

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries saw mild oscillations and were somewhat directionless on Thursday; ending mixed ahead of the all-important jobs data release tonight. The curve steepened slightly as overall benchmark yields settled between a mere -1 to +2bps across. **The UST 2Y yield edged 1bps lower to 2.63% whilst the much-watched 10Y closed almost unchanged at 2.91%**. Despite 50bps rate hikes already being priced-into the next two FOMC meetings, it is believed that the labor market report tomorrow will be an important gauge for the FOMC going forward. Investors were seen assessing other labor data like the softer ADP employment change in May along with the low layoffs recorded based on the recent jobless claims report as at 28th May. Fed official Brainard's statement that "it was hard to envision a case which the central bank wouldn't raise rates in September; also saw her not supporting a pause in rate hikes. With a tight labor market having also contributed to inflation pressures, expect attention to shift to the jobs data for May scheduled to be released tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.63	-1
5-yr UST	2.91	-1
10-yr UST	2.91	0
30-yr UST	3.08	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.48	0	3.51	0
5-yr	3.75	0	3.85	4
7-yr	4.13	4	4.15	11
10-yr	4.26	4	4.22	-3
15-yr	4.56	0	4.59	1
20-yr	4.59	0	4.57	0
30-yr	4.93	0	4.80	-11

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.80	1
3-yr	3.62	4
5-yr	3.83	3
7-yr	3.97	1
10-yr	4.12	5

