

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs moved in narrow ranges on Monday with the front-ends steadier; whilst the longer-ends were seen breaching YTD lows. Price action was also seen partially dictated by the deeper sell-off in European government bonds. The curve reversed a little and was steeper instead as overall benchmark yields settled between -2 to +1bps across. **The UST 2Y yield edged 2bps lower at 1.29% whilst the much-watched UST 10Y yield inched upwards by 1bps instead to close at 1.92%.** Elsewhere, Japanese banks which are believed to be mulling selling USTs ahead of their 31st March fiscal year-end may add upward pressure to bond yields going forward. According to CME's Fedwatch Tool, market participants were pricing in ~70% chance of a 25bps rate hike and ~30% probability of a 50bps hike at the Fed's March FOMC meeting. Meanwhile, expect attention to shift to the important January inflation data release this coming Thursday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.29	-2
5-yr UST	1.77	0
10-yr UST	1.92	1
30-yr UST	2.22	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.84	1	2.90	4
5-yr	3.33	7	3.31	5
7-yr	3.54	4	3.48	6
10-yr	3.72	6	3.73	0
15-yr	4.03	0	4.18	2
20-yr	4.26	0	4.31	1
30-yr	4.26	-8	4.43	-4

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.24	0
3-yr	2.92	1
5-yr	3.19	2
7-yr	3.38	2
10-yr	3.60	3

Source : Bloomberg

MGS/GII

- On Monday, local govies continued to be pressured save for the ultra long-ends as sentiment followed lukewarm reception for the 5Y GII auction coupled with rising Omicron cases reported in the nation. Overall benchmark MGS/GII yields closed higher between 0-7bps across the curve; save for both the long-end 30Y MGS/GII, amid a jump in secondary market volume to RM2.65b. **The 5Y benchmark 11/26 yield spiked 7bps higher to 3.33% whilst the 10Y benchmark MGS 7/32 jumped 6bps to 3.72%.** Interest was mainly seen in the off-the-run 22's and 25's. GII trades jumped to form ~42% of overall transactions. The auction involving GII 9/27 saw average bidding metrics with BTC ratio dipping below 2.0x (@ 1.733x for the 1st such auction exercise in 2022) whilst being awarded at 3.495%. Expect attention to shift to the release of industrial production numbers for December today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw vast improvement in secondary market activity on Monday. Transactions were seen across the the GG-AA part of the curve amid a substantial jump in volume of RM316m as overall yields closed mostly mixed-to-higher, spanning across 20 names. The longer-end govt-guaranteed PTPTN 2/34 rose 6bps compared to previous-done levels to 4.16%, whilst PRASA 2/40 spiked 74bps to 4.44%. AA-rated CAHAYA Mata Sarawak 5/22 saw yields rise 12bps to 2.35% whereas IJM 8/28 moved 7bps higher to 4.26%. The banking/finance space saw Hong Leong Financial Group 29NC24 settled 7bps higher at 3.51% whilst RHB Islamic 27NC22 edged 1bps lower instead at 2.66%. MAYBANK 2117NC26 perps eased 2bps lower at 3.65%.

