

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.48	-5
5-yr UST	1.64	-9
10-yr UST	1.73	-11
30-yr UST	2.16	-6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.73	3	2.80	0
5-yr	3.27	0	3.27	0
7-yr	3.51	-2	3.38	0
10-yr	3.65	-2	3.72	0
15-yr	4.08	1	4.07	2
20-yr	4.20	2	4.27	0
30-yr	4.30	-6	4.36	-13

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.23	0
3-yr	2.85	-2
5-yr	3.12	-2
7-yr	3.30	-4
10-yr	3.55	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries rallied last Friday led by intermediates, following weaker-than-expected wage growth (despite strong hiring and job gains) coupled with stalling growth concerns as oil prices continued to spike. Russia’s capture of Europe’s largest nuclear power plant in Ukraine saw investors seek safety in the haven of bonds. The curve shifted sharply lower as overall benchmark yields ended lower between 5-11 bps. **The UST 2Y yield moved 5bps lower to 1.48% whilst the much-watched UST 10Y rallied 10bps to 1.73%.** The flattening of the yield curve denotes concerns that growth will stall even as inflation remains elevated. The surge in volatility is seen marching close to the highs seen at the onset of COVID-19 pandemic in March 2020. Expect attention to swing between ongoing updates regarding the impact of the Russia-Ukraine crisis on financial institutions headquartered in both US and Europe along with the upcoming US CPI report for February this coming Thursday.

MGS/GII

- Friday’s session saw local govovies buzzing with activity as MGS generally ended mostly weaker save for the benchmark 10Y whilst GII hardly saw deviation from prior day’s yield movements. Nevertheless the ultra long-end govovies ended richer on odd-lot trades though. IRS saw better receiving interest with the mid-tenures ~2-4bps lower. Overall benchmark MGS/GII yields closed mostly mixed i.e. between -2 to +3bps amid a huge 63% jump in secondary market volume @ RM6.26b. **The 5Y benchmark MGS 11/26 yield closed unchanged at 3.27% whilst the 10Y MGS 7/32 yield edged 2bps lower at 3.65%.** Trades were seen extending up to 15Y tenures with interest mainly in the off-the-run 22-23’s, 29’s and also benchmark 7Y,10Y MGS and also 5Y, 15Y GII. GII trades eased to form ~35% of overall transactions. Meanwhile, the 15Y MGS 4/37 auction saw muted participation despite the smaller-than-expected issuance size; on a BTC ratio of 1.986x whilst being awarded at 4.064%.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw better appetite last Friday with interest seen mainly across the GG-AA part of the curve. Overall yields closed mostly mixed-to-higher but surprisingly spanned across 34 names amid a 19% rise in secondary market volume @ RM511m. Govt-guaranteed PR1MA 10/24 edged 1bps lower compared to previous-done levels at 2.99% whilst the long-end PLUS 12/38 settled unchanged at 4.38%. AAA-rated DIGI 9/26 eased 2bps to 3.56%. AA-rated energy-related bonds EDRA 29 closed unchanged at 4.20% whereas PMETAL 10/24 notched RM40m in nominal trades, declining 10bps instead to 3.68%. Meanwhile, the banking/finance space saw MAYBANK 29NC24 edge 1bps down at 2.97%. However, its 31NC26 bonds saw yields fall 3bps to 3.48%.