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GIII

- Local govies saw little movements in MGS whereas GII closed mixed in a relatively quiet session, whilst IRS levels ended higher. Overall benchmark MGS/GII yields closed higher between 0-11bps across (save for the 10 Y and 30Y GII), amid a 24% fall in secondary market volume @ RM2.19b. **The 5Y benchmark MGS 11/26 yield closed unchanged at 3.75% whilst the 10Y benchmark MGS 7/32 yield rose 4bps to 4.26%**. Interest was mainly seen in the off-the-run 22's, 29's and also 3Y MGS. GII transactions inched lower to form 26% of overall trades. Elsewhere, traders are expected to price-in a higher peak to the rate cycle in EM Asian markets as they foresee central banks hiking more aggressively.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw decent interest in the GG sector followed by the AAA and subsequently the single-A part of the curve spanning across 20 names in total. Overall yields closed mostly mixed-to-higher amid the sustained secondary market volume @ RM296m. Govt-guaranteed DANA 31-32's declined 18-20bps between 4.46-50% whereas the short-end Turus Pesawat 11/22 rose 24bps to 2.76%. AAA-rated PLUS 36 was well-bid too, resulting in a 8bps decline to 5.00%. TNB Power Gen 6/37 moved 3bps lower to 5.00% as well. Meanwhile, the banking/finance space saw AmBank Islamic 28NC23 jump 36bps higher to 3.87% whilst MBSB Bank rose 22bps to 4.85%. Elsewhere there were several odd-lot transactions that included Genting-related bonds, DRB-Hicom and Hume Cement Industries among others.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	08/22	2.100	124	2.004	01/06/2022	10
MGS	09/22	2.106	211	2.054	01/06/2022	5
MGS	04/23	2.583	50	2.483	01/06/2022	10
MGS	08/23	2.783	26	2.740	01/06/2022	4
MGS	06/24	3.302	87	3.068	01/06/2022	23
MGS	07/24	3.312	62	3.390	01/06/2022	-8
MGS	09/24	3.341	28	3.331	01/06/2022	1
MGS	03/25	3.479	211	3.477	01/06/2022	0
MGS	09/25	3.604	62	3.605	01/06/2022	0
MGS	04/26	3.745	3	3.642	01/06/2022	10
MGS	11/26	3.753	60	3.751	01/06/2022	0
MGS	05/27	3.881	14	3.801	01/06/2022	8
MGS	11/27	3.899	60	3.899	01/06/2022	0
MGS	06/28	3.997	17	3.921	01/06/2022	8
MGS	04/29	4.128	213	4.084	01/06/2022	4
MGS	08/29	4.131	145	4.075	01/06/2022	6
MGS	04/31	4.200	60	4.184	01/06/2022	2
MGS	07/32	4.257	85	4.213	01/06/2022	4
MGS	07/34	4.510	15	4.518	01/06/2022	-1
MGS	05/35	4.584	5	4.565	01/06/2022	2
MGS	06/38	4.662	2	4.639	31/05/2022	2
MGS	05/40	4.697	5	4.606	01/06/2022	9
MGS	07/48	4.931	2	4.890	31/05/2022	4
MGS	06/50	4.925	72	4.924	01/06/2022	0
GII	07/22	2.003	94	1.944	31/05/2022	6
GII	11/22	2.189	50	1.990	10/05/2022	20
GII	11/22	2.320	40	2.299	31/05/2022	2
GII	05/23	2.628	20	2.613	01/06/2022	2
GII	07/23	2.644	31	2.638	31/05/2022	1
GII	11/23	2.876	12	2.989	31/05/2022	-11
GII	05/24	3.355	6	3.281	01/06/2022	7
GII	10/24	3.409	20	3.330	01/06/2022	8
GII	09/27	3.852	90	3.815	01/06/2022	4
GII	10/28	4.153	130	4.047	01/06/2022	11
GII	10/32	4.220	46	4.247	01/06/2022	-3
GII	06/33	4.350	5	4.361	31/05/2022	-1
GII	07/36	4.593	10	4.581	01/06/2022	1
GII	09/39	4.580	1	4.580	01/06/2022	0
GII	11/49	4.796	2	4.905	01/06/2022	-11
GII	05/52	5.026	10	4.976	01/06/2022	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*
Turus Pesawat Sdn Berhad	11/22	GG	2.757	90	2.517	22/04/2022	24	12
DanaInfra Nasional Berhad	02/23	GG	2.759	5	2.252	24/02/2022	51	12
Pengurusan Air SPV Berhad	06/25	GG	3.794	10	3.189	24/02/2022	61	29
Prasarana Malaysia Berhad	12/28	GG	4.339	10	-	-	-	21
DanaInfra Nasional Berhad	10/31	GG	4.461	10	4.659	11/05/2022	-20	26
DanaInfra Nasional Berhad	05/32	GG	4.502	40	4.681	12/05/2022	-18	26
Prasarana Malaysia Berhad	03/35	GG	4.679	40	4.569	27/05/2022	11	10
Cagamas Berhad	05/23	AAA	3.015	5	2.609	01/04/2022	41	38
Malaysia Airport Holdings Berhad	11/30	AAA	4.658	10	4.650	30/05/2022	1	50
Projek Lebuhraya Usahasama Berhad	01/36	AAA	5.000	20	5.079	20/05/2022	-8	42
TNB Power Generation Sdn Berhad	06/37	AAA	4.999	30	5.030	01/06/2022	-3	42
Sabah Development Bank Berhad	05/25	AA1	4.035	2	4.037	31/05/2022	0	54
GENM Capital Berhad	08/25	AA1	4.392	1	4.229	30/05/2022	16	89
Genting RMTN Berhad	11/34	AA1	5.206	1	5.439	01/12/2021	-23	96
AmBank Islamic Berhad	10/28	A1	3.874	10	3.513	31/03/2022	36	-10
Hong Leong Financial Group Berhad	11/17	A1	3.557	1	3.573	31/05/2022	-2	-113
DRB-Hicom Berhad	08/25	A+	4.428	1	4.428	01/06/2022	0	93
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	04/27	A+	4.359	1	4.359	01/06/2022	0	56
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	4.853	10	4.634	31/05/2022	22	61
Hume Cement Industries Berhad	12/23	-	4.049	1	3.732	22/04/2022	32	72
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*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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