

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- USTs plunged last Friday after strong payrolls data showed that the US economy added 467k jobs; i.e. way higher than the consensus of 150k polled in earlier forecasts. The curve took a bear-flattening stance as overall benchmark yields rose between 6-12bps across. Bonds even went passed the 2020 pre-pandemic high, with the **UST 2Y yield spiking 12bps to 1.31% whilst the much-watched UST 10Y jumped 8bps to close at 1.91%**. Wall street too tumbled initially on the jobs data as speculation mounted over the possibility of a 50bps rate hike in the March FOMC meet. Elsewhere, The Treasury's refunding exercise saw coupon auction sizes trimmed by \$111b during the February-April quarter. Bond bears are expected to be further tested by upcoming consumer price/inflation reports and also recent hawkish repricing of European bond markets. Meanwhile, expect attention to shift to the January inflation data release come Thursday, the 10<sup>th</sup> of February.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.31	12
5-yr UST	1.77	10
10-yr UST	1.91	8
30-yr UST	2.21	6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.83	3	2.87	0
5-yr	3.27	2	3.26	0
7-yr	3.50	0	3.42	-2
10-yr	3.66	1	3.73	4
15-yr	4.03	0	4.16	0
20-yr	4.26	1	4.29	0
30-yr	4.34	1	4.43	-4

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.24	3
3-yr	2.91	1
5-yr	3.16	3
7-yr	3.35	0
10-yr	3.57	0

Source : Bloomberg

##### Upcoming Government Bond Tender

Re-opening of RM5.0b 5Y GII 9/27 on Monday, 7<sup>th</sup> of February 2022

##### MGS/GIII

- Last Friday, local govies lost some momentum and were seen mostly pressured ahead of the weekend and also due to the surprise announcement of larger-than-expected issuance size for the 5Y GII auction later today. Overall benchmark MGS/GII yields closed higher between 0-4bps across the curve; save for the 7Y and 30Y GII amid the plunge in secondary market volume to a mere RM947m. **The 5Y benchmark 11/26 yield edged 2bps higher at 3.27% whilst the 10Y benchmark MGS 7/32 inched 1bps up at 3.66%**. Interest was mainly seen in the off-the-run 22's and also the 5Y MGS. GII trades rose to form ~28% of overall transactions. Expect attention to shift to the auction involving the reopening of 5Y GII 9/27 (which was previously an off-the-run) today.

##### Corp Bonds/Sukuk

- Secondary market activity in the Corporate Bonds/Sukuk space was tepid last Thursday due to the lethargy from low staffing levels seen arising from the mid-week Chinese New Year festivities. Transactions were thinly traded across the the GG-AAA part of the curve amid volume of RM72m as overall yields closed mostly higher, spanning across a mere 5 names. The sole govt-guaranteed bond trade consisted of PRASA 3/24 which edged 1bps higher at 2.93%. AAA-rated AMAN 7/22 rose 4bps to 2.26%. The banking space saw AmBank 28NC23 decline 6bps to 3.65%; on RM20m worth of trades. Nevertheless, expect market activity to pick for this week.

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	
MGS	03/22	1.680	154	1.599	03/02/2022	8	
MGS	04/23	2.136	6	2.094	03/02/2022	4	
MGS	06/24	2.825	56	2.795	03/02/2022	3	
MGS	07/24	2.868	12	2.854	03/02/2022	1	
MGS	09/24	2.841	1	2.818	03/02/2022	2	
MGS	03/25	2.995	26	2.978	03/02/2022	2	
MGS	09/25	3.032	2	3.024	03/02/2022	1	
MGS	04/26	3.194	10	3.194	03/02/2022	0	
MGS	07/26	3.263	1	3.261	03/02/2022	0	
MGS	11/26	3.268	214	3.244	03/02/2022	2	
MGS	05/27	3.394	8	3.422	03/02/2022	-3	
MGS	11/27	3.416	13	3.399	03/02/2022	2	
MGS	06/28	3.500	31	3.497	03/02/2022	0	
MGS	08/29	3.649	14	3.655	03/02/2022	-1	
MGS	04/31	3.724	2	3.708	03/02/2022	2	
MGS	07/32	3.663	42	3.657	03/02/2022	1	
MGS	07/34	4.010	4	4.015	03/02/2022	0	
MGS	05/35	4.033	2	4.033	03/02/2022	0	
MGS	04/37	4.044	16	4.080	03/02/2022	-4	
MGS	06/38	4.200	1	4.221	03/02/2022	-2	
MGS	05/40	4.255	10	4.240	03/02/2022	1	
MGS	07/48	4.476	30	4.504	03/02/2022	-3	
MGS	06/50	4.338	26	4.323	03/02/2022	1	
GII	03/22	1.562	36	1.651	03/02/2022	-9	
GII	04/22	1.547	41	1.652	03/02/2022	-11	
GII	11/23	2.308	4	2.263	03/02/2022	4	
GII	03/26	3.257	17	3.257	03/02/2022	0	
GII	09/27	3.421	58	3.442	03/02/2022	-2	
GII	10/28	3.543	50	3.546	31/01/2022	0	
GII	07/29	3.596	30	3.581	03/02/2022	2	
GII	10/30	3.730	10	3.695	03/02/2022	4	
GII	07/36	4.158	6	4.159	31/01/2022	0	
GII	11/49	4.430	15	4.448	03/02/2022	-2	
			<u>947</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*	
Prasarana Malaysia Berhad	03/24	GG	2.934	40	2.927	21/01/2022	1	53
AmBank (M) Berhad	11/28	A1	3.650	20	3.709	18/06/2021	-6	13
Aman Sukuk Berhad	07/22	AAA	2.264	10	2.223	14/12/2021	4	25
Danga Capital Berhad	02/26	AAA	3.491	1	3.422	25/11/2021	7	39
Mah Sing Group Berhad	04/17	-	6.083	1	5.681	12/01/2022	40	183
			<u>72</u>					

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

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Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

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Source: RAM, MARC

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