

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.65	9
5-yr UST	2.92	10
10-yr UST	2.91	6
30-yr UST	3.06	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.48	1	3.51	0
5-yr	3.75	1	3.82	3
7-yr	4.08	4	4.05	4
10-yr	4.21	5	4.25	6
15-yr	4.56	5	4.58	4
20-yr	4.59	-3	4.57	-9
30-yr	4.92	6	4.91	12

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.79	6
3-yr	3.58	3
5-yr	3.80	7
7-yr	3.96	6
10-yr	4.07	2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries remained under pressure on Wednesday, extending the pullback seen prior day following the stronger-than-expected US manufacturing activity in May. The hawkish BOC policy decision was also an added factor. The curve bear-flattened as overall benchmark yields jumped to near 2-week highs i.e. between 1-10bps higher. **The UST 2Y yield jumped 9bps higher to 2.65% whilst the much-watched 10Y rose 6bps to 2.91%.** There was little impact seen from the mix in the Beige Book covering economic conditions in the twelve (12) Fed districts with data being somewhat offset by the threat of rising prices. Elsewhere, June will see the commencement of the Fed's balance sheet tapering with \$47.5b monthly runoff until August (September onwards will see an a bigger \$95b monthly shrinkage of the balance sheet). Meanwhile, expect attention to shift to the private sector employment and initial jobless claims tonight; followed by the important jobs data for May scheduled to be released tomorrow night.

MGS/GII

- Local govies continued to be pressured for the 2nd day running on Wednesday, influenced by higher IRS levels and weaker UST closing levels. The curve shifted higher again as overall benchmark MGS/GII yields rose between 0-12bps across (save for the 20Y MGS/GII), amid a 15% decrease in secondary market volume @ RM2.87b. **The 5Y benchmark MGS 11/26 yield edged 1bps up to 3.75% whilst the 10Y benchmark MGS 7/32 yield rose 5bps to 4.21%.** Interest was mainly seen in the off-the-run 22's, 35's and also 3Y GII, 10Y MGS/GII. GII transactions sustained to form 28% of overall trades. Elsewhere, the MYR is seen to drift weaker as inflationary conditions remain elevated similar to what is being experienced in many countries worldwide. Meanwhile, the economic calendar is light for this week.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw investor interest emerge on Wednesday, driven by attractive relative spreads. Interest was seen along the AAA to single-A part of the curve spanning across 25 names. Overall yields closed mostly mixed-to-higher amid a 73% jump in secondary market volume @ RM290m. There were no govt-guaranteed trades. The semi-quasi AAA-rated CAGA 1/25 moved 3bps higher to 3.90% whilst the 4/25 tranche made its debut trade at 3.90%; about 2bps lower than its coupon issued in April. TNB Power Gen saw a slew of tranches traded with the 6/42 edging 2bps up at 5.18% whilst the 2032 and 2037 tranches made their foray into the secondary market for the 1st time. AA-rated Southern Power jumped 41bps higher to 3.28%. Meanwhile, the banking/finance space saw Hong Leong group dominate trades with HLF 2117NC24 perps together with the 28NC23 bonds spiking 50-54bps to 4.12% and 3.43% respectively; notching RM110m in total trades. AEON Credit 2/27 meantime rose 13bps to 3.43%

