

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.29	-1
5-yr UST	0.99	-3
10-yr UST	1.52	-2
30-yr UST	2.06	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.48	32	2.57	-4
5-yr	2.93	-1	3.00	-1
7-yr	3.33	-2	3.12	-5
10-yr	3.41	-4	3.53	-3
15-yr	3.91	2	3.98	-3
20-yr	4.09	-2	4.18	-1
30-yr	4.29	11	4.53	4

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.98	0
3-yr	2.46	-4
5-yr	2.78	-4
7-yr	2.99	-2
10-yr	3.23	-2

Source: Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- USTs rebounded overnight as the recent selling pressures surrounding bonds appeared to have cooled. The curve flattened with overall yields down modestly by 1 to 3bps following the sharp gains in the previous session. The UST 2Y yield closed 1bp lower at 0.29% whilst the much-watched UST 10Y slipped by 2bps to 1.52%. Fed Chair Jerome Powell repeated his message of a longer than expected inflation at an ECB event, describing the inflationary pressure arising from the supply chain bottlenecks as “frustrating”. Uncertainty over the US debt ceiling limit and government funding deadline on 1st October is expected to continue driving the market. Expect attention to also shift to Powell and Secretary Janet Yellen’s testimony before the House Finance Panel today as well as the US 2Q GDP reading and initial jobless claims data.

