

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries were sold-off on Wednesday, largely induced by the softer demand for the 10Y bond auction (the lowest level for demand seen since since July 2021). The spillover from declines in European government bonds left UST's heavy at the open. The curve shifted higher as overall benchmark yields ended between 2-3bps higher across. **The UST 2Y yield edged 2bps up at 2.71% to its highest in more than three years, whilst the much-watched UST10Y closed 3bps higher at 3.01%.** The \$33b 10Y bond sale drew a yield of 3.03% (previous auction: 2.943%) with a muted BTC ratio of 2.41x (previous six auction average: 2.50x). The Fed's reverse repo facility surged again to top another new high @ \$2.14 trillion as money-market funds sought to park short-term cash at an overnight rate of -0.80%. The outlook for both inflation and economic growth remains at the forefront for investors. Meanwhile, expect attention to shift to the \$19b 30Y bond sale tonight, followed by the important May inflation data due tomorrow.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.75	2
5-yr UST	3.02	3
10-yr UST	3.01	3
30-yr UST	3.17	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.19	-25	3.51	4
5-yr	3.73	-1	3.93	3
7-yr	4.13	-2	4.12	5
10-yr	4.21	-6	4.22	-3
15-yr	4.59	-4	4.58	0
20-yr	4.68	-1	4.70	2
30-yr	4.79	-7	5.01	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.84	0
3-yr	3.65	-1
5-yr	3.89	0
7-yr	4.02	-1
10-yr	4.15	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GII

