

## Global Markets Research

### Fixed Income

## Fixed Income Daily Market Snapshot

### US Treasuries

- UST bond bears were still active on Tuesday as yields continued to ascend, ahead of key inflation reading tomorrow with expectations of a higher y/y reading. Price action was directly attributed to better risk appetite, concerns over Fed-tightening and also inflation worries, whilst brushing-off a strong 3Y note auction. The curve shifted higher as overall benchmark yields rose between 4-5bps across. **Both the UST 2Y and much-watched 10Y yields jumped 5bps each to 1.34% and 1.97%, a high last seen in November 2019.** The US Treasury meantime had successfully auctioned \$50b 3Y notes at a yield of 1.592% with a BTC ratio of 2.45x (previous six auction average: 2.43x). Elsewhere, other central banks like ECB has indicated that it is not against an interest rate hike this year whilst the BOE has raised theirs to 0.5%. Meanwhile, expect attention to shift to the 10Y bond auction tonight followed by both the 30Y bond auction and important January inflation data release tomorrow.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.34	5
5-yr UST	1.82	5
10-yr UST	1.97	5
30-yr UST	2.26	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.83	-1	2.87	-3
5-yr	3.33	-1	3.31	0
7-yr	3.57	3	3.50	2
10-yr	3.71	-1	3.75	2
15-yr	4.06	3	4.18	0
20-yr	4.27	2	4.31	0
30-yr	4.29	3	4.43	-4

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.26	2
3-yr	2.95	4
5-yr	3.21	2
7-yr	3.40	2
10-yr	3.60	0

Source : Bloomberg

### MGS/GII

- On Tuesday, local govies closed mixed with the intermediate-to-longer end MGS seeing sellers outnumbering bidders, as the moderation in December industrial production data did little to alter the course of trading. Overall benchmark MGS/GII yields closed mixed between -4 to +3bps across the curve; amid a slight decrease in secondary market volume @ RM2.36b. **Both the 5Y benchmark 11/26 and 10Y benchmark MGS 7/32 yields edged 1bps lower to 3.33% and 3.71% respectively.** Interest was mainly seen in the off-the-run 22's, 5Y MGS, 7Y GII and 10Y MGS. GII trades fell to form ~21% of overall transactions. Expect attention to shift to the release of 4Q2021 GDP data this Friday.

### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw a ramp-up in secondary market activity on Monday. Transactions were seen across the GG-AA part of the curve amid a huge 59% jump in volume of RM502m. Overall yields closed mostly higher, spanning across 25 names. The long-end govt-guaranteed DANA 11/48 closed unchanged compared to previous-done levels at 4.58% whilst PRASA 2/50 closed 5bps higher at 4.61%. AAA-rated SEB 35-36's jumped 8-10bps at 4.31% levels whilst utility giant TNB 11/41 edged 1bps up at 4.61%. In the AA-sector, GENM Capital 8/25 eased 3bps to 4.30% whereas Southern Power 4/23 rallied 7bps to 2.87%. Meanwhile, the banking/finance space saw PUBLIC 29NC24 jump 20 bps to 3.44%. CIMB Group Holdings 6/22 meantime rose 8bps to 2.24%.

