

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- The withering start to the New Year continued to see USTs sell off, as the yield curve shifted higher in anticipation of the Fed potentially raising rates as soon as March despite the mixed report on the US jobs market for December. Overall benchmark yields closed higher between 0-4bps across. **The UST 2Y yield settled within 1bps lower at 0.86% whilst the much-watched 10Y jumped 4bps higher at 1.76%; a 2-year high.** Again, there was a deluge in the corporate issuance slate. The bear-steepening moves seen recently were reminiscent of higher inflationary conditions whilst the Fed may ignore the headline miss with regards to the lower unemployment rate of 3.9% for December. Expect some pressure on bonds due to ongoing corporate offerings followed by an avalanche of 3Y, 10Y and 30Y auctions amounting to ~\$110b commencing on Wednesday, the 12th.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.86	0
5-yr UST	1.50	3
10-yr UST	1.76	4
30-yr UST	2.12	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.84	2	2.92	-3
5-yr	3.25	-4	3.24	2
7-yr	3.46	1	3.35	-2
10-yr	3.65	-1	3.67	-1
15-yr	3.98	3	4.00	3
20-yr	4.15	0	4.17	0
30-yr	4.26	2	4.42	-2

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.17	-1
3-yr	2.81	-2
5-yr	3.07	0
7-yr	3.27	1
10-yr	3.48	-2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GII

- Local govvnies saw slight recovery but nevertheless closed mixed last Friday on rising volumes as IRS levels generally eased. Overall benchmark MGS/GII yields closed mixed between -4 to +3bps across the curve amid a huge jump in secondary market volume @ RM5.32b. **The 5Y benchmark MGS 11/26 yield fell 4bps to 3.25% whilst the 10Y benchmark MGS 4/31 edged 1bps lower at 3.65%** compared to prior day's close. Interest was mainly seen in the off-the-run 22's, 29's and also 5Y MGS, 10Y MGS/GII. GII rose to form 33% of overall trades. The rising interest rate environment and tapering of liquidity in the US is expected to keep the pressure on global bonds. Expect some attention to shift to the release of November industrial production numbers at noon today.

Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk continued to draw steady investor interest last Friday amid secondary market volume of RM472m. Transactions were still seen mainly across the GG-AA part of the curve as overall yields closed mixed-to-lower, spanning across 27 names. Govt-guaranteed JKSB 7/21 which last traded some 5 moths back, spiked 38bps to 3.92% compared to previous-done levels whilst the long-end DANA 5/41 edged 2bps up at 4.35% AAA-rated TNB Western continued to attract attention with the 7/24 tranche and 1/25 tranches jumping 27-34bps between 3.17-33% levels whereas the 7/25 tranche bucked the trend, declining 8bps to 3.47%. In the AA-space, plantation group KLK 4/26 rose 8bps to 3.61% whereas IMTIAZ 10/27 edged 2bps higher at 3.97%. Meanwhile the banking/finance space was very active with RHB Bank, RHB Islamic and RHB Investment Bank 2027NC23's settling 2-6bps lower between 2.61-84%. Public Islamic 27NC23 also saw its yield fall 12bps to 2.49%.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/22	1.651	321	1.670	06/01/2022	-2
MGS	03/23	2.160	19	2.240	06/01/2022	-8
MGS	08/23	2.358	89	2.487	06/01/2022	-13
MGS	06/24	2.843	154	2.818	06/01/2022	2
MGS	09/24	2.864	2	2.871	05/01/2022	-1
MGS	03/25	2.933	65	2.959	06/01/2022	-3
MGS	09/25	3.072	42	3.030	06/01/2022	4
MGS	11/26	3.246	854	3.283	06/01/2022	-4
MGS	05/27	3.277	102	3.320	06/01/2022	-4
MGS	11/27	3.342	15	3.327	06/01/2022	2
MGS	06/28	3.458	55	3.452	06/01/2022	1
MGS	09/28	3.490	1	3.480	05/01/2022	1
MGS	08/29	3.565	225	3.585	05/01/2022	-2
MGS	04/30	3.629	71	3.665	06/01/2022	-4
MGS	04/31	3.645	920	3.658	06/01/2022	-1
MGS	06/31	3.699	3	3.708	06/01/2022	-1
MGS	04/33	3.877	101	3.855	06/01/2022	2
MGS	07/34	3.935	109	3.904	05/01/2022	3
MGS	05/35	3.982	207	3.953	06/01/2022	3
MGS	05/40	4.153	30	4.148	06/01/2022	0
MGS	03/46	4.304	53	4.318	06/01/2022	-1
MGS	07/48	4.354	40	4.376	06/01/2022	-2
MGS	06/50	4.261	57	4.241	06/01/2022	2
GII	03/22	1.731	114	1.778	06/01/2022	-5
GII	04/22	1.749	507	1.771	06/01/2022	-2
GII	07/23	2.328	37	2.437	28/12/2021	-11
GII	08/24	2.916	60	2.810	05/01/2022	11
GII	10/24	2.917	250	2.951	06/01/2022	-3
GII	03/26	3.245	180	3.225	06/01/2022	2
GII	09/27	3.347	10	3.364	06/01/2022	-2
GII	10/28	3.452	78	3.462	06/01/2022	-1
GII	07/29	3.541	4	3.538	06/01/2022	0
GII	10/30	3.670	310	3.680	06/01/2022	-1
GII	07/36	3.996	210	3.967	06/01/2022	3
GII	11/49	4.421	20	4.446	06/01/2022	-2
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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	02/25	GG	3.137	20	2.719	27/08/2021	42	30
Pengurusan Air SPV Berhad	02/29	GG	3.758	10	3.979	25/10/2021	-22	30
Jambatan Kedua Sdn Berhad	07/31	GG	3.918	30	3.540	29/07/2021	38	25
DanaInfra Nasional Berhad	05/41	GG	4.349	20	4.334	23/09/2021	2	20
Lembaga Pembiayaan Perumahan Sektor Awam	09/51	GG	4.490	20	4.520	05/01/2022	-3	34
Bakun Hydro Power Generation Sdn Berhad (f)	08/23	AAA	2.561	20	2.579	05/01/2022	-2	21
Telekom Malaysia Berhad	08/23	AAA	2.499	10	2.436	09/12/2021	6	15
Putrajaya Holdings Sdn Berhad	09/23	AAA	2.571	25	2.620	12/10/2021	-5	22
TNB Western Energy Berhad	07/24	AAA	3.166	30	2.893	05/05/2021	27	33
Bakun Hydro Power Generation Sdn Berhad (f)	08/24	AAA	3.046	20	3.057	17/12/2021	-1	21
Cagamas Berhad	12/24	AAA	3.069	30	3.160	14/12/2021	-9	23
TNB Western Energy Berhad	01/25	AAA	3.333	50	2.992	05/05/2021	34	50
TNB Western Energy Berhad	07/25	AAA	3.467	20	3.549	11/09/2019	-8	40
Malaysia Airport Holdings Berhad	12/28	AAA	4.118	10	4.140	03/01/2022	-2	66
Sabah Development Bank Berhad	06/23	AA1	3.994	1	3.205	22/12/2021	79	211
Kuala Lumpur Kepong Berhad	04/26	AA1	3.610	20	3.528	13/12/2021	8	55
Public Islamic Bank Berhad	08/27	AA1	2.490	10	2.611	10/09/2021	-12	-84
Danajamin Nasional Berhad	10/27	AA1	2.635	10	2.643	06/01/2022	-1	-69
Imtiaz Sukuk II Berhad	10/27	AA2	3.968	10	3.949	17/12/2021	2	64
CIMB Group Holdings Berhad	11/29	AA	3.476	10	3.441	08/12/2021	4	-8
CIMB Group Holdings Berhad	11/30	AA	3.708	20	3.717	16/11/2021	-1	9
Country Garden Real Estate Sdn Berhad	02/23	AA3	4.045	1	4.456	24/12/2021	-41	216
RHB Islamic Bank Berhad	04/27	AA3	2.609	10	2.628	19/11/2021	-2	-64
RHB Bank Berhad	09/27	AA3	2.666	40	2.684	08/12/2021	-2	-66
RHB Investment Bank Berhad	10/27	AA3	2.840	10	2.897	02/09/2021	-6	-49
Malayan Banking Berhad	02/17	AA3	3.852	15	3.878	06/01/2022	-3	-30
MCIS Insurance Berhad	12/31	A2	4.525	1	4.525	06/01/2022	0	86
				<u>472</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
MEX II Sdn Bhd	RM1.3 billion Sukuk Murabahah Programme and RM150 million Junior Bonds	From C-IS to defaulted D	Downgraded
Bumitama Agri Ltd	RM2 bil Islamic MTN Sukuk Musharakah (2014/2029)	Upgrade from AA3/Stable to AA2/Stable	Upgraded
UEM Group Berhad	RM2.2 bil Islamic Medium Term Notes (IMTN) Programme (2012/2042)	AA2/Stable	Reaffirmed
Dar Al Arkan Real Estate Development Company	Long and short-term corporate credit ratings	A3/Stable and P2	Reaffirmed

Source: RAM, MARC

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