657	23/07/2021	3
MGS 11/26	2.616	245	2.604	27/07/2021	1
MGS 05/27	2.856	30	2.856	26/07/2021	0
MGS 11/27	2.893	10	2.919	27/07/2021	-3
MGS 08/29	3.162	47	3.176	27/07/2021	-1
MGS 04/31	3.174	24	3.162	27/07/2021	1
MGS 07/34	3.784	32	3.779	27/07/2021	0
MGS 05/40	3.981	62	3.973	27/07/2021	1
MGS 09/43	4.291	210	4.254	19/07/2021	4
MGS 06/50	4.155	14	4.100	27/07/2021	6
GII 08/21	1.742	90	1.757	06/07/2021	-1
GII 03/22	1.770	345	1.615	27/07/2021	16
GII 04/22	1.770	100	1.718	27/07/2021	5
GII 07/22	1.802	6	1.661	27/07/2021	14
GII 05/24	2.266	10	2.263	26/07/2021	0
GII 10/24	2.296	8	2.288	27/07/2021	1
GII 03/26	2.609	125	2.598	27/07/2021	1
GII 07/27	2.965	60	2.965	27/07/2021	0
GII 07/29	3.220	10	3.177	21/07/2021	4
GII 09/30	3.327	30	3.260	21/07/2021	7
GII 10/30	3.300	100	3.287	27/07/2021	1
GII 06/33	3.731	60	3.722	26/07/2021	1
GII 08/33	3.737	40	3.747	27/07/2021	-1
GII 07/36	3.902	66	3.891	27/07/2021	1
GII 09/39	4.259	131	4.191	27/07/2021	7
GII 11/49	4.420	70	4.389	26/07/2021	3
		<u>2305</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*
Prasarana Malaysia Berhad	08/23	GG	2.215	10	2.550	23/04/2021	-34	28
Malaysia Rail Link Sdn Berhad	07/28	GG	3.281	15	-	-	-	32
Jambatan Kedua Sdn Berhad	07/31	GG	3.550	25	3.561	26/07/2021	-1	39
Prasarana Malaysia Berhad	03/40	GG	4.340	20	3.699	04/01/2021	64	37
Prasarana Malaysia Berhad	09/42	GG	4.435	10	4.709	30/03/2021	-27	46
Prasarana Malaysia Berhad	03/45	GG	4.449	20	3.745	23/07/2020	70	48
Cagamas Berhad	05/23	AAA	2.381	20	-	-	-	45
Telekom Malaysia Berhad	10/24	AAA	2.739	20	2.937	07/04/2021	-20	50
Bank Pembangunan Malaysia Berhad	10/25	AAA	3.029	10	3.049	27/07/2021	-2	56
Telekom Malaysia Berhad	11/25	AAA	2.894	20	2.608	27/11/2020	29	43
Danum Capital Berhad	02/26	AAA	2.938	80	2.950	27/07/2021	-1	33
DiGi Telecommunications Sdn Berhad	09/26	AAA	2.967	5	3.012	21/07/2021	-4	36
Bank Pembangunan Malaysia Berhad	11/26	AAA	3.177	40	3.301	28/06/2021	-12	57
Projek Lebuhraya Usahasama Berhad	01/27	AAA	3.188	10	3.183	19/07/2021	1	58
Pengurusan Air SPV Berhad	06/27	AAA	3.233	10	3.236	26/07/2021	0	40
Projek Lebuhraya Usahasama Berhad	01/28	AAA	3.329	10	3.387	06/07/2021	-6	49
Petroleum Sarawak Exploration & Production Sdn Berhad	03/28	AAA	3.639	80	3.690	14/07/2021	-5	67
Aquasar Capital Sdn Berhad	07/28	AAA	3.343	10	4.680	14/03/2018	-134	38
DiGi Telecommunications Sdn Berhad	09/29	AAA	3.449	10	3.489	22/07/2021	-4	34
Danum Capital Berhad	05/30	AAA	3.578	20	3.611	15/07/2021	-3	43
Tenaga Nasional Berhad	08/33	AAA	3.923	10	4.023	18/06/2021	-10	77
Infracap Resources Sdn Berhad	04/34	AAA	4.221	10	4.379	19/05/2021	-16	52
Sarawak Energy Berhad	04/36	AAA	4.368	10	4.479	03/06/2021	-11	67
Sabah Development Bank Berhad	04/24	AA1	4.038	1	4.041	23/07/2021	0	180
YTL Power International Berhad	05/27	AA1	3.891	40	3.894	21/07/2021	0	106
GENM Capital Berhad	07/28	AA1	4.603	1	4.595	27/07/2021	1	164
GENM Capital Berhad	03/32	AA1	4.752	1	4.694	23/07/2021	6	160
Celcom Networks Sdn Berhad	08/24	AA+	2.800	20	2.848	27/07/2021	-5	56
UMW Holdings Berhad	10/21	AA2	2.270	10	2.326	23/06/2021	-6	50
Edra Solar Sdn Berhad	10/37	AA2	4.979	10	-	-	-	128
Fortune Premiere Sdn Berhad	09/25	AA	3.415	70	3.434	27/07/2021	-2	95
Sime Darby Plantation Berhad (fka Sime Darby Plantatio	03/16	AA	3.400	40	3.409	26/07/2021	-1	-57
BGSM Management Sdn Berhad	12/26	AA3	3.394	5	2.989	28/10/2020	41	79
Edra Energy Sdn Berhad	07/27	AA3	3.716	20	3.913	29/06/2021	-20	88
UEM Sunrise Berhad	12/22	AA-	3.560	10	3.657	23/06/2021	-10	179
Southern Power Generation Sdn Berhad	04/24	AA-	3.017	15	2.756	18/01/2021	26	78
Southern Power Generation Sdn Berhad	10/27	AA-	3.549	10	3.638	21/06/2021	-9	71
Guan Chong Berhad	12/27	AA-	4.048	14	4.157	21/06/2021	-11	121
Southern Power Generation Sdn Berhad	04/29	AA-	3.772	20	3.109	19/08/2020	66	67
Southern Power Generation Sdn Berhad	10/29	AA-	3.838	20	3.139	09/09/2020	70	73
Sabah Development Bank Berhad	07/24	-	4.100	27	-	-	410	186
Sabah Development Bank Berhad	07/26	-	4.380	18	-	-	438	177
LBS Bina Group Berhad	03/20	-	6.750	15	-	-	675	278
				<u>840</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Menara ABS Berhad	RM345 mil Sukuk consisting of: Tranche A1	From AAA/Stable to AA2/Negative	Downgraded
	Tranche A2, A3 and A4	From AA2 and AA3/Stable to A1 and A3/Stable	Downgraded
Solar Management (Seremban) Sdn Bhd	RM260 mil ASEAN Green SRI Sukuk (2020/2038)	AA3/Stable	Reaffirmed

Source: RAM/ MARC

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