

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- USTs saw the long-end cheaper for the 2nd straight session on traders expectations that the Fed may raise interest rates at least three (3) times in 2022. The continued heavy supply of new corporate bonds totaling ~\$20b, following Monday's ~\$11b, was also a telling factor that weighed on the curve. The curve steepened (i.e. consistent with expectations for Fed rate increases) as overall benchmark yields closed higher between 0-4bps across. **The UST 2Y yield settled almost unchanged at 0.73% whilst the much-watched 10Y yield edged 2bps higher at 1.65%.** Concerns over inflation and accelerated Fed tightening has outweighed omicron variant concerns; resulting in the highest volatility i.e. swings for USTs in the past two (2) years compared to equities. Expect some attention to shift to the release of December's private payrolls tonight followed by the FOMC meeting minutes tomorrow.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.73	0
5-yr UST	1.35	0
10-yr UST	1.65	2
30-yr UST	2.07	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.84	3	2.92	4
5-yr	3.21	4	3.25	2
7-yr	3.43	2	3.34	2
10-yr	3.62	3	3.65	3
15-yr	3.93	1	3.90	-3
20-yr	4.15	4	4.17	3
30-yr	4.24	12	4.45	-2

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.23	1
3-yr	2.81	2
5-yr	3.03	3
7-yr	3.25	4
10-yr	3.45	5

Source : Bloomberg

#### Upcoming Government Bond Tender

Re-opening of RM5.0b of 5Y MGS 11/26 on Thursday, 6<sup>th</sup> January 2022

##### MGS/GII

- Local govies ended weaker across most tenures, influenced by higher IRS levels. Overall benchmark MGS/GII yields closed mostly higher between 1-4bps across the curve (save for odd-lot closing trade in the 30Y MGS, 15Y, 30Y GII) amid a 14% rise in secondary market volume @ RM3.19b. **The 5Y benchmark MGS 11/26 yield jumped 4bps to 3.21% whilst the 10Y benchmark MGS 4/31 yield rose 3bps to 3.62%** compared to prior day's close. Interest was mainly seen again in the 3Y MGS/GII and 10Y MGS/GII. GII maintained to form ~42% of overall trades. We note that the two-vs-five year spreads for Malaysia, Indonesia and Philippines are higher than other EM counterparts as these central banks have prioritized growth over inflation. Expect attention to shift to the first auction of the year this Thursday, consisting of the 5Y MGS.

##### Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space saw further improvement in investor activity on Tuesday amid higher secondary market volume @ RM326m. Transactions were seen mainly across the GG-AA part of the curve as overall yields closed mixed, spanning across 19 names. Govt-guaranteed DANA 10/23 and 5/32 closed 2-8bps lower compared to previous-done levels at 2.52% and 3.92% respectively. AAA-rated TNB Western hogged the limelight with the 2029 and 2030 tranches exchanging hands between 4.05-15% levels. AA-rated Fortune Premier 9/23 jumped 26bps to 3.39% whereas MALAKOFF 12/22 transacted RM70m, declining 6bps to 2.73%. Meanwhile the banking/finance space BPMB 6/31 end 27bps higher at 4.08% whilst CIMB Group Holdings 6/22 moved 3bps lower to 2.25%.

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/22	1.728	155	1.649	03/01/2022	8
MGS	09/22	1.813	2	1.780	03/01/2022	3
MGS	03/23	2.192	111	2.246	03/01/2022	-5
MGS	08/23	2.390	5	2.432	03/01/2022	-4
MGS	06/24	2.836	465	2.803	03/01/2022	3
MGS	03/25	2.921	30	2.905	03/01/2022	2
MGS	09/25	3.000	7	3.015	03/01/2022	-2
MGS	11/26	3.211	109	3.167	03/01/2022	4
MGS	05/27	3.298	55	3.268	03/01/2022	3
MGS	11/27	3.321	17	3.340	03/01/2022	-2
MGS	06/28	3.427	89	3.402	03/01/2022	2
MGS	08/29	3.577	85	3.560	03/01/2022	2
MGS	04/30	3.630	77	3.524	03/01/2022	11
MGS	04/31	3.619	447	3.586	03/01/2022	3
MGS	06/31	3.668	25	3.598	03/01/2022	7
MGS	04/33	3.855	72	3.833	03/01/2022	2
MGS	07/34	3.940	20	3.901	03/01/2022	4
MGS	05/35	3.925	10	3.916	03/01/2022	1
MGS	05/40	4.148	59	4.104	03/01/2022	4
MGS	03/46	4.352	3	4.262	03/01/2022	9
MGS	06/50	4.235	11	4.119	03/01/2022	12
GII	03/22	1.779	80	1.730	03/01/2022	5
GII	04/22	1.771	55	1.749	03/01/2022	2
GII	05/23	2.291	93	2.344	21/12/2021	-5
GII	11/23	2.365	18	2.321	31/12/2021	4
GII	10/24	2.916	751	2.880	03/01/2022	4
GII	03/26	3.246	72	3.221	03/01/2022	2
GII	07/27	3.343	20	3.379	16/12/2021	-4
GII	09/27	3.345	1	3.322	30/12/2021	2
GII	10/28	3.456	48	3.424	03/01/2022	3
GII	10/30	3.651	123	3.625	03/01/2022	3
GII	11/34	3.974	20	3.947	03/01/2022	3
GII	07/36	3.897	3	3.927	03/01/2022	-3
GII	09/41	4.166	1	4.141	31/12/2021	3
GII	11/49	4.449	45	4.467	03/01/2022	-2
			<u>3185</u>			

## 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*	
DanaInfra Nasional Berhad	10/23	GG	2.519	45	2.539	28/12/2021	-2	18
DanaInfra Nasional Berhad	05/32	GG	3.918	10	4.000	24/11/2021	-8	28
Cagamas Berhad	04/22	AAA	2.083	10	2.063	18/08/2021	2	23
TNB Western Energy Berhad	01/29	AAA	4.047	30	4.049	16/12/2021	0	61
TNB Western Energy Berhad	07/29	AAA	4.098	20	3.749	19/04/2021	35	56
TNB Western Energy Berhad	01/30	AAA	4.147	20	4.167	10/11/2021	-2	61
Bank Pembangunan Malaysia Berhad	06/31	AAA	4.078	10	3.809	27/09/2021	27	49
CIMB Group Holdings Berhad	06/22	AA1	2.248	5	2.280	21/12/2021	-3	39
Sabah Development Bank Berhad	12/23	AA1	3.263	2	3.675	09/12/2021	-41	93
GENM Capital Berhad	08/25	AA1	4.131	1	4.131	29/12/2021	0	109
Fortune Premiere Sdn Berhad	09/23	AA	3.393	50	3.133	28/09/2021	26	106
Kedah Cement Sdn Berhad (fka Lafarge Cem	01/23	AA3	3.053	30	4.271	06/11/2020	-122	120
Hong Leong Assurance Berhad	12/25	AA3	4.148	10	-	-	-	111
PONSB Capital Berhad	12/28	AA3	4.861	10	-	-	-	142
Malakoff Power Berhad	12/22	AA-	2.730	70	2.790	04/06/2021	-6	87
Alliance Bank Malaysia Berhad	10/30	A2	3.599	1	3.745	20/12/2021	-15	1
MCIS Insurance Berhad	12/31	A2	4.674	2	4.675	03/01/2022	0	104
YNH Property Berhad	08/19	-	6.096	1	6.464	28/12/2021	-37	197
Cypark Renewable Energy Sdn Berhad	09/20	-	7.004	1	6.848	02/12/2021	16	288
				<u>326</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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