

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.65	-13
5-yr UST	3.02	0
10-yr UST	2.94	-4
30-yr UST	3.01	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.49	-9	3.48	-2
5-yr	3.92	1	4.05	-1
7-yr	4.43	-2	4.35	-4
10-yr	4.38	-6	4.41	-6
15-yr	4.83	-3	4.82	-1
20-yr	4.93	0	4.91	-9
30-yr	5.01	4	4.99	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.52	2
3-yr	3.48	4
5-yr	3.88	2
7-yr	4.07	2
10-yr	4.29	2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries saw the front-end rally on Wednesday helped by a flurry of short-covering and dip-buying following no surprises by the FOMC decision on the expected rate hike of 50bps. Overall benchmark yields declined between 0-13bps across save for the long bond. The curve steepened as the **UST 2Y yield rallied 13bps to 2.65% whilst the much-watched UST 10Y yield closed 4bps lower at 2.94%**. Whilst the FOMC did what was expected, it also announced the commencement of the balance sheet runoff effective 1st June that would comprise an intital combined monthly pace of reduction totaling \$47.5b over 3 months followed by an increase to \$95b as initially planned. Elsewhere, traders are paring bets on the Fed’s earlier perceived aggressive policy tightening as Fed Chair Powell pushed back larger 75bps hike in the near future. Expect attention to shift to the release of jobless claims tonight followed by the all-important jobs data tomorrow.

MGS/GIII

- Local govies ended steadier last Friday, brushing aside the climb seen in IRS. Overall benchmark MGS/GII yields closed lower between 0-9bps (save for the 30Y MGS), amid decent secondary market volume of RM3.56b. **The 5Y benchmark MGS 11/26 yield edged 1bps up to 3.92% whilst the 10Y MGS 7/32 10Y declined 6bps to 4.38% instead.** Trades were mainly seen in the off-the-run 23-25’s and also benchmark 5Y, 7Y MGS. GII trades fell to form 20% of overall transactions. It is believed that the wariness of BNM over potential downside risks to the economic growth has seen it maintain its current monetary policy stance. Elsewhere, although stock ETF’s concentrated in the EM space contracted partly due to cocerns over China’s COVID contagion, bond funds were seen rising. Meanwhile, the economic calendar remains light for this week.