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/22	3.809	183	1.796	03/03/2022	201
MGS	08/22	1.581	412	1.646	03/03/2022	-6
MGS	09/22	1.644	366	1.750	03/03/2022	-11
MGS	03/23	1.890	316	1.807	03/03/2022	8
MGS	04/23	1.930	10	1.954	03/03/2022	-2
MGS	06/24	2.731	141	2.699	03/03/2022	3
MGS	09/24	2.813	4	2.730	03/03/2022	8
MGS	03/25	2.946	20	2.934	03/03/2022	1
MGS	09/25	3.029	12	3.017	03/03/2022	1
MGS	11/26	3.275	30	3.273	03/03/2022	0
MGS	05/27	3.364	19	3.336	03/03/2022	3
MGS	11/27	3.391	18	3.364	03/03/2022	3
MGS	06/28	3.510	848	3.509	03/03/2022	0
MGS	08/29	3.661	321	3.641	03/03/2022	2
MGS	04/30	3.678	19	3.693	03/03/2022	-2
MGS	04/31	3.709	50	3.714	03/03/2022	0
MGS	07/32	3.646	770	3.668	03/03/2022	-2
MGS	04/33	3.877	43	3.894	03/03/2022	-2
MGS	11/33	3.941	121	3.939	03/03/2022	0
MGS	07/34	4.004	3	4.004	03/03/2022	0
MGS	05/35	4.076	74	4.068	03/03/2022	1
MGS	04/37	3.948	223	4.081	03/03/2022	-13
MGS	06/38	4.180	2	4.192	03/03/2022	-1
MGS	05/40	4.204	52	4.183	03/03/2022	2
MGS	03/46	4.430	3	4.405	03/03/2022	2
MGS	06/50	4.305	11	4.368	03/03/2022	-6
GII	03/22	1.767	70	1.771	03/03/2022	0
GII	04/22	1.752	679	1.762	03/03/2022	-1
GII	07/22	1.660	222	1.705	03/03/2022	-5
GII	10/24	2.800	188	2.801	03/03/2022	0
GII	07/27	3.422	100	3.448	03/03/2022	-3
GII	09/27	3.386	408	3.386	03/03/2022	0
GII	08/28	3.590	1	3.588	09/02/2022	0
GII	10/28	3.602	112	3.593	03/03/2022	1
GII	10/30	3.718	150	3.713	02/03/2022	0
GII	06/33	3.932	60	3.943	03/03/2022	-1
GII	07/36	4.065	200	4.043	03/03/2022	2
GII	11/49	4.362	2	4.492	02/03/2022	-13
			<u>6262</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*	
Lembaga Pembiayaan Perumahan Sektor Awam	04/24	GG	2.850	5	2.945	24/01/2022	-9	44
PR1MA Corporation Malaysia	10/24	GG	2.989	45	3.002	02/03/2022	-1	28
Projek Lebuhraya Usahasama Berhad	12/38	GG	4.379	60	4.380	02/03/2022	0	33
Cagamas Berhad	09/24	AAA	3.052	20	3.088	01/03/2022	-4	34
Cagamas Berhad	10/24	AAA	3.074	40	3.108	01/03/2022	-3	37
Putrajaya Holdings Sdn Berhad	05/25	AAA	3.230	20	2.847	09/09/2021	38	52
DiGi Telecommunications Sdn Berhad	09/26	AAA	3.559	10	3.576	18/02/2022	-2	27
Pengurusan Air SPV Berhad	06/27	AAA	3.743	10	3.774	01/03/2022	-3	45
Danga Capital Berhad	01/28	AAA	3.758	15	3.809	10/02/2022	-5	33
Pengurusan Air SPV Berhad	06/28	AAA	3.846	19	3.888	16/02/2022	-4	41
Pengerang LNG (Two) Sdn Berhad	10/29	AAA	3.828	5	3.093	02/02/2021	74	18
Sabah Development Bank Berhad	08/22	AA1	3.230	5	3.242	03/03/2022	-1	122
Sabah Development Bank Berhad	03/25	AA1	4.184	41	-	-	-	148
Malayan Banking Berhad	01/29	AA1	2.972	30	2.986	28/02/2022	-1	-61
Genting RMTN Berhad	11/29	AA1	5.198	5	4.696	24/09/2021	50	155
Malayan Banking Berhad	01/31	AA1	3.478	50	3.507	15/02/2022	-3	-19
CIMB Group Holdings Berhad	11/30	AA	3.601	30	3.708	07/01/2022	-11	-6
Press Metal Aluminium Holdings Berhad	10/24	AA3	3.683	40	3.786	11/02/2022	-10	98
Edra Energy Sdn Berhad	07/29	AA3	4.198	20	4.200	07/02/2022	0	61
WCT Holdings Berhad	02/25	AA-	4.622	40	4.725	25/10/2021	-10	191
Alliance Bank Malaysia Berhad	10/30	A2	3.505	1	3.614	02/03/2022	-11	-16
				<u>511</u>				

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

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

Source: RAM, MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; 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.