

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries posted modest gains, ending last Friday and also May on a slightly bullish note; benefitting from month-end bids and extension ahead of the long weekend due to Memorial Day celebration on Monday. Overall benchmark yields closed mostly between 0-2bps lower as the UST 2Y yield closed within 1bps lower at 0.14% whilst the much-watched 10Y bond edged 1bps down at 1.60%. The performance of bonds were seen shrugging-off the earlier release of the Fed's preferred inflation gauge i.e. PCE in April for which core data y/y and m/m rose more-than-expected at 3.1% and 0.7% each. This increase were foreshadowed by the steep April CPI numbers reported on 12<sup>th</sup> of May. Nevertheless it is believed that actual outsized prints on realized inflation are expected to bring the taper discussion to the table. Expect attention to shift to the release of data including Markit and ISM manufacturing PMI tomorrow followed by the May jobs data on Friday.

##### MGS/GII

- Last Friday, local govies witnessed lethargic movements with both MGS/GII within tight ranges due to lack of catalysts. Overall benchmark yields closed between -2 to +3bps, save for the 15Y GII and 20Y MGS amid a sustained secondary market volume of RM2.84b. The 5Y MGS 9/25 yield edged 1bps up at 2.58% whilst the 10Y MGS 4/31 yield closed unchanged at 3.20%. Interest was mainly seen in the shorter off-the-run 21-22's, 24's, 28's and also benchmark 5Y GII. GII bond trades rose to form 28% of overall trades. Meanwhile, the auction exercise involving the reopening of 5Y GII 3/26 saw strong demand especially from inter-bank players with BTC notching 2.003X; at a yield of 2.728%. Elsewhere, the nation saw exports accelerate for a 3<sup>rd</sup> consecutive month in April. Expect bonds to be find decent support whilst several economic activities are impacted arising from the implementation of full lockdown from 1<sup>st</sup> -14<sup>th</sup> June. Expect some attention to shift to the release of PMI manufacturing data tomorrow

##### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw a investor activity intact on Friday amid an uptick in secondary market volume of RM513m. Trades were however printed across the AAA to single-A part of the curve as overall yields closed mixed on 32 various names. There were surprisingly no govt-guaranteed trades. Almost a quarter of overall volumes were transacted in AAA-rated SEB with the 7/24, and 1/27 tranches ending 2-5bps at 2.93% and 3.33% respectively. AA-rated plantation giant Batu Kawan 6/23 edged 1bps lower at 2.68% whilst ANIH 11/27 rallied 16bps at 3.51%. Meanwhile the banking space saw CIMB Group Holdings Bhd 27NC22 notch RM120m worth of trades; moving 6bps lower at 2.89%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	0
5-yr UST	0.80	-2
10-yr UST	1.60	-1
30-yr UST	2.28	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.29	-2	2.04	-1
5-yr	2.58	1	2.73	3
7-yr	2.99	-1	3.02	-1
10-yr	3.20	0	3.30	-1
15-yr	3.93	0	4.03	10
20-yr	4.14	0	4.23	-2
30-yr	4.23	-16	4.55	-2

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.99	0
3-yr	2.35	1
5-yr	2.67	2
7-yr	2.90	1
10-yr	3.15	0

Source: Bloomberg

#### 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 07/21	1.782	397	1.717	27/05/2021	6
MGS 09/21	1.748	280	1.739	27/05/2021	1
MGS 11/21	1.750	20	1.764	27/05/2021	-1
MGS 03/22	1.743	1	1.738	27/05/2021	1
MGS 08/22	1.857	3	1.860	24/05/2021	0
MGS 03/23	1.986	73	1.994	27/05/2021	-1
MGS 04/23	2.002	61	1.999	27/05/2021	0
MGS 08/23	2.075	4	2.105	27/05/2021	-3
MGS 06/24	2.284	302	2.307	27/05/2021	-2
MGS 07/24	2.327	17	2.336	27/05/2021	-1
MGS 09/24	2.367	2	2.374	27/05/2021	-1
MGS 03/25	2.494	2	2.484	27/05/2021	1
MGS 09/25	2.581	3	2.568	27/05/2021	1
MGS 04/26	2.641	3	2.666	27/05/2021	-2
MGS 07/26	2.788	165	2.698	27/05/2021	9
MGS 11/26	2.630	6	2.645	27/05/2021	-2
MGS 05/27	2.911	13	2.872	27/05/2021	4
MGS 11/27	2.866	5	2.866	27/05/2021	0
MGS 06/28	2.988	304	2.996	27/05/2021	-1
MGS 08/29	3.149	21	3.144	27/05/2021	0
MGS 04/30	3.281	33	3.281	27/05/2021	0
MGS 04/31	3.200	168	3.203	27/05/2021	0
MGS 06/31	3.405	44	3.371	27/05/2021	3
MGS 04/33	3.804	2	3.802	27/05/2021	0
MGS 11/33	3.809	2	3.823	27/05/2021	-1
MGS 07/34	3.833	33	3.769	27/05/2021	6
MGS 05/35	3.927	61	3.927	27/05/2021	0
MGS 04/37	4.080	1	4.113	27/05/2021	-3
MGS 06/38	4.182	20	4.213	27/05/2021	-3
MGS 05/40	4.141	2	4.139	27/05/2021	0
MGS 09/43	4.351	1	4.350	25/05/2021	0
MGS 07/48	4.400	1	4.451	27/05/2021	-5
MGS 06/50	4.226	3	4.383	27/05/2021	-16
GII 03/22	1.790	10	1.797	25/05/2021	-1
GII 04/22	1.784	222	1.808	27/05/2021	-2
GII 05/23	2.036	2	2.042	27/05/2021	-1
GII 11/23	2.177	2	2.183	27/05/2021	-1
GII 10/24	2.351	2	2.361	25/05/2021	-1
GII 03/26	2.731	331	2.700	27/05/2021	3
GII 07/27	3.037	61	3.048	25/05/2021	-1
GII 09/27	3.020	22	3.031	27/05/2021	-1
GII 07/29	3.226	40	3.241	24/05/2021	-2
GII 10/30	3.296	36	3.302	25/05/2021	-1
GII 07/36	4.025	16	3.924	27/05/2021	10
GII 09/41	4.232	12	4.250	21/05/2021	-2
GII 11/49	4.550	30	4.570	27/05/2021	-2
		<u>2840</u>			