Corp Bonds/Sukuk

- Last Friday which coincided with the last trading day of the month, saw activity fizzle out in the the Corporate Bonds/Sukuk space as investors were reluctant to take on fresh positions. Interest was mainly seen in the AAA-AA part of the curve. Overall yields closed mostly higher, spanning across a mere 16 names amid secondary market volume of RM209m. The sole government guaranteed trade consisted of KHAZA 8/23 which jumped 20bps higher compared to previous-done levels at 2.92%. AAA-rated PASB 26’s too spiked 45-54bps between 4.07-09% area. AA-rated energy-related bonds reNIKOLA 5/38 rose 44bps as well to 5.61%. Meanwhile, the banking/finance space saw PUBLIC 29NC24 rise 54bps to 3.88%. Credit 2/27 close 39bps higher at 4.48%. There were several odd-lot transactions that were done in EDRA, SAMALAJU and DRB-HICOM 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	1.741	40	1.822	28/04/2022	-8
MGS	09/22	1.672	17	1.748	28/04/2022	-8
MGS	03/23	2.436	210	2.498	28/04/2022	-6
MGS	04/23	2.598	53	2.465	28/04/2022	13
MGS	08/23	2.612	34	2.587	28/04/2022	2
MGS	06/24	3.410	60	3.477	28/04/2022	-7
MGS	07/24	3.476	5	3.494	28/04/2022	-2
MGS	09/24	3.463	126	3.518	28/04/2022	-5
MGS	03/25	3.490	95	3.582	28/04/2022	-9
MGS	09/25	3.766	198	3.781	28/04/2022	-2
MGS	04/26	3.878	14	3.885	28/04/2022	-1
MGS	07/26	3.925	22	3.938	28/04/2022	-1
MGS	11/26	3.920	202	3.914	28/04/2022	1
MGS	05/27	4.096	6	4.195	28/04/2022	-10
MGS	11/27	4.152	27	4.128	28/04/2022	2
MGS	06/28	4.277	482	4.333	28/04/2022	-6
MGS	04/29	4.428	309	4.444	28/04/2022	-2
MGS	08/29	4.547	115	4.526	28/04/2022	2
MGS	04/30	4.577	34	4.460	28/04/2022	12
MGS	04/31	4.585	99	4.537	28/04/2022	5
MGS	06/31	4.574	45	4.610	28/04/2022	-4
MGS	04/32	4.633	3	4.342	20/04/2022	29
MGS	07/32	4.379	168	4.443	28/04/2022	-6
MGS	04/33	4.705	31	4.701	27/04/2022	0
MGS	11/33	4.767	5	4.699	28/04/2022	7
MGS	07/34	4.848	58	4.808	28/04/2022	4
MGS	05/35	4.906	82	4.892	28/04/2022	1
MGS	04/37	4.827	81	4.861	28/04/2022	-3
MGS	06/38	4.829	3	4.930	28/04/2022	-10
MGS	05/40	4.953	43	4.981	28/04/2022	-3
MGS	10/42	4.930	154	4.926	28/04/2022	0
MGS	09/43	5.014	4	4.961	27/04/2022	5
MGS	03/46	4.996	2	5.044	28/04/2022	-5
MGS	06/50	5.005	14	4.962	28/04/2022	4
GII	11/23	2.535	1	2.560	26/04/2022	-2
GII	05/24	3.423	1	3.407	27/04/2022	2
GII	08/24	3.500	210	3.496	28/04/2022	0
GII	10/24	3.482	116	3.501	28/04/2022	-2
GII	08/25	3.738	4	3.545	21/04/2022	19
GII	07/27	4.160	21	4.065	25/04/2022	9
GII	09/27	4.046	11	4.058	28/04/2022	-1
GII	10/28	4.351	77	4.387	28/04/2022	-4
GII	07/29	4.504	45	4.424	27/04/2022	8
GII	10/30	4.535	2	4.542	28/04/2022	-1
GII	10/32	4.410	43	4.471	28/04/2022	-6
GII	08/33	4.663	1	4.731	28/04/2022	-7
GII	07/36	4.818	154	4.830	28/04/2022	-1
GII	09/41	4.908	34	5.000	27/04/2022	-9
			<u>3562</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*
Khazanah Nasional Berhad	08/23	GG	2.918	80	2.718	21/04/2022	20	46
Pengurusan Air SPV Berhad	02/26	AAA	4.067	20	3.523	17/01/2022	54	32
Pengurusan Air SPV Berhad	06/26	AAA	4.088	20	3.637	01/03/2022	45	34
Small Medium Enterprise Development Bank Malaysia Be	07/26	AAA	4.226	2	4.066	22/04/2022	16	48
YTL Corporation Berhad	04/23	AA1	3.944	10	3.940	28/04/2022	0	148
Sabah Development Bank Berhad	07/26	AA1	4.441	1	4.904	27/04/2022	-46	69
Public Bank Berhad	12/29	AA1	3.877	30	3.334	03/03/2022	54	-59
Samalaju Industrial Port Sdn Berhad	12/29	AA1	4.960	2	4.297	06/01/2022	66	49
Edra Energy Sdn Berhad	07/31	AA3	4.959	1	4.301	07/02/2022	66	47
reNIKOLA Solar Sdn Berhad	05/38	AA3	5.610	30	5.170	04/04/2022	44	75
UEM Sunrise Berhad	12/22	AA-	3.503	10	3.409	20/04/2022	9	104
Konsortium KAJV Sdn Bhd	05/23	AA-	4.652	1	4.398	25/03/2022	25	219
TG Excellence Berhad	02/20	AA-	4.479	0	4.476	26/04/2022	0	-44
DRB-Hicom Berhad	12/22	A+	4.961	1	3.521	15/04/2022	144	250
DRB-Hicom Berhad	08/25	A+	4.008	1	4.422	14/04/2022	-41	45
MCIS Insurance Berhad	12/31	A2	5.149	0	4.501	14/03/2022	65	77
Eco World Capital Services Berhad	03/26	-	5.544	1	5.167	26/04/2022	38	179
				<u>209</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Special Coral Sdn Bhd	RM250.0 million Senior Class A Medium-Term Notes (MTN)	AAA/Stable	Affirmed
	RM50.0 million Senior Class B MTN	AA/Stable	Affirmed
	RM800.0 million Subordinated Class MTN	B-/Stable	Affirmed
Sarawak Petchem Sdn Bhd	Proposed RM6.0 bil Islamic Medium-Term Notes Programme (proposed Sukuk Wakalah	AAA(s)/Stable	Assigned

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.