

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries saw no let-up in demand, moving easily to 2-month highs on Tuesday, boosted by safe-haven demand due to twin concerns over Russia’s continued attack on Ukraine coupled with anticipation that rising commodity prices will weigh on growth. The curve shifted sharply lower as overall benchmark yields ended between 6-12bps lower. **Both the UST 2Y and much-watched UST 10Y yields plunged between 9-10bps each to 1.34% and 1.73% respectively.** The 10-year yield has slid by almost 30bps since Russia’s invasion into Ukraine. Meanwhile, investors are beginning to price in the possibility that the Fed may delay interest-rate hikes to tame blazing inflation which has ballooned to a 40-year high of 7.5%. The front-ended OIS swaps are now pricing in ~89% probability of a 25bps rate hike instead at the March FOMC meeting. Expect attention to shift to both Fed speak event and also by Fed Chair Powell’s congressional testimony beginning tomorrow.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.34	-9
5-yr UST	1.59	-12
10-yr UST	1.73	-10
30-yr UST	2.11	-6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.71	0	2.81	0
5-yr	3.28	-1	3.27	-3
7-yr	3.54	-4	3.42	-1
10-yr	3.67	0	3.72	-2
15-yr	4.06	1	4.07	1
20-yr	4.20	0	4.27	0
30-yr	4.38	-1	4.45	-2

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.23	0
3-yr	2.91	2
5-yr	3.17	2
7-yr	3.36	0
10-yr	3.58	3

Source : Bloomberg

MGS/GII

- Local govies generally showed stronger resilience on the first trading session for March. Overall benchmark MGS/GII yields closed mostly mixed-to-lower i.e. between -4 to +1bps amid a sustained secondary market volume to RM3.67b. **The 5Y benchmark MGS 11/26 yield edged 1bps lower at 3.28% whilst the 10Y MGS 7/32 yield closed within 1bps lower at 3.67%.** Interest was mainly seen in the off-the-run 22’s, 7-year sector i.e. benchmark 7Y MGS/GII and also 10Y benchmark MGS/GII. GII trades rose to form ~41% of overall transactions. Expect attention to focus on the the OPR decision tomorrow with our house view maintaining no change by the MPC.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw better activity on Tuesday with interest seen along the AAA-AA part of the curve. Overall yields closed mostly mixed-to-lower, spanning only across 20 names despite a 56% jump in secondary market volume of RM466m. There were no govt-guaranteed trades. AAA-rated CAGAMAS 24’s settled 7-24bps lower between 3.09-11% with RM160m in nominal amounts transacted. PASB saw its 2026 tranche rallying 9bps to 3.64% whilst the 2027 tranche edged 1bps up at 3.77%. AA-rated IMTIAZ 10/22 closed unchanged at 2.44% whilst port-operator PTP saw the 6/25 tranche jump 32bps to 3.62%. Meanwhile, the banking/finance space was relatively quiet with several odd-lot trades seen in Sabah Development Bank and Alliance Bank-related bonds.

