

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs trended mostly weaker on Thursday save for the front-end which ended richer as price action reflected a choppy session arising from some rub-off by bunds over the ECB press conference, followed by a softer 7Y note auction. The curve steepened instead with the overall benchmark yields ended between -1 to +3bps. **The UST 2Y yield edged 1bps lower at 0.49% whilst the much-watched UST 10Y yield rose 4bps to 1.58%**. The \$62b 7Y note auction, the 3rd and final auction this week saw decent bidding metrics with a cover of 2.25x (six previous auction average: 2.32x) and awarded at an attractive rate of 1.461%; 13bps cheaper than than its previous equivalent sale in September. Interestingly, the US yield curve has inverted at the far-end i.e. between 20Y and 30Y in a sign that any Fed policy-tightening may lead to slower economic growth and inflation. Expect investors to pay attention to the Fed's preferred inflation gauge i.e. PCE for September tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.49	-1
5-yr UST	1.19	2
10-yr UST	1.58	4
30-yr UST	1.98	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.66	6	2.70	0
5-yr	3.18	3	3.10	-4
7-yr	3.40	-3	3.39	0
10-yr	3.58	0	3.69	-4
15-yr	4.04	-1	4.18	0
20-yr	4.21	0	4.31	-1
30-yr	4.37	-4	4.48	-8

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.20	13
3-yr	2.80	11
5-yr	2.99	3
7-yr	3.30	4
10-yr	3.45	1

Source: Bloomberg

MGS/GII

- Local govies were mostly better-bid and ended stronger on Thursday save for the shorter-ends. Overall benchmark yields closed between -8 to +6bps amid a 52% jump in secondary market volume @ RM3.45b. **The 5Y benchmark MGS 11/26 yield closed 3bps higher at 3.18% whilst the 10Y benchmark MGS 4/31 was untraded at 3.58%**. Interest was mainly seen in the off-the-run 21-23's and also 5Y MGS/GII. GII trades rose to form 28% of overall trades, largely due to the recording of 10Y GII auction trades as well. The 10Y GII auction saw strong support with BTC at 2.018x and awarded at 3.682%; at spreads of ~193bps to OPR and ~175bps spread to 3-month KLIBOR. Meanwhile, expect attention to shift to the the important unveiling of the 2022 Budget today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw lesser momentum amid a prominent pullback in secondary market volume to RM387m with interest seen mainly along the AAA to single-A part of the curve. Overall yields closed mostly mixed, spanning across 31 names. The sole govt-guaranteed trade consisted of PTPTN 2/34 which spiked 36bps compared to previous-done levels at 4.16%. AAA-rated utility giant TNB saw its 8/37 tranche jump 31bps to 4.53% whereas TNB Western 33-34's closed 22-28bps higher between 4.46-48%. GENM Capital which saw its 7/23 and 3/27 close mixed on yields, settled at 4.23% and 4.98% whilst the 7/28 was seen quite rich, rallying 66bps to 4.55%. AA-rated UMW 6/22 declined 6bps to 2.30% whilst energy-related bonds BGSM 8/25 spiked 38bps to 3.52%. Meanwhile the banking/finance space saw CIMB Group Holdings rise 4bps to 3.43% whilst MAYBANK 31NC26 saw yields fall sharply to 3.58%. Alliance Bank 30NC25 and 32NC27 closed mixed on yields at 3.53% and 4.16% each.