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	08/22	2.004	42	1.950	31/05/2022	5
MGS	09/22	2.054	122	1.984	31/05/2022	7
MGS	03/23	2.544	27	2.583	31/05/2022	-4
MGS	04/23	2.483	28	2.552	31/05/2022	-7
MGS	08/23	2.740	33	2.908	31/05/2022	-17
MGS	06/24	3.068	32	3.209	31/05/2022	-14
MGS	07/24	3.390	112	3.350	31/05/2022	4
MGS	03/25	3.477	93	3.463	31/05/2022	1
MGS	09/25	3.605	25	3.609	31/05/2022	0
MGS	11/26	3.751	13	3.739	31/05/2022	1
MGS	05/27	3.801	69	3.779	31/05/2022	2
MGS	11/27	3.899	77	3.799	31/05/2022	10
MGS	06/28	3.921	4	3.911	31/05/2022	1
MGS	04/29	4.084	144	4.043	31/05/2022	4
MGS	08/29	4.075	32	4.043	31/05/2022	3
MGS	04/30	4.128	4	4.100	31/05/2022	3
MGS	04/31	4.184	101	4.100	31/05/2022	8
MGS	06/31	4.192	10	4.178	31/05/2022	1
MGS	07/32	4.213	274	4.165	31/05/2022	5
MGS	04/33	4.308	3	4.290	31/05/2022	2
MGS	07/34	4.518	11	4.532	31/05/2022	-1
MGS	05/35	4.565	706	4.542	31/05/2022	2
MGS	04/37	4.556	3	4.505	31/05/2022	5
MGS	05/40	4.606	7	4.648	31/05/2022	-4
MGS	10/42	4.661	6	4.613	31/05/2022	5
MGS	06/50	4.924	101	4.867	31/05/2022	6
GII	05/23	2.613	32	2.581	31/05/2022	3
GII	05/24	3.281	1	3.245	31/05/2022	4
GII	10/24	3.330	62	3.344	31/05/2022	-1
GII	08/25	3.505	52	3.495	31/05/2022	1
GII	10/25	3.513	174	3.510	31/05/2022	0
GII	09/27	3.815	40	3.787	31/05/2022	3
GII	10/28	4.047	64	4.006	31/05/2022	4
GII	07/29	4.064	1	4.056	31/05/2022	1
GII	10/30	4.167	1	4.179	31/05/2022	-1
GII	10/32	4.247	230	4.186	31/05/2022	6
GII	08/33	4.210	28	4.299	31/05/2022	-9
GII	07/36	4.581	11	4.543	31/05/2022	4
GII	08/37	4.579	7	4.671	26/05/2022	-9
GII	09/39	4.580	1	4.726	31/05/2022	-15
GII	09/41	4.574	64	4.662	31/05/2022	-9
GII	11/49	4.905	26	4.783	31/05/2022	12
GII	05/52	4.976	1	4.922	31/05/2022	5
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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*
Cagamas Berhad	01/25	AAA	3.899	10	3.869	26/05/2022	3	42
Cagamas Berhad	04/25	AAA	3.901	30	-	-	-	42
TNB Power Generation Sdn Berhad	06/32	AAA	4.680	5	-	-	-	47
TNB Power Generation Sdn Berhad	06/37	AAA	5.030	20	-	-	-	48
TNB Power Generation Sdn Berhad	06/42	AAA	5.180	10	5.160	31/05/2022	2	53
Kuala Lumpur Kepong Berhad	09/22	AA1	2.614	4	2.624	27/05/2022	-1	-1
Sabah Development Bank Berhad	07/24	AA1	4.501	1	4.092	25/05/2022	41	119
RHB Bank Berhad	10/25	AA2	4.159	5	4.181	31/05/2022	-2	68
Hong Leong Financial Group Berhad	06/28	AA2	3.432	40	2.893	17/11/2021	54	-49
Malaysia Airport Holdings Berhad	12/14	AA2	4.912	10	5.135	18/05/2022	-22	27
SP Setia Berhad	06/28	AA	4.909	4	4.158	10/03/2022	75	98
AEON Credit Service (M) Berhad	02/27	AA3	4.608	35	4.481	21/04/2022	13	84
PONSB Capital Berhad	12/28	AA3	4.999	1	5.048	27/04/2022	-5	94
Public Bank Berhad	06/18	AA3	3.542	20	3.540	30/05/2022	0	-111
Southern Power Generation Sdn Berhad	04/23	AA-	3.281	10	2.872	08/02/2022	41	66
UEM Sunrise Berhad	06/23	AA-	3.868	2	3.879	26/05/2022	-1	124
UEM Sunrise Berhad	09/26	AA-	5.360	2	4.878	28/02/2022	48	171
AmBank (M) Berhad	03/28	A1	3.800	1	3.496	09/05/2022	30	-13
MNRB Holdings Berhad	03/29	A1	4.414	2	4.102	14/10/2021	31	35
Hong Leong Financial Group Berhad	11/17	A1	4.115	70	3.619	30/05/2022	50	-53
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	04/27	A+	4.359	3	4.359	31/05/2022	0	59
Tropicana Corporation Berhad	06/23	A+	5.495	1	5.399	31/05/2022	10	287
DRB-Hicom Berhad	08/25	A+	4.428	1	4.008	28/04/2022	42	94
YNH Property Berhad	08/19	-	6.089	2	6.704	31/05/2022	-61	144
YNH Property Berhad	08/19	-	6.192	1	6.671	30/05/2022	-48	155
				<u>290</u>				

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

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

Source: RAM, MARC

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