

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- UST movements were mostly stronger save for the short-end on Wednesday with tenures extending out from 10Y well-bid following a stellar 10Y bond auction which benefitted from outright yield and apparent short-positioning. The curve flattened as overall benchmark yields closed mixed between -2 to +2bps across. **The UST 2Y yield edged 2bps higher at 1.37% whilst the much-watched UST 10Y moved in the opposite direction i.e. 2bps lower instead at 1.94%.** The US Treasury's \$37b 10Y bond auction saw solid demand metrics with a BTC ratio of 2.68x; the highest since May 2020 (six previous auction average: 2.43x) whilst being awarded at a yield of 1.904% (previous auction: 1.723%). Both the 3Y and 10Y auctions this week which surprisingly received strong demand (with dealers awarded record-low amounts), may neutralize the upcoming impact from higher inflation for now. Meanwhile, expect attention to shift to both the 30Y bond auction and January CPI report release tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.37	2
5-yr UST	1.82	0
10-yr UST	1.94	-2
30-yr UST	2.25	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.85	2	2.90	3
5-yr	3.35	2	3.31	0
7-yr	3.58	1	3.49	-1
10-yr	3.70	-1	3.74	-1
15-yr	4.08	2	4.16	-2
20-yr	4.26	-1	4.31	0
30-yr	4.34	5	4.47	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.23	-3
3-yr	2.92	-3
5-yr	3.19	-2
7-yr	3.37	-3
10-yr	3.57	-3

Source : Bloomberg

MGS/GII

- On Wednesday, local govies closed mixed yet again despite lower IRS levels with MGS mostly pressured and GII on the other hand better-bid. Overall benchmark MGS/GII yields closed mixed between -2 to +5bps across the curve; amid a 39% drop in secondary market volume @ RM1.44b. **The 5Y benchmark 11/26 yield edged 2bps higher at 3.35% whilst the 10Y benchmark MGS 7/32 inched 1bps down at 3.70%.** Interest was mainly seen in the off-the-run 22's, 27's, 29's and also the 5Y, 7Y GII. GII trades jumped to form ~55% of overall transactions. Meanwhile, expect attention to shift to the release of 4Q2021 GDP data this Friday.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space continued to attract strong investor activity on Wednesday. Transactions were seen across the GG to single A part of the curve amid a 14% jump in volume of RM502m. Overall yields closed mostly mixed-to-higher, spanning across 40 names. Govt-guaranteed PASB 23's rose 13-24bps compared to previous-done levels to between 2.27-2.40% levels whilst the long-end DANA 4/48 climbed 9bps higher at 4.59%. AAA-rated PLUS and DANGA 27's moved 3bps higher to 3.63% and 3.80% each. In the AA-sector, BGSM 6/24 closed 12bps higher to 3.25% whereas BGSM 8/24 made its debut trade at 3.29%. Meanwhile, the banking/finance space saw RHB 30NC25 move 6bps higher to 3.86%. Elsewhere, there were many odd-lot transactions encompassing various names such as Alliance Bank, MCIS, Hume, DRB-Hicom, Tropicana and WCT.

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	1.666	104	1.553	08/02/2022	11
MGS	08/22	1.600	70	1.650	08/02/2022	-5
MGS	03/23	2.069	18	2.081	08/02/2022	-1
MGS	06/24	2.849	44	2.831	08/02/2022	2
MGS	07/24	2.891	52	2.879	08/02/2022	1
MGS	03/25	3.001	1	2.999	08/02/2022	0
MGS	09/25	3.100	1	3.092	08/02/2022	1
MGS	11/26	3.348	17	3.329	08/02/2022	2
MGS	03/27	3.406	1	3.370	07/02/2022	4
MGS	05/27	3.435	1	3.449	08/02/2022	-1
MGS	11/27	3.445	49	3.430	08/02/2022	1
MGS	06/28	3.579	43	3.568	08/02/2022	1
MGS	08/29	3.666	103	3.652	08/02/2022	1
MGS	04/31	3.759	2	3.755	08/02/2022	0
MGS	06/31	3.797	1	3.783	08/02/2022	1
MGS	04/32	3.839	3	3.874	08/02/2022	-4
MGS	07/32	3.698	50	3.710	08/02/2022	-1
MGS	04/33	3.948	17	3.964	08/02/2022	-2
MGS	11/33	3.975	11	3.950	03/02/2022	2
MGS	07/34	4.066	22	4.037	08/02/2022	3
MGS	05/35	4.078	1	4.060	08/02/2022	2
MGS	04/37	4.044	1	4.037	08/02/2022	1
MGS	06/38	4.255	19	4.222	07/02/2022	3
MGS	05/40	4.261	2	4.273	08/02/2022	-1
MGS	07/48	4.501	4	4.491	07/02/2022	1
MGS	06/50	4.342	13	4.292	08/02/2022	5
GII	03/22	1.602	98	1.527	08/02/2022	8
GII	10/24	2.898	90	2.872	08/02/2022	3
GII	03/26	3.310	110	3.308	08/02/2022	0
GII	09/27	3.496	300	3.505	08/02/2022	-1
GII	10/28	3.591	165	3.600	08/02/2022	-1
GII	10/30	3.737	30	3.748	08/02/2022	-1
GII	10/35	4.123	1	4.054	15/12/2021	7
GII	07/36	4.162	2	4.181	07/02/2022	-2
GII	05/47	4.491	1	4.447	08/02/2022	4
			<u>1444</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

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