

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries rallied on Tuesday on apparent flow-driven trades with swap spreads seen narrowing; with the long-end seeing better demand following a softer-than-expected 3Y note auction. Expectations over the pace at which the Fed will raise interest rates continue to drive volatility. The curve flattened as overall benchmark yields settled between 2-6bps lower across. **The UST 2Y yield edged 2bps down to 2.71% whilst the much-watched 10Y rallied to close 6bps lower at 2.98%**. The \$44b 3Y note sale drew a yield of 2.927% (previous auction: 2.809%) with a BTC ratio of 2.45x (previous six auction average: 2.47x). Elsewhere, The Fed's reverse repo facility surged to another all-time high @ \$2.09 trillion as money-market funds sought to park short-term cash due to the imbalance of supply-demand in the T-bills markets. Japanese investors continued to off-load USTs in April for the 6<sup>th</sup> consecutive month. Meanwhile, expect attention to shift to the \$33b 10Y note sale tonight, 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 govies reversed prior days positive movement save for the long-end GII 15-20Y sector in what was seen as a relatively quiet session; influenced by higher IRS levels. Overall benchmark MGS/GII yields mostly mixed-to-higher i.e. between 0-8bps across, amid the further dwindling of secondary market volume to a mere RM1.57b. **The 5Y benchmark MGS 11/26 yield edged 1bps higher at 3.74% whilst the 10Y benchmark MGS 7/32 yield jumped 6bps to 4.27%**. Interest was mainly seen in the off-the-run 22's and also 3Y MGS. GII transactions plunged to form a mere 9% of overall trades. Meanwhile, expect attention to swing to the 15Y MGS auction today.

##### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space disappointed on Tuesday following the long weekend break with investor interest rather tepid. Some interest was seen sporadically across the GG to single-A part of the curve spanning across a mere 11 names. Overall yields closed mostly higher amid secondary market volume of RM160m. Govt-guaranteed DANA 3/32 traded again closing unchanged compared to previous-done levels at 4.48% whilst LPPSA 4/32 spiked 78bps to close at 4.48% as well. AAA-rated BAKUN 8/23 moved 3bps lower to 3.19%. The AA-space saw highway operator ANIH 11/23 jump 61bps to 3.57%. Meanwhile, the banking/finance space saw CIMB Group grind RM80m in nominal trades; settling 15bps higher at 3.86% whereas Bank ISLAM 27NC22 ended 25bps up at 3.15%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.71	-2
5-yr UST	2.98	-5
10-yr UST	2.98	-6
30-yr UST	3.13	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.44	0	3.47	0
5-yr	3.74	1	3.90	6
7-yr	4.15	5	4.06	0
10-yr	4.27	6	4.25	2
15-yr	4.62	4	4.59	0
20-yr	4.69	4	4.69	0
30-yr	4.86	8	5.01	-2

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.84	5
3-yr	3.66	6
5-yr	3.90	10
7-yr	4.03	9
10-yr	4.15	6

Source : Bloomberg

#### Upcoming Government Bond Tender

Re-opening of RM3.0b (+RM2.5b private placement) of 15Y MGS 4/37 on Wednesday, 8<sup>th</sup> of June

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	08/22	2.147	212	2.150	03/06/2022	0
MGS	09/22	2.209	191	2.126	03/06/2022	8
MGS	03/23	2.614	45	2.542	03/06/2022	7
MGS	04/23	2.576	111	2.571	03/06/2022	0
MGS	06/24	3.297	6	3.271	03/06/2022	3
MGS	07/24	3.339	25	3.312	02/06/2022	3
MGS	09/24	3.332	6	3.357	03/06/2022	-3
MGS	03/25	3.440	350	3.441	03/06/2022	0
MGS	09/25	3.587	5	3.578	03/06/2022	1
MGS	07/26	3.751	47	3.733	03/06/2022	2
MGS	11/26	3.741	67	3.729	03/06/2022	1
MGS	11/27	3.857	8	3.888	03/06/2022	-3
MGS	06/28	4.015	90	3.987	03/06/2022	3
MGS	04/29	4.150	10	4.100	03/06/2022	5
MGS	08/29	4.182	64	4.131	02/06/2022	5
MGS	04/30	4.166	2	4.181	03/06/2022	-1
MGS	04/31	4.186	34	4.201	03/06/2022	-1
MGS	07/32	4.270	42	4.213	03/06/2022	6
MGS	04/33	4.351	20	4.308	01/06/2022	4
MGS	11/33	4.369	2	4.318	30/05/2022	5
MGS	07/34	4.561	8	4.510	03/06/2022	5
MGS	05/35	4.573	55	4.542	03/06/2022	3
MGS	04/37	4.623	6	4.585	03/06/2022	4
MGS	05/40	4.695	3	4.697	03/06/2022	0
MGS	10/42	4.693	4	4.649	03/06/2022	4
MGS	03/46	4.895	12	4.922	03/06/2022	-3
MGS	06/50	4.857	2	4.925	03/06/2022	-7
GII	11/22	2.400	30	2.331	02/06/2022	7
GII	10/24	3.435	13	3.386	03/06/2022	5
GII	03/26	3.711	2	3.583	03/06/2022	13
GII	09/27	3.899	5	3.841	03/06/2022	6
GII	10/32	4.248	72	4.229	03/06/2022	2
GII	11/49	5.101	20	4.796	02/06/2022	31
GII	05/52	5.007	2	5.026	02/06/2022	-2
			<u>1568</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*	
DanaInfra Nasional Berhad	03/32	GG	4.479	20	4.478	03/06/2022	0	24
Lembaga Pembiayaan Perumahan Sektor Awam	04/32	GG	4.478	10	3.699	20/05/2021	78	24
Malaysia Airports Capital Berhad	12/22	AAA	3.505	1	2.954	26/05/2022	55	86
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak	08/23	AAA	3.187	5	3.218	25/05/2022	-3	54
Inverfin Sdn Berhad	02/24	AAA	3.872	2	3.731	25/04/2022	14	54
Sabah Development Bank Berhad	12/23	AA1	3.836	1	3.327	01/06/2022	51	51
Sabah Development Bank Berhad	05/25	AA1	4.034	1	4.034	03/06/2022	0	58
Anih Berhad	11/23	AA	3.571	30	2.959	23/08/2021	61	93
Bank Islam Malaysia Berhad	11/27	A1	3.154	10	2.903	11/04/2022	25	-61
CIMB Group Holdings Berhad	05/16	A1	3.856	80	3.705	31/05/2022	15	-82
DRB-Hicom Berhad	12/29	A+	5.676	1	5.168	09/11/2021	51	150
				<u>160</u>				

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

## Rating Action

Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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