## Daily Trades : Corp Bonds/ Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yy yy)	Chg (bp)	Spread Against MGS*
Aman Sukuk Berhad	03/23	AAA	2.584	10	2.562	20/05/2021	2	54
Pengurusan Air SPV Berhad	02/24	AAA	2.857	20	2.535	02/03/2021	32	55
Sarawak Energy Berhad	07/24	AAA	2.930	50	2.877	25/05/2021	5	63
DiGi Telecommunications Sdn Berhad	09/26	AAA	3.109	10	3.160	07/05/2021	-5	52
Sarawak Energy Berhad	01/27	AAA	3.328	40	3.309	27/05/2021	2	50
Danga Capital Berhad	09/27	AAA	3.282	10	3.369	19/04/2021	-9	45
Pengurusan Air Selangor Sdn Berhad	12/30	AAA	3.820	5	3.840	27/05/2021	-2	62
Rantau Abang Capital Berhad	05/31	AAA	3.809	10	3.950	11/03/2021	-14	61
Danum Capital Berhad	02/34	AAA	4.254	80	4.274	03/05/2021	-2	32
Sarawak Energy Berhad	04/36	AAA	4.477	30	4.479	27/05/2021	0	54
Tenaga Nasional Berhad	08/40	AAA	4.489	3	4.512	27/05/2021	-2	34
Batu Kawan Berhad	06/23	AA1	2.675	50	2.684	19/05/2021	-1	63
UniTapah Sdn Berhad	12/24	AA1	3.119	1	3.149	09/03/2021	-3	65
Genting RMTN Berhad	11/34	AA1	4.902	1	4.902	27/05/2021	0	96
AC First Genesis Berhad	11/26	AA2	4.310	9			431	148
AC First Genesis Berhad	11/28	AA2	4.640	10			464	151
Anih Berhad	11/26	AA	3.509	10	3.669	08/04/2021	-16	68
CIMB Group Holdings Berhad	11/27	AA	2.885	120	2.949	06/04/2021	-6	-11
Country Garden Real Estate Sdn Berhad	02/23	AA3	5.358	1	5.439	13/04/2021	-8	332
Tanjung Bin Energy Sdn Berhad	03/24	AA3	3.026	10			303	72
Bumitama Agri Ltd	07/26	AA3	3.509	1	3.537	07/05/2021	-3	92
Pelabuhan Tanjung Pelepas Sdn Berhad	06/27	AA-	3.682	5	3.705	03/05/2021	-2	85
Jimah East Power Sdn Berhad	12/29	AA-	4.178	10	4.158	18/05/2021	2	99
Southern Power Generation Sdn Berhad	10/33	AA-	4.349	10	3.601	30/09/2020	75	115
Tropicana Corporation Berhad	10/23	A+	4.674	1	5.392	24/05/2021	-72	263
DRB-Hicom Berhad	12/29	A+	4.811	1	4.773	12/05/2021	4	162
Alliance Bank Malaysia Berhad	10/30	A2	3.550	2	3.551	17/05/2021	0	36
Alliance Bank Malaysia Berhad	10/35	A2	3.725	1	3.775	10/05/2021	-5	-21
Eco World International Berhad	04/23	-	4.752	1	5.899	18/05/2021	-115	271
YNH Property Berhad	08/19	-	6.249	1	7.111	24/05/2021	-86	210
YNH Property Berhad	08/19	-	6.425	1	7.006	25/05/2021	-58	228
Tropicana Corporation Berhad	09/19	-	5.083	1	5.083	21/05/2021	0	94
				<u>513</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; 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.