

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- USTs ended steady last Friday i.e. the last day of 2021; with a slight deviation from prior day as futures volumes dictated the pace. The curve ended marginally flatter with overall benchmark yields closing between a mere -1 to +1bps across. **The UST 2Y yield edged 1bps up at 0.70% whilst the much-watched 10Y settled within 1bps higher at 1.51%.** Some volatility was seen in prior days leading to the year-end closing as both the Fed and ECB paused bond-buying until the new year. The Fed's purchases of USTs at a tapered pace of \$60b per month are set to resume on the 3<sup>rd</sup> of January with coupon auctions commencing on the 11<sup>th</sup> of January. Steadier bond yields were seen "making an effort" to undo the impact of the Omicron variant. Expect some attention to shift to the release of Markit US manufacturing data for December tonight followed by ISM manufacturing tomorrow.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.70	1
5-yr UST	1.25	0
10-yr UST	1.51	0
30-yr UST	1.90	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.81	0	2.90	0
5-yr	3.16	2	3.21	-2
7-yr	3.39	-3	3.32	0
10-yr	3.56	-4	3.62	2
15-yr	3.94	3	3.93	-2
20-yr	4.09	-2	4.14	0
30-yr	4.18	0	4.50	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.18	-1
3-yr	2.74	0
5-yr	2.94	-2
7-yr	3.19	-2
10-yr	3.38	-1

Source : Bloomberg

##### MGS/GII

- Local govies saw muted demand on the last trading day of 2021 with wider-than-usual bid/offer spreads. Benchmark MGS/GII yields closed mostly mixed i.e. between -4 to +3bps across the curve amid secondary market volume of RM1.35b. **The 5Y benchmark MGS 11/26 yield edged 2bps up at 3.16% whilst the 10Y benchmark MGS 4/31 yield fell 4bps to 3.56%** compared to prior day's close. Interest was mainly seen in the off-the-run 22-23's and also 15Y. GII formed about 25% of overall trades. Elsewhere, the release of the Markit Malaysia PMI manufacturing today showed a steady increase in levels for December.

##### Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space was tepid with a mere two (2) trades last Friday, amid one of the lowest secondary market volume seen in 2021 @ RM11m. The sole govt-guaranteed trade consisted of DANA 10/31 which declined 8bps compared to previous-done levels at 3.91%. Hong Leong Financial Group 2117NC22 perps however spiked 78bps to 4.09%. Expect appetite to improve this week following the return of more portfolio managers from the year-end festivities.

#### 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	1.743	208	1.729	30/12/2021	1
MGS	03/23	2.156	114	2.220	30/12/2021	-6
MGS	08/23	2.341	1	2.408	30/12/2021	-7
MGS	06/24	2.806	18	2.809	30/12/2021	0
MGS	07/24	2.840	3	2.842	30/12/2021	0
MGS	03/25	2.922	1	2.867	22/12/2021	6
MGS	09/25	2.996	20	3.023	30/12/2021	-3
MGS	04/26	3.096	1	3.099	30/12/2021	0
MGS	11/26	3.157	66	3.138	30/12/2021	2
MGS	03/27	3.244	2	3.252	30/12/2021	-1
MGS	05/27	3.220	35	3.245	30/12/2021	-2
MGS	06/28	3.385	34	3.419	30/12/2021	-3
MGS	08/29	3.545	46	3.584	30/12/2021	-4
MGS	04/31	3.563	132	3.603	30/12/2021	-4
MGS	06/31	3.633	13	3.635	30/12/2021	0
MGS	04/33	3.849	1	3.845	30/12/2021	0
MGS	07/34	3.904	3	3.874	30/12/2021	3
MGS	05/35	3.935	207	3.906	30/12/2021	3
MGS	06/38	4.053	29	4.100	30/12/2021	-5
MGS	05/40	4.092	61	4.109	30/12/2021	-2
MGS	09/43	4.211	1	4.281	30/12/2021	-7
MGS	07/48	4.296	7	4.300	30/12/2021	0
MGS	06/50	4.178	4	4.178	30/12/2021	0
GII	03/22	1.740	25	1.700	30/12/2021	4
GII	11/23	2.321	15	2.367	30/12/2021	-5
GII	10/24	2.898	15	2.904	30/12/2021	-1
GII	03/26	3.210	2	3.229	30/12/2021	-2
GII	09/26	3.243	25	3.215	21/12/2021	3
GII	10/28	3.430	42	3.440	30/12/2021	-1
GII	10/30	3.623	93	3.600	30/12/2021	2
GII	11/34	3.937	62	4.009	28/12/2021	-7
GII	07/36	3.925	7	3.941	29/12/2021	-2
GII	09/39	4.185	30	4.212	28/12/2021	-3
GII	09/41	4.141	23	4.140	30/12/2021	0
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## Daily Trades : Corp Bonds/ Sukuk

Securities		Rating	Closing	Vol	Previous	Previous	Chg	Spread
			YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*
Hong Leong Financial Group Berhad	11/17	A1	4.09	1	3.31	22/12/2021	78	-2
DanaInfra Nasional Berhad	10/31	GG	3.91	10	3.99	27/10/2021	-8	33
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\*spread against nearest indicative tenured MGS (Source : BPAM)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Citibank Berhad	Financial institution rating	AAA/Stable/P1	Reaffirmed
Silver Sparrow Berhad	RM515 mil Guaranteed MTN Programme (2011/2023)	AAA(fg)/AAA(bg)/Stable	Reaffirmed
Petroleum Sarawak Berhad	Corporate credit ratings	AAA/Stable/P1	Reaffirmed
Petroleum Sarawak Exploration & Production Sdn Bhd (PSEP)	Multi-Currency Islamic Medium-Term Notes of up to RM15 billion (2021/2051)	AAA/Stable	Reaffirmed
Sabah Development Berhad	Islamic Medium Term Notes Programme of up to RM10.0 bil.	AAA/Stable	Reaffirmed
Hong Leong Assurance's (HLA or the Insurer)	Insurer financial strength (IFS) rating	AA2/Stable/P1	Reaffirmed
	RM2.0 billion Subordinated Notes Programme (2020/-)	AA3/Stable	Reaffirmed

Source: RAM, MARC

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