MGS/GII

- Local govies, especially GII witnessed recovery whilst MGS closed mixed on Wednesday as bargain-hunting activities were seen following the recent week-long weakness. Overall benchmark yields closed mostly mixed-to-lower i.e. between 0-7bps (save for the adjustment in prior day’s skewed levels for the 3Y MGS and odd-lot trades in the long-bond) amid ~27% drop in secondary market volume to RM3.19b. The 5Y benchmark MGS 11/26 yield edged 1bps down to 2.93% whilst the 10Y MGS 4/31 yield rallied 4bps to 3.41%. Interest was mainly seen in the shorter off-the-run 21-23’s, 28’s and also 5Y MGS/GII, 10Y MGS/GII, 20Y GII. GII trades rose to form ~38% of overall trades. Meanwhile, the 5Y GII auction notched an impressive BTC of 2.133x, predicated by the average-sized issuance of RM4.0b and absence of private placement. Expect some attention on the upcoming PMI manufacturing data for September today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw slight pullback in activity as secondary market volume eased to RM418m with interest seen mainly along the GG to single-A part of the curve. Overall yields closed mixed-to-higher again, spanning across 30 names. Govt-guaranteed Malaysia Rail Link 7/28 spiked 34bps compared to previous-done levels at 3.62% whilst the long-end PRASA 3/40 rose 11bps to 4.40%. AAA-rated CAGAMAS 8/22 notched RM50 worth of trades, climbing 7bps to 2.11%. WESTPORT 10/27 which last traded in December last year jumped 42bps to 3.53%. The AA-rated YTL Power 8/23 closed 5bps higher at 3.70% whilst construction outfit IJM saw its 10/24 tranche edge 1bps down at 3.23% whereas the 8/28 tranche ended 16bps higher at 3.96%. The banking/finance sector saw AEON Credit 30NC25 move 8bps higher at 3.98%.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	11/21	1.772	361	1.759	28/09/2021	1
MGS	03/22	1.735	67	1.730	28/09/2021	1
MGS	08/22	1.770	21	1.739	28/09/2021	3
MGS	09/22	1.742	23	1.754	28/09/2021	-1
MGS	03/23	1.933	171	1.980	28/09/2021	-5
MGS	04/23	1.962	16	1.968	28/09/2021	-1
MGS	08/23	2.056	21	2.120	28/09/2021	-6
MGS	06/24	2.473	162	2.160	28/09/2021	31
MGS	07/24	2.551	52	2.548	28/09/2021	0
MGS	09/24	2.594	133	2.462	24/09/2021	13
MGS	03/25	2.647	2	2.603	28/09/2021	4
MGS	09/25	2.786	18	2.826	28/09/2021	-4
MGS	04/26	2.900	20	2.856	28/09/2021	4
MGS	11/26	2.933	192	2.943	28/09/2021	-1
MGS	03/27	3.148	4	2.956	21/09/2021	19
MGS	11/27	3.175	6	3.026	27/09/2021	15
MGS	06/28	3.330	344	3.355	28/09/2021	-2
MGS	08/29	3.375	13	3.375	28/09/2021	0
MGS	04/31	3.405	325	3.443	28/09/2021	-4
MGS	06/31	3.560	3	3.463	28/09/2021	10
MGS	04/33	3.777	1	3.844	28/09/2021	-7
MGS	11/33	3.891	2	3.770	15/09/2021	12
MGS	07/34	3.918	19	3.888	28/09/2021	3
MGS	05/35	3.911	22	3.892	28/09/2021	2
MGS	06/38	4.200	2	4.178	27/09/2021	2
MGS	05/40	4.090	51	4.109	28/09/2021	-2
MGS	03/46	4.336	1	4.348	28/09/2021	-1
MGS	06/50	4.289	8	4.179	28/09/2021	11
GII	03/22	1.769	50	1.810	28/09/2021	-4
GII	04/22	1.724	11	1.761	28/09/2021	-4
GII	11/22	1.820	30	1.855	28/09/2021	-3
GII	05/23	2.050	80	2.037	28/09/2021	1
GII	10/24	2.570	160	2.605	28/09/2021	-4
GII	03/26	2.996	190	3.000	28/09/2021	0
GII	09/27	3.118	1	3.170	27/09/2021	-5
GII	10/28	3.392	62	3.431	28/09/2021	-4
GII	07/29	3.435	2	3.315	22/09/2021	12
GII	10/30	3.529	187	3.556	28/09/2021	-3
GII	06/33	3.803	1	3.802	17/09/2021	0
GII	08/33	3.812	1	3.766	13/09/2021	5
GII	11/34	3.942	1	3.986	28/09/2021	-4
GII	07/36	3.978	54	4.006	28/09/2021	-3
GII	09/41	4.183	231	4.194	28/09/2021	-1
GII	11/49	4.527	72	4.489	28/09/2021	4
			<u>3193</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*	
Malaysia Rail Link Sdn Berhad	07/28	GG	3.619	5	3.281	28/07/2021	34	27
Lembaga Pembiayaan Perumahan Sektor Awam	09/28	GG	3.618	20	-	-	-	27
Danainfra Nasional Berhad	02/36	GG	4.191	20	4.393	30/03/2021	-20	29
Prasarana Malaysia Berhad	03/40	GG	4.401	30	4.290	09/08/2021	11	30
Cagamas Berhad	08/22	AAA	2.111	50	2.045	19/08/2021	7	32
Danum Capital Berhad	05/23	AAA	2.543	15	2.423	02/09/2021	12	54
Hanwha Q CELLS Malaysia Sdn Berhad	08/24	AAA	3.231	5	3.035	14/09/2021	20	71
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak Hydro Power Generation Sdn Berhad)	08/27	AAA	3.448	10	3.227	27/08/2021	22	29
Westports Malaysia Sdn Berhad	10/27	AAA	3.529	10	3.109	15/12/2020	42	38
Sarawak Energy Berhad	11/28	AAA	3.649	20	3.428	08/09/2021	22	30
Petroleum Sarawak Exploration & Production Sdn Berhad	03/31	AAA	3.930	60	3.861	10/09/2021	7	50
YTL Power International Berhad	08/23	AA1	3.695	20	3.641	23/09/2021	5	169
Sabah Development Bank Berhad	07/26	AA1	3.997	6	3.974	14/09/2021	2	104
Agroto Business (M) Sdn Berhad	08/26	AA1	4.757	8	4.757	28/09/2021	0	180
Samalaju Industrial Port Sdn Berhad	12/29	AA1	4.188	10	3.957	08/07/2021	23	79
BEWG (M) Sdn Berhad	07/22	AA	2.854	6	3.681	10/04/2020	-83	107
UEM Edgenta Berhad	04/22	AA-	2.753	5	2.565	07/09/2021	19	97
Fortune Premiere Sdn Berhad	09/23	AA	3.123	10	3.133	28/09/2021	-1	112
Gamuda Berhad	03/23	AA3	2.950	10	2.987	24/06/2021	-4	116
Perbadanan Kemajuan Pertanian Negeri Pahang (fka Lerong Agro-Industrial Park Sdn Berhad)	10/23	AA3	3.900	5	3.760	02/11/2020	14	190
Kedah Cement Sdn Berhad (fka Lafarge Cement Sdn Bh)	12/23	AA3	3.417	10	3.378	05/08/2021	4	142
IJM Corporation Berhad	10/24	AA3	3.233	10	3.247	21/07/2020	-1	71
Quantum Solar Park (Semenanjung) Sdn Berhad	04/26	AA-	3.768	10	4.009	10/06/2021	-24	82
IJM Corporation Berhad	08/28	AA3	3.959	10	3.798	09/09/2021	16	61
TSH Sukuk Ijarah Sdn Berhad	03/22	A+	3.179	20	3.305	20/09/2021	-13	139
Tropicana Corporation Berhad	06/25	A+	4.795	1	4.843	21/09/2021	-5	202
AEON Credit Service (M) Berhad	03/30	A1	3.978	10	3.897	20/07/2020	8	58
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	4.162	1	4.048	23/08/2021	11	71
Eco World Capital Assets Berhad	08/24	-	5.025	2	5.243	27/09/2021	-22	250
PR1MA Corporation Malaysia	09/26	-	3.050	20	-	-	-	10
				<u>418</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Glacier Assets Berhad	RM555 mil Senior Notes under an Asset-Backed Medium-Term Notes Facility	AAA/Stable	Reaffirmed
Starbright Capital Berhad	RM665 mil asset-backed Medium-Term Notes	AAA/Stable	Reaffirmed
Swirl Assets Berhad	RM595 mil Senior Notes under RM700 mil Asset-Backed Medium-Term Notes	AAA/Stable	Reaffirmed
APM Automotive Holdings Berhad	RM1.5 bil Islamic Medium-Term Notes Programme (2016/2036)	AA2/Stable	Reaffirmed
	RM1.5 bil Islamic Commercial Papers Programme (2016/2023)	P1	Reaffirmed

Source: RAM/ MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.