

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs experienced a sell-off on the first trading session for the new year amid a heavy IG issuance slate and traders renewing short bets. The IG issuance slate totalled ~\$11b, led by Bank of Nova Scotia's \$3.25b offering. The curve bear-steepened with overall benchmark yields closing between 3-12bps across. **The UST 2Y yield moved 3bps up at 0.73% whilst the much-watched 10Y yield spiked 12bps to 1.63%.** Traders were seen to price in slightly more than a 50% chance of a first rate hike come March 2022 as many believed that the Omicron COVID-19 variant won't shift the Fed's policy in the coming months. Fanning inflationary pressures and a tightening labor market are expected to keep pressure on the central bank to raise interest rates in 2022. Expect some attention to shift to the release of ISM manufacturing for December tonight, following the earlier steady manufacturing PMI forecast yesterday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.73	3
5-yr UST	1.35	10
10-yr UST	1.63	12
30-yr UST	2.03	12

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.80	0	2.88	-2
5-yr	3.17	1	3.22	1
7-yr	3.40	2	3.32	0
10-yr	3.59	2	3.63	0
15-yr	3.92	-2	3.93	0
20-yr	4.10	1	4.14	0
30-yr	4.12	-6	4.47	-3

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.22	3
3-yr	2.78	4
5-yr	2.99	5
7-yr	3.21	2
10-yr	3.40	2

Source : Bloomberg

MGS/GII

- Local govies saw the belly generally weaker whilst both the short and long-ends benefitted from stronger-than-expected bids on the first trading day of 2022. Overall benchmark MGS/GII yields closed mostly mixed i.e. between -6 to +2bps across the curve amid the doubling of secondary market volume @ RM2.79b. **The 5Y benchmark MGS 11/26 yield edged 1bps up at 3.17% whilst the 10Y benchmark MGS 4/31 yield closed 2bps higher at 3.59%** compared to prior day's close. Interest was mainly seen in the off-the-run 22's and also 3Y MGS/GII, 10Y GII and 15Y MGS. 15Y. GII jumped to form 45% of overall trades. Elsewhere the economic calendar remains light for the week.

Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space saw slight improvement in appetite on Monday amid secondary market volume of RM190m. Transactions were seen mainly across the AAA to single-A part of the curve as overall yields closed mixed-to-lower, spanning across 15 names. The sole govt-guaranteed trade consisted of DANA 10/41 which made its debut trade at 4.39%, compared to its coupon of 4.50%. AAA-rated MAHB also saw its 2026, 2028 and 2031 tranches make its debut at 3.87%, 4.14% and 4.25% each. AA-rated toll operator ANIH 11/28 rose 5bps to 4.28% on RM40m in transacted amounts, whilst TBEI 3/25 spiked 37bps to 3.87%. Meanwhile the banking/finance space saw Bank Islam 27NC22 rally 25bps to 2.94%. As mentioned in our brief yesterday, we expect appetite to continue improving this week as more portfolio managers return from the year-end holidays.

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	1.649	465	1.743	31/12/2021	-9
MGS	09/22	1.780	182	1.696	29/12/2021	8
MGS	03/23	2.246	1	2.156	31/12/2021	9
MGS	04/23	2.216	1	2.212	31/12/2021	0
MGS	06/24	2.803	149	2.806	31/12/2021	0
MGS	07/24	2.879	1	2.840	31/12/2021	4
MGS	09/24	2.867	40	2.831	31/12/2021	4
MGS	03/25	2.905	41	2.922	31/12/2021	-2
MGS	09/25	3.015	1	2.996	31/12/2021	2
MGS	04/26	3.120	41	3.096	31/12/2021	2
MGS	07/26	3.130	40	3.166	30/12/2021	-4
MGS	11/26	3.167	16	3.157	31/12/2021	1
MGS	03/27	3.224	1	3.244	31/12/2021	-2
MGS	05/27	3.268	8	3.220	31/12/2021	5
MGS	11/27	3.340	3	3.301	31/12/2021	4
MGS	06/28	3.402	102	3.385	31/12/2021	2
MGS	08/29	3.560	106	3.545	31/12/2021	2
MGS	04/31	3.586	68	3.563	31/12/2021	2
MGS	04/33	3.833	80	3.849	31/12/2021	-2
MGS	07/34	3.901	1	3.904	31/12/2021	0
MGS	05/35	3.916	123	3.935	31/12/2021	-2
MGS	04/37	3.969	4	3.953	31/12/2021	2
MGS	06/38	4.066	8	4.053	31/12/2021	1
MGS	05/40	4.104	20	4.092	31/12/2021	1
MGS	09/43	4.227	1	4.211	31/12/2021	2
MGS	07/48	4.271	8	4.296	31/12/2021	-3
MGS	06/50	4.119	10	4.178	31/12/2021	-6
GII	03/22	1.730	500	1.740	31/12/2021	-1
GII	04/22	1.749	180	1.770	29/12/2021	-2
GII	10/24	2.880	261	2.898	31/12/2021	-2
GII	03/26	3.221	5	3.210	31/12/2021	1
GII	10/28	3.424	60	3.430	31/12/2021	-1
GII	10/30	3.625	193	3.623	31/12/2021	0
GII	11/34	3.947	49	3.937	31/12/2021	1
GII	07/36	3.927	6	3.925	31/12/2021	0
GII	11/49	4.467	20	4.494	27/12/2021	-3
			<u>2794</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread Against MGS*
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)		
DanaInfra Nasional Berhad	10/41	GG	4.385	15	-	-	28
Malaysia Airport Holdings Berhad	12/26	AAA	3.870	25	-	-	72
Malaysia Airport Holdings Berhad	12/28	AAA	4.140	20	-	-	73
Malaysia Airport Holdings Berhad	12/31	AAA	4.250	15	-	-	66
YTL Power International Berhad	06/22	AA1	3.169	10	3.168	22/12/2021	0
Anih Berhad	11/28	AA	4.278	40	4.230	15/12/2021	5
Kedah Cement Sdn Berhad (fka Lafarge Cemr	07/23	AA3	3.247	2	3.253	22/12/2021	-1
Tanjung Bin Energy Sdn Berhad	03/25	AA3	3.873	10	3.507	03/09/2021	37
CIMB Thai Bank Public Company Limited	07/31	AA3	4.140	1	4.278	30/11/2021	-14
AmBank Islamic Berhad	03/27	A1	2.933	10	3.043	14/10/2021	-11
Bank Islam Malaysia Berhad	11/27	A1	2.935	10	3.181	09/06/2021	-25
MCIS Insurance Berhad	12/31	A2	4.675	2	4.850	27/12/2021	-18
IJM Land Berhad	03/19	A2	4.501	1	4.901	20/12/2021	-40
Malakoff Power Berhad	12/23	AA-	3.025	10	2.997	30/11/2021	3
MMC Corporation Berhad	03/28	AA-	4.311	20	4.350	23/12/2021	-4
			<u>190</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
N/A	N/A	N/a	N/A

Source: RAM, MARC

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