- Local govies saw MGS move into positive territory whereas GII closed mostly mixed-to-weaker on Wednesday. Hence, overall benchmark MGS/GII yields moved between -7 to +5bps across (save for 3Y MGS), amid a 43% jump in secondary market volume to RM2.23b. **The 5Y benchmark MGS 11/26 yield edged 1bps lower at 3.73% whilst the 10Y benchmark MGS 7/32 yield declined 6bps to recoup prior day's loss at 4.21%.** Interest was mainly seen in the off-the-run 22's, 25's and also 7Y GII, 10Y, 15Y MGS. GII transactions jumped to form 20% of overall trades. The 15Y MGS auction notched strong bidding metrics of 2.211x cover and awarded at 4.599%; with participation mainly seen by pension funds, insurance companies and also offshore banking institutions. Meanwhile, while market participants await the government's update on the envisaged targeted fuel subsidies, expect some attention to shift to the April industrial production numbers tomorrow.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw improved investor interest on Wednesday with interest seen mainly across the AAA-AA part of the curve spanning across 22 names. Overall yields closed mixed amid a higher secondary market volume of RM291m. The sole govt-guaranteed trade consisted of PRASA 3/34 which eased 8bps compared to previous-done levels at 4.62%. Both AAA-rated WESTPORT and DIGI 2026 tranches closed 4bps lower each at 4.08% and 4.16%. AMAN 4/24 and 3/25 closed mixed on yields at 3.60% and 4.01% respectively. The AA-space saw energy-related bonds EDRA 7/24 jump 45bps to 3.90% whereas JEP 25-26's spiked 69bps each, closing between 4.61-82% levels. Meanwhile, the banking/finance space saw RHB 10/25 climb 9bps to 4.25% whilst MBSB 12/22 jumped 47bps to settle at 3.07%.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	09/22	2.155	209	2.154	07/06/2022	0
MGS	04/23	2.620	21	2.576	07/06/2022	4
MGS	06/24	3.302	6	3.297	07/06/2022	0
MGS	07/24	3.358	20	3.339	07/06/2022	2
MGS	09/24	3.389	14	3.332	07/06/2022	6
MGS	03/25	3.188	130	3.440	07/06/2022	-25
MGS	09/25	3.590	95	3.587	07/06/2022	0
MGS	04/26	3.714	10	3.745	02/06/2022	-3
MGS	07/26	3.720	23	3.751	07/06/2022	-3
MGS	03/27	3.824	4	3.810	01/06/2022	1
MGS	05/27	3.850	19	3.881	02/06/2022	-3
MGS	11/27	3.880	65	3.857	07/06/2022	2
MGS	06/28	4.016	27	4.015	07/06/2022	0
MGS	04/29	4.130	362	4.150	07/06/2022	-2
MGS	08/29	4.128	7	4.182	07/06/2022	-5
MGS	04/31	4.161	18	4.186	07/06/2022	-3
MGS	06/31	4.203	1	4.205	03/06/2022	0
MGS	07/32	4.207	160	4.270	07/06/2022	-6
MGS	04/33	4.429	31	4.351	07/06/2022	8
MGS	07/34	4.477	3	4.561	07/06/2022	-8
MGS	05/35	4.537	148	4.573	07/06/2022	-4
MGS	04/37	4.588	342	4.623	07/06/2022	-4
MGS	05/40	4.677	45	4.695	07/06/2022	-2
MGS	03/46	4.807	1	4.895	07/06/2022	-9
MGS	06/50	4.789	12	4.857	07/06/2022	-7
GII	07/22	2.096	20	1.985	03/06/2022	11
GII	11/22	2.350	50	2.400	07/06/2022	-5
GII	10/25	3.507	90	3.466	03/06/2022	4
GII	09/27	3.927	52	3.899	07/06/2022	3
GII	10/28	4.117	42	4.064	03/06/2022	5
GII	10/30	4.210	53	4.180	07/06/2022	3
GII	10/32	4.217	51	4.248	07/06/2022	-3
GII	07/36	4.583	56	4.588	07/06/2022	0
GII	09/39	4.620	31	4.653	07/06/2022	-3
GII	09/41	4.702	12	4.686	03/06/2022	2
			<u>2232</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*
Prasarana Malaysia Berhad	03/34	GG	4.621	11	4.699	26/04/2022	-8	42
Aman Sukuk Berhad	04/24	AAA	3.596	25	3.634	20/05/2022	-4	26
Aman Sukuk Berhad	03/25	AAA	4.006	10	3.347	14/02/2022	66	55
Danum Capital Berhad	05/25	AAA	3.981	10	3.205	17/03/2022	78	52
TNB Western Energy Berhad	07/25	AAA	4.208	10	4.186	24/05/2022	2	75
Projek Lebuhraya Usahasama Berhad	01/26	AAA	4.227	20	4.347	18/05/2022	-12	58
Westports Malaysia Sdn Berhad	04/26	AAA	4.080	10	4.121	27/05/2022	-4	44
DiGi Telecommunications Sdn Berhad	09/26	AAA	4.159	10	4.201	03/06/2022	-4	52
Westports Malaysia Sdn Berhad	10/26	AAA	4.135	20	2.898	28/10/2020	124	49
Pengurusan Air SPV Berhad	10/26	AAA	4.121	5	4.150	31/05/2022	-3	48
Danga Capital Berhad	09/27	AAA	4.239	20	4.260	30/05/2022	-2	49
Rantau Abang Capital Berhad	01/32	AAA	4.649	20	4.068	14/12/2021	58	45
TNB Power Generation Sdn Berhad	06/37	AAA	4.795	1	4.999	02/06/2022	-20	20
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/22	AA1	3.069	10	2.600	15/02/2022	47	42
Bumitama Agri Ltd	07/24	AA2	3.905	10	3.996	17/05/2022	-9	57
Benih Restu Berhad	06/25	AA2	4.056	20	4.118	03/06/2022	-6	60
RHB Bank Berhad	10/25	AA2	4.249	20	4.159	01/06/2022	9	79
Anih Berhad	11/24	AA	4.135	10	4.182	10/05/2022	-5	80
Edra Energy Sdn Berhad	07/24	AA3	3.898	10	3.447	30/03/2022	45	57
Press Metal Aluminium Holdings Berhad	10/24	AA3	3.910	20	3.795	27/04/2022	12	58
Jimah East Power Sdn Berhad	12/25	AA-	4.606	10	3.918	18/03/2022	69	115
Jimah East Power Sdn Berhad	12/26	AA-	4.816	10	4.124	16/03/2022	69	117
				291				

*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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