### 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	1.553	556	1.655	07/02/2022	-10
MGS	08/22	1.650	100	1.600	07/02/2022	5
MGS	09/22	1.693	20	1.680	07/02/2022	1
MGS	03/23	2.081	38	2.085	07/02/2022	0
MGS	04/23	2.086	36	2.052	07/02/2022	3
MGS	08/23	2.275	16	2.287	07/02/2022	-1
MGS	06/24	2.831	48	2.837	07/02/2022	-1
MGS	07/24	2.879	12	2.867	07/02/2022	1
MGS	09/24	2.866	86	2.826	07/02/2022	4
MGS	03/25	2.999	9	3.011	07/02/2022	-1
MGS	09/25	3.092	169	3.066	07/02/2022	3
MGS	04/26	3.228	36	3.156	07/02/2022	7
MGS	07/26	3.305	8	3.304	07/02/2022	0
MGS	11/26	3.329	165	3.336	07/02/2022	-1
MGS	05/27	3.449	36	3.418	07/02/2022	3
MGS	11/27	3.430	20	3.438	07/02/2022	-1
MGS	06/28	3.568	47	3.540	07/02/2022	3
MGS	08/29	3.652	21	3.651	07/02/2022	0
MGS	04/30	3.754	65	3.753	07/02/2022	0
MGS	04/31	3.755	10	3.727	07/02/2022	3
MGS	06/31	3.783	19	3.772	04/02/2022	1
MGS	04/32	3.874	3	3.874	27/01/2022	0
MGS	07/32	3.710	200	3.722	07/02/2022	-1
MGS	07/34	4.028	24	4.032	07/02/2022	0
MGS	05/35	4.060	35	4.033	04/02/2022	3
MGS	04/37	4.037	3	4.021	07/02/2022	2
MGS	05/40	4.273	37	4.257	07/02/2022	2
MGS	06/50	4.292	40	4.260	07/02/2022	3
GII	03/22	1.527	42	1.606	07/02/2022	-8
GII	04/22	1.598	226	1.547	04/02/2022	5
GII	11/23	2.333	5	2.308	04/02/2022	3
GII	10/24	2.872	58	2.902	07/02/2022	-3
GII	08/25	3.121	8	3.150	07/02/2022	-3
GII	09/27	3.505	150	3.481	07/02/2022	2
GII	10/28	3.600	3	3.551	07/02/2022	5
GII	07/29	3.605	6	3.596	04/02/2022	1
GII	10/30	3.748	4	3.730	04/02/2022	2
GII	05/47	4.447	1	4.480	24/01/2022	-3
			<u>2361</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*	
DanaInfra Nasional Berhad	02/23	GG	2.262	40	2.124	10/09/2021	14	25
Prasarana Malaysia Berhad	03/24	GG	2.932	60	2.934	04/02/2022	0	50
Pengurusan Air SPV Berhad	06/26	GG	3.541	15	3.003	24/09/2021	54	41
DanaInfra Nasional Berhad	11/48	GG	4.579	5	4.580	26/01/2022	0	31
Prasarana Malaysia Berhad	02/50	GG	4.612	20	4.559	23/11/2021	5	35
Pengerang LNG (Two) Sdn Berhad	10/23	AAA	2.688	10	2.619	14/01/2022	7	26
Mercedes-Benz Services Malaysia Sdn Berhad	11/23	AAA	2.844	10	2.844	21/01/2022	0	42
Danga Capital Berhad	01/24	AAA	2.892	15	2.884	03/11/2021	1	46
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak)	08/26	AAA	3.578	10	3.438	10/12/2021	14	24
Danga Capital Berhad	09/27	AAA	3.773	30	3.697	25/01/2022	8	33
Putrajaya Bina Sdn Berhad	03/28	AAA	3.848	10	3.268	27/07/2021	58	41
Sarawak Energy Berhad	08/35	AAA	4.309	10	4.209	24/01/2022	10	23
Sarawak Energy Berhad	04/36	AAA	4.310	40	4.229	15/12/2021	8	23
Pengurusan Air Selangor Sdn Berhad	10/36	AAA	4.539	15	4.530	27/01/2022	1	46
Tenaga Nasional Berhad	11/41	AAA	4.606	60	4.594	23/12/2021	1	34
CIMB Group Holdings Berhad	06/22	AA1	2.239	20	2.159	25/01/2022	8	23
Sabah Development Bank Berhad	07/24	AA1	3.526	1	4.185	03/02/2022	-66	110
GENM Capital Berhad	08/25	AA1	4.301	40	4.329	07/02/2022	-3	117
Public Bank Berhad	12/29	AA1	3.440	30	3.236	19/11/2021	20	-19
UMW Holdings Berhad	09/23	AA+	2.847	20	2.864	30/11/2021	-2	42
Bandar Serai Development Sdn Berhad	08/23	AA3	2.858	30	2.899	10/12/2021	-4	43
Southern Power Generation Sdn Berhad	04/23	AA-	2.872	10	2.946	04/05/2021	-7	86
UMW Holdings Berhad	04/18	AA-	4.827	1	4.500	28/01/2022	33	56
CIMB Group Holdings Berhad	05/16	A1	3.601	1	3.980	30/12/2021	-38	-66
YNH Property Berhad	08/19	-	6.387	1	6.401	07/02/2022	-1	212
				<u>502</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.