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	03/22	1.780	409	1.767	28/02/2022	1
MGS	08/22	1.792	70	1.789	28/02/2022	0
MGS	09/22	1.798	54	1.642	28/02/2022	16
MGS	03/23	1.885	26	1.877	28/02/2022	1
MGS	04/23	1.916	4	1.887	28/02/2022	3
MGS	06/24	2.712	43	2.708	28/02/2022	0
MGS	07/24	2.764	41	2.799	28/02/2022	-4
MGS	09/24	2.812	8	2.784	28/02/2022	3
MGS	03/25	2.929	1	2.945	28/02/2022	-2
MGS	09/25	3.017	68	3.030	28/02/2022	-1
MGS	07/26	3.248	3	3.246	28/02/2022	0
MGS	11/26	3.280	115	3.287	28/02/2022	-1
MGS	05/27	3.376	17	3.396	28/02/2022	-2
MGS	11/27	3.364	55	3.416	28/02/2022	-5
MGS	06/28	3.543	342	3.585	28/02/2022	-4
MGS	08/29	3.646	43	3.669	28/02/2022	-2
MGS	04/30	3.728	1	3.735	24/02/2022	-1
MGS	04/31	3.682	76	3.701	28/02/2022	-2
MGS	07/32	3.666	316	3.670	28/02/2022	0
MGS	11/33	3.952	25	3.962	28/02/2022	-1
MGS	07/34	3.993	82	4.009	28/02/2022	-2
MGS	05/35	4.064	113	4.056	28/02/2022	1
MGS	04/37	3.984	1	3.998	25/02/2022	-1
MGS	05/40	4.198	67	4.199	28/02/2022	0
MGS	09/43	4.373	4	4.377	28/02/2022	0
MGS	03/46	4.381	11	4.464	28/02/2022	-8
MGS	07/48	4.400	15	4.474	28/02/2022	-7
MGS	06/50	4.382	140	4.391	28/02/2022	-1
GII	03/22	1.749	218	1.778	28/02/2022	-3
GII	07/22	1.700	319	1.750	28/02/2022	-5
GII	05/23	2.130	16	2.110	28/02/2022	2
GII	08/24	2.793	10	2.774	28/02/2022	2
GII	10/24	2.809	3	2.805	28/02/2022	0
GII	08/25	3.097	5	3.095	28/02/2022	0
GII	03/26	3.266	15	3.292	28/02/2022	-3
GII	09/27	3.425	459	3.433	28/02/2022	-1
GII	10/28	3.603	221	3.619	28/02/2022	-2
GII	10/30	3.718	232	3.734	28/02/2022	-2
GII	11/34	4.043	2	4.022	28/02/2022	2
GII	07/36	4.067	19	4.053	28/02/2022	1
GII	09/39	4.263	1	4.270	28/02/2022	-1
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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*	
Pengurusan Air SPV Berhad	08/22	AAA	2.456	120	2.416	25/02/2022	4	45
Pengurusan Air SPV Berhad	02/23	AAA	2.615	20	2.371	11/08/2021	24	61
Cagamas Berhad	09/24	AAA	3.088	80	3.212	10/02/2022	-12	38
Cagamas Berhad	10/24	AAA	3.108	80	3.182	15/02/2022	-7	40
Pengurusan Air SPV Berhad	06/26	AAA	3.637	60	3.728	16/02/2022	-9	54
Pengurusan Air SPV Berhad	06/27	AAA	3.774	10	3.767	25/02/2022	1	48
Pengurusan Air SPV Berhad	02/32	AAA	4.109	10	-	-	-	44
Pengurusan Air SPV Berhad	02/32	AAA	4.119	10	-	-	-	45
Tenaga Nasional Berhad	11/36	AAA	4.267	1	4.271	28/02/2022	0	22
UMW Holdings Berhad	11/26	AA+	3.749	10	3.716	25/02/2022	3	46
Imtiaz Sukuk II Berhad	10/22	AA2	2.440	20	2.439	15/02/2022	0	43
Pengerang LNG (Two) Sdn Berhad	10/30	AA	3.938	5	3.923	16/03/2021	2	27
Kedah Cement Sdn Berhad (fka Lafarge Cement Sdn Bhd)	07/23	AA3	3.249	2	3.239	14/01/2022	1	124
PONSB Capital Berhad	12/28	AA3	4.536	5	4.572	23/02/2022	-4	95
UMW Holdings Berhad	04/18	AA-	4.484	1	4.936	25/02/2022	-45	26
MMC Corporation Berhad	04/23	AA-	3.012	10	2.958	14/02/2022	5	101
Pelabuhan Tanjung Pelepas Sdn Berhad	06/25	AA-	3.615	20	3.298	21/06/2021	32	91
TG Excellence Berhad	02/20	AA-	4.423	1	4.078	18/02/2022	35	20
Tropicana Corporation Berhad	10/25	A+	4.886	1	5.410	24/02/2022	-52	179
Tropicana Corporation Berhad	04/28	A+	5.951	1	5.121	21/09/2021	83	252
				466				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Point Zone (M) Sdn Bhd	Islamic Medium-Term Notes (Sukuk Wakalah) programme of RM3.0 billion	AA-IS (CG)	Assigned
YNH Property Berhad	Islamic Medium-Term Notes Programme (Sukuk Wakalah) of up to RM700 million)	A+ IS/Stable	Assigned

Source: RAM, MARC

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