

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries were pressured on Monday and ended weaker with a robust corporate issuance slate pitched as the main reason for the underperformance; followed by concerns over inflation and improved risk appetite. The curve shifted sharply higher as overall benchmark yields settled between 6-9bps higher across. **The UST 2Y yield rose 6bps to 2.72% whilst the much-watched 10Y crossed the 3.0% handle and spiked 9bps to 3.03%.** A stronger-than-expected May jobs report last Friday revealed that the US economy added 390k jobs with the unemployment rate steady at 3.6%. Some weakness is expected to ensue following several coupon issuances that include 10Y and 30Y later this week. Meanwhile, expect attention to shift to the jobless claims report as at 4<sup>th</sup> June on Thursday, followed by the important May inflation data due on Friday.

##### MGS/GII

- Local govvnies closed slightly stronger save for the 15-20Y sector in a relatively quiet session; nudged by lower IRS levels. Overall benchmark MGS/GII yields mostly mixed-to-lower i.e. between -14 to +11bps across, amid the further dwindling of secondary market volume at a mere RM1.76b. **The 5Y benchmark MGS 11/26 yield edged 2bps lower at 3.73% whilst the 10Y benchmark MGS 7/32 yield eased 4bps to 4.21%.** Interest was mainly seen in the off-the-run 22's, 29's and also 3Y MGS. GII transactions sustained to form 25% of overall trades. Elsewhere, quasi-sovereign debt is interestingly seen to command a premium as spreads are tighter than sovereign spreads, making creditors pay a premium for the sector's high credit quality.

##### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw decent interest in the AA sector followed by the GG and subsequently the AAA-part of the curve spanning across more names; i.e. 26 names in total. Overall yields closed mostly mixed-to-higher amid an 18% decrease in secondary market volume @ RM243m. Govt-guaranteed DANA 3/32 and 5/41 spiked 31-60bps compared to previous-done levels to 4.48% and 4.96% each. AAA-rated TOYOTA Cap 24-25's saw different fortunes with the former jumping 29bps to 4.24% whilst the later declined 15bps instead to 4.30%. The AA-space saw energy-related bonds BGSM 9/23 and 8/24 end 31-38bps higher at 3.38% and 3.89%. TG BIN Energy 3/24 spiked the most by 98bps to close at 4.60% whereas the 9/26 tranche closed unchanged at 5.38%. Southern Power 26-27 similarly saw yields spike higher to close between 4.53-64%. Meanwhile, the banking/finance space saw RHB Investment Bank 27NC22 ease 8bps to 3.13%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.72	6
5-yr UST	3.03	9
10-yr UST	3.03	9
30-yr UST	3.19	7

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.44	-4	3.47	-5
5-yr	3.73	-2	3.84	-1
7-yr	4.10	-3	4.06	-9
10-yr	4.21	-4	4.23	1
15-yr	4.59	3	4.59	0
20-yr	4.65	6	4.69	11
30-yr	4.78	-14	4.80	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.79	-1
3-yr	3.59	-3
5-yr	3.80	-3
7-yr	3.94	-3
10-yr	4.09	-3

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	08/22	2.150	191	2.100	02/06/2022	5
MGS	09/22	2.126	182	2.106	02/06/2022	2
MGS	03/23	2.542	137	2.488	02/06/2022	5
MGS	04/23	2.571	134	2.583	02/06/2022	-1
MGS	08/23	2.717	47	2.783	02/06/2022	-7
MGS	06/24	3.271	32	3.302	02/06/2022	-3
MGS	03/25	3.441	222	3.479	02/06/2022	-4
MGS	07/26	3.733	1	3.747	01/06/2022	-1
MGS	11/26	3.729	40	3.753	02/06/2022	-2
MGS	11/27	3.888	1	3.899	02/06/2022	-1
MGS	06/28	3.987	20	3.997	02/06/2022	-1
MGS	04/29	4.100	130	4.128	02/06/2022	-3
MGS	04/30	4.181	27	4.128	01/06/2022	5
MGS	04/31	4.201	1	4.200	02/06/2022	0
MGS	07/32	4.213	111	4.257	02/06/2022	-4
MGS	07/34	4.510	10	4.510	02/06/2022	0
MGS	05/35	4.542	1	4.584	02/06/2022	-4
MGS	04/37	4.585	1	4.556	01/06/2022	3
MGS	05/40	4.697	1	4.697	02/06/2022	0
MGS	10/42	4.649	30	4.661	01/06/2022	-1
GII	07/22	1.985	86	2.003	02/06/2022	-2
GII	11/23	2.888	10	2.876	02/06/2022	1
GII	10/24	3.386	20	3.409	02/06/2022	-2
GII	10/25	3.466	49	3.513	01/06/2022	-5
GII	03/26	3.583	132	3.646	31/05/2022	-6
GII	10/28	4.064	10	4.153	02/06/2022	-9
GII	10/30	4.195	60	4.167	01/06/2022	3
GII	10/32	4.229	30	4.220	02/06/2022	1
GII	09/39	4.580	1	4.580	01/06/2022	0
GII	09/41	4.686	40	4.574	01/06/2022	11
			1757			

## Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread Against MGS*	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)			
Khazanah Nasional Berhad	08/24	GG	3.602	15	3.103	25/01/2022	50	27
DanaInfra Nasional Berhad	03/32	GG	4.478	20	4.169	31/03/2022	31	27
DanaInfra Nasional Berhad	05/41	GG	4.959	20	4.359	11/01/2022	60	30
Toyota Capital Malaysia Sdn Berhad	12/24	AAA	4.239	10	3.946	12/04/2022	29	75
Cagamas Berhad	01/25	AAA	3.882	15	3.899	01/06/2022	-2	40
Toyota Capital Malaysia Sdn Berhad	07/25	AAA	4.300	10	4.452	23/05/2022	-15	82
DiGi Telecommunications Sdn Berhad	09/26	AAA	4.201	20	4.337	19/05/2022	-14	55
Infracap Resources Sdn Berhad	04/31	AAA	4.798	10	4.769	27/05/2022	3	61
TNB Power Generation Sdn Berhad	06/42	AAA	5.120	5	5.180	01/06/2022	-6	46
YTL Power International Berhad	05/27	AA1	5.079	11	5.187	21/04/2022	-11	133
Genting Capital Berhad	06/27	AA1	4.974	2	4.970	11/04/2022	0	123
Benih Restu Berhad	06/25	AA2	4.118	10	3.493	21/02/2022	63	63
Anih Berhad	11/25	AA	4.399	10	3.758	23/02/2022	64	91
BGSM Management Sdn Berhad	09/23	AA3	3.379	10	3.073	26/04/2022	31	75
Tanjung Bin Energy Sdn Berhad	03/24	AA3	4.604	10	3.628	29/03/2022	98	127
BGSM Management Sdn Berhad	08/24	AA3	3.891	10	3.515	21/04/2022	38	56
Tanjung Bin Energy Sdn Berhad	09/26	AA3	5.377	10	5.378	31/05/2022	0	173
AEON Credit Service (M) Berhad	02/27	AA3	4.598	5	4.608	01/06/2022	-1	85
RHB Investment Bank Berhad	10/27	AA3	3.128	10	3.206	27/05/2022	-8	-62
AmBank (M) Berhad	03/31	A1	4.671	6	4.887	12/05/2022	-22	49
Tropicana Corporation Berhad	06/23	A+	5.496	1	5.496	02/06/2022	0	286
Tropicana Corporation Berhad	10/25	A+	5.319	1	5.116	30/05/2022	20	183
Yinson Holdings Berhad	12/26	A+	5.601	2	5.805	19/05/2022	-20	186
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	04/27	A+	4.359	1	4.359	02/06/2022	0	61
Southern Power Generation Sdn Berhad	10/26	AA-	4.528	10	3.965	21/02/2022	56	88
Southern Power Generation Sdn Berhad	10/27	AA-	4.638	10	4.018	18/11/2021	62	89
				<u>243</u>				

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

## Rating Action

Issuer	PDS Description	Rating/Outlook	Action
SPR Energy (M) Sdn Bhd	Senior Sukuk Ijarah of RM580 mil	From AA3/Negative to BBB2/Negative	Downgraded

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.