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	03/22	1.655	311	1.680	04/02/2022	-2
MGS	08/22	1.600	474	1.735	03/02/2022	-14
MGS	09/22	1.680	10	1.714	03/02/2022	-3
MGS	03/23	2.085	32	2.046	03/02/2022	4
MGS	04/23	2.052	50	2.136	04/02/2022	-8
MGS	08/23	2.287	1	2.303	03/02/2022	-2
MGS	06/24	2.837	12	2.825	04/02/2022	1
MGS	07/24	2.867	2	2.868	04/02/2022	0
MGS	09/24	2.826	12	2.841	04/02/2022	-2
MGS	03/25	3.011	170	2.995	04/02/2022	2
MGS	09/25	3.066	164	3.032	04/02/2022	3
MGS	04/26	3.156	4	3.194	04/02/2022	-4
MGS	11/26	3.336	93	3.268	04/02/2022	7
MGS	03/27	3.370	1	3.305	03/02/2022	6
MGS	05/27	3.418	3	3.394	04/02/2022	2
MGS	11/27	3.438	1	3.416	04/02/2022	2
MGS	06/28	3.540	45	3.500	04/02/2022	4
MGS	09/28	3.588	1	3.490	07/01/2022	10
MGS	08/29	3.651	34	3.649	04/02/2022	0
MGS	04/30	3.753	11	3.744	04/02/2022	1
MGS	04/31	3.727	1	3.724	04/02/2022	0
MGS	07/32	3.722	22	3.663	04/02/2022	6
MGS	04/33	3.955	1	3.940	03/02/2022	2
MGS	07/34	4.032	4	4.010	04/02/2022	2
MGS	04/37	4.021	10	4.044	04/02/2022	-2
MGS	06/38	4.222	10	4.200	04/02/2022	2
MGS	05/40	4.257	26	4.255	04/02/2022	0
MGS	09/43	4.367	2	4.355	03/02/2022	1
MGS	03/46	4.450	1	4.463	03/02/2022	-1
MGS	07/48	4.491	30	4.476	04/02/2022	1
MGS	06/50	4.260	3	4.338	04/02/2022	-8
GII	03/22	1.606	112	1.562	04/02/2022	4
GII	07/22	1.612	35	1.754	26/01/2022	-14
GII	05/23	2.132	12	2.185	03/02/2022	-5
GII	10/24	2.902	5	2.867	03/02/2022	4
GII	08/25	3.150	1	3.138	03/02/2022	1
GII	03/26	3.308	86	3.257	04/02/2022	5
GII	09/27	3.481	784	3.421	04/02/2022	6
GII	10/28	3.551	12	3.543	04/02/2022	1
GII	06/33	3.980	40	3.953	31/01/2022	3
GII	07/36	4.181	3	4.158	04/02/2022	2
GII	09/41	4.307	17	4.292	03/02/2022	2
			<u>2646</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	09/22	GG	2.165	30	2.172	28/01/2022	-1	16
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	4.161	40	4.096	26/11/2021	6	46
Prasarana Malaysia Berhad	02/40	GG	4.439	60	3.699	16/11/2020	74	18
MUFG Bank (Malaysia) Berhad (fka Bank of Tokyo-Mitsui)	03/23	AAA	2.587	20	2.463	10/12/2021	12	58
Small Medium Enterprise Development Bank Malaysia Berhad	07/26	AAA	3.649	4	3.620	17/01/2022	3	54
GENM Capital Berhad	08/25	AA1	4.329	10	4.129	28/01/2022	20	122
Batu Kawan Berhad	02/32	AA1	4.300	5	-	-	-	60
Celcom Networks Sdn Berhad	08/27	AA+	3.930	10	3.861	15/12/2021	7	51
Hong Leong Financial Group Berhad	06/29	AA2	3.509	20	3.491	24/01/2022	2	-4
CIMB Group Holdings Berhad	09/29	AA	3.479	10	3.407	29/11/2021	7	-15
Cahaya Mata Sarawak Berhad	05/22	AA3	2.352	40	2.232	20/01/2022	12	34
RHB Islamic Bank Berhad	04/27	AA3	2.664	20	2.678	19/01/2022	-1	-66
IJM Corporation Berhad	08/28	AA3	4.258	10	4.191	13/12/2021	7	71
UEM Edgenta Berhad	04/22	AA-	2.607	14	2.556	20/01/2022	5	60
UiTM Solar Power Sdn Berhad	04/29	AA-	5.085	10	4.153	02/10/2020	93	154
Edra Energy Sdn Berhad	07/29	AA3	4.200	1	4.248	23/12/2021	-5	65
Edra Energy Sdn Berhad	01/30	AA3	4.251	1	4.218	19/11/2021	3	63
Edra Energy Sdn Berhad	01/32	AA3	4.350	1	4.339	16/11/2021	1	65
Malayan Banking Berhad	02/17	AA3	3.651	10	3.674	27/01/2022	-2	-61
YNH Property Berhad	08/19	-	6.401	1	6.439	27/01/2022	-4	214
				<u>316</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 & 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

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