

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.20	4
5-yr UST	1.66	8
10-yr UST	1.83	5
30-yr UST	2.14	7

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.80	-2	2.87	-4
5-yr	3.24	-2	3.26	-1
7-yr	3.50	-2	3.44	0
10-yr	3.66	-2	3.70	-1
15-yr	4.03	0	4.16	0
20-yr	4.24	-1	4.29	0
30-yr	4.32	-2	4.45	-2

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.21	-2
3-yr	2.90	0
5-yr	3.13	-4
7-yr	3.35	0
10-yr	3.57	0

Source : Bloomberg

### Upcoming Government Bond Tender

Re-opening of 5Y GII 9/27 on Monday, 7<sup>th</sup> of February 2022

## Fixed Income Daily Market Snapshot

### US Treasuries

- USTs ended weaker on Thursday, influenced by both UK and Eurozone sovereign bonds, post-BOE and ECB hawkish monetary policy meetings. This was in stark contrast to the strength seen in the earlier part of the week. The curve shifted higher as overall benchmark yields rose between 4-8bps across. Bonds **flirted near the 2020 pre-pandemic high, with the UST 2Y yield rising 4bps to 1.20% whilst the much-watched UST 10Y jumped 5bps to close at 1.83%**. The Treasury Department's industry advisory board which recommended to "slow or halt coupon reductions sooner than previously anticipated" has underlined the strong possibility of a imminent slowdown in the pace of treasury auction sizes, especially in the 7-30Y sectors. (Note: the recent refunding announcement saw across-the-board cuts for Feb-Apr in the 7Y and 20Y tenures). Elsewhere, bill auctions were well-sought after as market participants preferred the ultra-short tenors ahead of the March FOMC meeting. Meanwhile, expect attention to shift to the all-important jobs data release for December come tomorrow.

### MGS/GII

- On Monday, local govvnies were generally better-bid; boosted by some confidence following the strength in manufacturing PMI in January. Overall benchmark MGS/GII yields closed lower between 0-2bps across the curve amid steady secondary market volume which maintained at RM2.31b. **Both the 5Y benchmark 11/26 and the 10Y benchmark MGS 7/32 yields yield edged 2bps lower at 3.24% and 3.66% respectively.** Interest was mainly seen in the off-the-run 22's 48's and also 5Y MGS. GII plunged to form ~19% of overall trades. Meanwhile the auction involving the reopening of 5Y GII 9/27 (which was previously an off-the-run) next Monday may see some brisk activity. Nevertheless we expect activity to be subdued ahead of this weekend due to low staffing levels.

### Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space saw drastic reduction in activity on Thursday, as markets re-opened after the first two days of Chinese New Year festivities. Transactions were thinly traded across the the GG-AA part of the curve amid a meagre secondary market volume of RM102m. Overall yields closed mostly higher, spanning across a mere 4 names. There were no govt-guaranteed bond trades. AAA-rated CAGAMAS which made its debut trade, saw RM100m in transacted amounts, closing at 2.47%. The other transactions comprised of several odd-lot denominations such as Tropicana which closed unchanged at 6.10% and SABAH Development Bank spiking 59bps to 4.19%. Alliance Bank too jumped 14bps to 3.65%.

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/22	1.599	309	1.753	31/01/2022	-15
MGS	08/22	1.735	10	1.675	31/01/2022	6
MGS	09/22	1.714	9	1.700	31/01/2022	1
MGS	03/23	2.046	61	2.102	31/01/2022	-6
MGS	04/23	2.094	2	2.162	31/01/2022	-7
MGS	08/23	2.303	24	2.313	31/01/2022	-1
MGS	06/24	2.795	104	2.813	31/01/2022	-2
MGS	07/24	2.854	15	2.860	31/01/2022	-1
MGS	09/24	2.818	4	2.832	31/01/2022	-1
MGS	03/25	2.978	6	3.015	31/01/2022	-4
MGS	09/25	3.024	30	3.073	31/01/2022	-5
MGS	04/26	3.194	51	3.195	31/01/2022	0
MGS	07/26	3.261	6	3.284	31/01/2022	-2
MGS	11/26	3.244	274	3.265	31/01/2022	-2
MGS	03/27	3.305	3	3.370	31/01/2022	-6
MGS	05/27	3.422	13	3.405	31/01/2022	2
MGS	11/27	3.399	91	3.467	31/01/2022	-7
MGS	06/28	3.497	82	3.520	31/01/2022	-2
MGS	08/29	3.655	8	3.634	31/01/2022	2
MGS	04/30	3.726	7	3.706	31/01/2022	2
MGS	04/31	3.708	6	3.693	31/01/2022	2
MGS	07/32	3.657	314	3.677	31/01/2022	-2
MGS	04/33	3.940	131	3.946	31/01/2022	-1
MGS	11/33	3.950	1	3.955	31/01/2022	0
MGS	07/34	4.015	13	4.008	31/01/2022	1
MGS	05/35	4.033	7	4.029	31/01/2022	0
MGS	04/37	4.080	5	4.060	31/01/2022	2
MGS	05/40	4.240	28	4.248	31/01/2022	-1
MGS	09/43	4.355	2	4.395	31/01/2022	-4
MGS	03/46	4.463	4	4.430	31/01/2022	3
MGS	07/48	4.504	241	4.476	31/01/2022	3
GII	03/22	1.651	40	1.631	31/01/2022	2
GII	04/22	1.652	41	1.652	31/01/2022	0
GII	05/23	2.185	23	2.201	31/01/2022	-2
GII	07/23	2.180	137	2.134	31/01/2022	5
GII	11/23	2.263	4	2.287	31/01/2022	-2
GII	10/24	2.867	62	2.904	31/01/2022	-4
GII	08/25	3.138	5	3.134	31/01/2022	0
GII	03/26	3.257	11	3.271	31/01/2022	-1
GII	07/29	3.581	30	3.589	31/01/2022	-1
GII	10/30	3.695	87	3.700	31/01/2022	-1
GII	11/34	4.043	3	4.043	28/01/2022	0
GII	09/41	4.292	1	4.288	31/01/2022	0
GII	11/49	4.448	4	4.450	31/01/2022	0
			<u>2307</u>			

## 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*
Cagamas Berhad	02/23	AAA	2.470	100	-	-	47
Sabah Development Bank Berhad	07/24	AA1	4.185	1	3.595	23/12/2021	178
Alliance Bank Malaysia Berhad	10/30	A2	3.645	1	3.510	28/01/2022	-1
Tropicana Corporation Berhad	09/19	A	6.098	1	6.099	31/01/2022	185
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\*spread against nearest indicative tenured MGS (Source: BPAM)

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<b>Rating Action</b>			
<b>Issuer</b>	<b>PDS Description</b>	<b>Rating/Outlook</b>	<b>Action</b>
Nil	Nil	Nil	Nil

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Source: RAM, MARC

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