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	11/21	1.788	610	1.774	27/10/2021	1
MGS	03/22	1.780	514	1.770	27/10/2021	1
MGS	08/22	1.802	50	1.832	27/10/2021	-3
MGS	09/22	1.817	200	1.819	27/10/2021	0
MGS	03/23	2.151	100	2.109	27/10/2021	4
MGS	06/24	2.661	85	2.605	27/10/2021	6
MGS	07/24	2.655	4	2.630	26/10/2021	2
MGS	09/24	2.763	57	2.693	27/10/2021	7
MGS	03/25	2.883	4	2.871	26/10/2021	1
MGS	09/25	3.017	128	2.949	27/10/2021	7
MGS	04/26	3.133	7	3.150	25/10/2021	-2
MGS	07/26	3.169	7	3.155	27/10/2021	1
MGS	11/26	3.176	293	3.150	27/10/2021	3
MGS	05/27	3.343	8	3.349	25/10/2021	-1
MGS	06/28	3.401	168	3.432	27/10/2021	-3
MGS	04/30	3.666	20	3.673	27/10/2021	-1
MGS	06/31	3.748	70	3.782	26/10/2021	-3
MGS	04/33	3.992	3	3.986	27/10/2021	1
MGS	11/33	4.032	2	4.008	27/10/2021	2
MGS	07/34	4.134	45	4.144	27/10/2021	-1
MGS	05/35	4.040	4	4.051	27/10/2021	-1
MGS	05/40	4.206	70	4.202	27/10/2021	0
MGS	06/50	4.373	38	4.410	27/10/2021	-4
GII	03/22	1.790	17	1.771	26/10/2021	2
GII	04/22	1.810	80	1.770	27/10/2021	4
GII	05/23	2.385	120	2.159	27/10/2021	23
GII	10/24	2.704	96	2.700	27/10/2021	0
GII	03/26	3.103	196	3.140	27/10/2021	-4
GII	10/30	3.691	288	3.730	27/10/2021	-4
GII	09/41	4.308	1	4.317	27/10/2021	-1
GII	11/49	4.480	160	4.562	27/10/2021	-8
			<u>3445</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*	
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	4.160	20	3.800	03/08/2021	36	57
Projek Lebuhraya Usahasama Berhad	01/29	AAA	3.951	10	3.357	06/09/2021	59	51
TNB Western Energy Berhad	01/32	AAA	4.318	5	4.401	26/10/2021	-8	73
Danga Capital Berhad	01/33	AAA	4.199	7	4.209	27/10/2021	-1	61
TNB Western Energy Berhad	07/33	AAA	4.460	10	4.243	22/04/2021	22	87
TNB Western Energy Berhad	01/34	AAA	4.480	10	4.200	22/06/2021	28	89
Tenaga Nasional Berhad	08/37	AAA	4.530	40	4.219	06/09/2021	31	46
Sabah Credit Corporation	12/21	AA1	2.381	1	2.501	09/07/2021	-12	55
Genting Capital Berhad	06/22	AA1	3.887	20	3.812	15/09/2021	8	206
GENM Capital Berhad	07/23	AA1	4.230	20	3.897	26/10/2021	33	208
GENM Capital Berhad	03/27	AA1	4.979	55	5.005	27/10/2021	-3	184
GENM Capital Berhad	07/28	AA1	4.550	5	5.211	26/10/2021	-66	111
Malayan Banking Berhad	01/31	AA1	3.577	10	3.830	11/10/2021	-25	-1
UMW Holdings Berhad	06/22	AA+	2.302	10	2.362	26/10/2021	-6	47
Imtiaz Sukuk II Berhad	05/22	AA2	2.249	5	2.408	28/09/2021	-16	42
CIMB Group Holdings Berhad	09/29	AA	3.431	10	3.387	07/10/2021	4	-12
Country Garden Real Estate Sdn Berhad	02/23	AA3	5.152	1	4.962	02/09/2021	19	332
Perbadanan Kemajuan Negeri Selangor	10/23	AA3	3.396	5	3.403	26/10/2021	-1	125
BGSM Management Sdn Berhad	08/25	AA3	3.524	20	3.147	23/09/2021	38	59
Quantum Solar Park (Semenanjung) Sdn Berhad	04/30	AA-	4.495	20	4.259	30/09/2021	24	95
Malayan Banking Berhad	02/17	AA3	3.487	50	3.342	05/10/2021	15	-74
MMC Corporation Berhad	04/23	AA-	3.022	1	3.025	27/10/2021	0	119
Quantum Solar Park (Semenanjung) Sdn Berhad	10/29	AA-	4.434	10	4.324	19/07/2021	11	88
Quantum Solar Park (Semenanjung) Sdn Berhad	10/30	AA-	4.534	10	4.349	21/07/2021	19	95
Dialog Group Berhad	11/20	A1	4.449	10	4.539	27/10/2021	-9	23
Alliance Bank Malaysia Berhad	10/30	A2	3.527	10	3.643	27/10/2021	-12	-6
Alliance Bank Malaysia Berhad	10/32	A2	4.160	10	3.663	22/10/2021	50	57
IJM Land Berhad	03/19	A2	4.446	1	4.572	27/10/2021	-13	22
Tropicana Corporation Berhad	09/19	A	4.940	1	6.047	27/10/2021	-111	72
Eco World Capital Assets Berhad	08/24	-	5.379	1	4.621	27/10/2021	76	275
YNH Property Berhad	08/19	-	6.632	1	6.732	27/10/2021	-10	241
				<u>387</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Kinabalu Capital Sdn Bhd	Outstanding RM20 million Class A Medium-Term Notes (MTN) and RM200 million Commercial Papers (CP) under Issue 1	AAA and MARC-1	Affirmed
Guan Chong Berhad	Sukuk Wakalah Programme of up to RM800.0 million	AA-IS/Stable	Affirmed
OSK Rated Bond Sdn Bhd	Sukuk Murabahah/Multi-Currency Medium-Term Notes Programme (Sukuk/MCMTN) with a combined limit of up to RM2.0 billion	AA-IS /AA/Stable	Affirmed
Pengerang LNG (Two) Sdn Bhd	Islamic Medium-Term Notes (IMTN) Programme of up to RM3.0 billion	AAA-IS/Stable	Affirmed
Aman Sukuk Berhad	Islamic Medium-Term Notes (IMTN) programme of up to RM10.0 billion	AAA-IS/Stable	Affirmed
Besraya (M) Sdn Bhd	RM700 million Sukuk Mudharabah Issuance Facility (2011/2028)	AA3/Stable	Reaffirmed

Source: RAM, MARC

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