

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- USTs ended mixed on Monday with the shorter-ends higher, causing the curve to flatten following stronger market-implied odds of a rate hike in March. Overall benchmark yields closed mixed between -3 to +3bps across. **The UST 2Y yield moved 3bps higher to 0.90% whilst the much-watched 10Y settled within 1bps lower at 1.76%**; both flirting easily at at 1-year highs. Swaps are currently pointing that the Fed's target may be ~88bps higher by year-end; underlining that the market is pricing-in three (3) rate hikes plus the distant possibility of a fourth in 2022. Option traders meantime are debating the possibility of up to eight (8) 25bps rate hikes by early 2024, up from earlier expectations of around six (6). Expect some attention on the Senate confirmation hearing by Fed Chair Powell and governor Brainard tonight followed by a series of 3Y, 10Y and 30Y auctions amounting to ~\$110b commencing tomorrow and also the important CPI data for December.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.90	3
5-yr UST	1.52	2
10-yr UST	1.76	0
30-yr UST	2.09	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.83	-1	2.89	-2
5-yr	3.27	2	3.24	-1
7-yr	3.43	-3	3.35	0
10-yr	3.68	3	3.68	1
15-yr	4.00	2	4.01	1
20-yr	4.20	4	4.17	0
30-yr	4.26	0	4.45	3

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.18	1
3-yr	2.85	4
5-yr	3.12	5
7-yr	3.33	6
10-yr	3.52	4

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

##### MGS/GIII

- Local govies were mostly pressured on Monday influenced by higher IRS levels save for the shorter-ends. Overall benchmark MGS/GII yields closed mostly mixed between -3 to +4bps across the curve amid a substantial drop in secondary market volume @ RM3.20b. **The 5Y benchmark MGS 11/26 yield edged 2bps higher to 3.27% whilst the 10Y benchmark MGS 4/31 closed 3bps up at 3.68%** compared to prior day's close. Interest was mainly seen in the off-the-run 22's, 25's and also 3Y MGS, 20Y MGS. GII esed slightly to form 28% of overall trades. The quicker gains in Industrial production in November numbers coupled with the steady unemployment of 4.3% may reaffirm a positive growth in 4Q2021. The rising interest rate environment and tapering of liquidity in the US is also expected to keep the pressure on global bonds.

##### Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space continued to attract investor attention on Monday amid a ~20% rise in secondary market volume of RM565m. Transactions were seen mainly across the GG to single-A part of the curve as overall yields closed mostly higher, spanning across 23 names. DANA dominated the govt-guaranteed space with the 5/35 and 2/39 tranches rising 21bps and 1bps respectively at 4.15% and 4.30% each. The 4/37 tranch however declined 19bps to 4.24%. AAA-rated BAKUN saw RM230m in nominal amounts transacted; closing unchanged at 2.56%. In the AA-space, AZRB and UEM 22's edged 1bps higher between 3.39-46%. Meanwhile the banking/finance space saw no let-up in interest with Public Islamic 27NC23 exchanging hands back-to-back again, closing unchanged at 2.49%. MAYBANK 2117NC26 perps meantime declined 6bps to 3.79%.

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/22	1.550	243	1.651	07/01/2022	-10
MGS	08/22	1.731	24	1.769	21/12/2021	-4
MGS	03/23	2.160	55	2.160	07/01/2022	0
MGS	06/24	2.832	412	2.843	07/01/2022	-1
MGS	09/25	3.055	246	3.072	07/01/2022	-2
MGS	11/26	3.268	170	3.246	07/01/2022	2
MGS	05/27	3.287	125	3.277	07/01/2022	1
MGS	11/27	3.318	12	3.342	07/01/2022	-2
MGS	06/28	3.430	3	3.458	07/01/2022	-3
MGS	08/29	3.595	18	3.565	07/01/2022	3
MGS	04/30	3.648	20	3.629	07/01/2022	2
MGS	04/31	3.676	70	3.645	07/01/2022	3
MGS	06/31	3.733	159	3.699	07/01/2022	3
MGS	04/33	3.877	65	3.877	07/01/2022	0
MGS	07/34	3.982	153	3.935	07/01/2022	5
MGS	05/35	4.002	49	3.982	07/01/2022	2
MGS	04/37	4.001	49	3.935	06/01/2022	7
MGS	05/40	4.195	216	4.153	07/01/2022	4
MGS	09/43	4.300	63	4.240	05/01/2022	6
MGS	03/46	4.288	44	4.304	07/01/2022	-2
MGS	07/48	4.376	102	4.354	07/01/2022	2
MGS	06/50	4.260	6	4.261	07/01/2022	0
GII	03/22	1.748	373	1.731	07/01/2022	2
GII	05/23	2.283	1	2.277	06/01/2022	1
GII	11/23	2.355	10	2.363	05/01/2022	-1
GII	10/24	2.893	16	2.917	07/01/2022	-2
GII	03/26	3.239	38	3.245	07/01/2022	-1
GII	07/27	3.372	6	3.343	04/01/2022	3
GII	10/28	3.461	177	3.452	07/01/2022	1
GII	07/29	3.548	4	3.541	07/01/2022	1
GII	10/30	3.676	35	3.670	07/01/2022	1
GII	11/34	3.974	30	3.974	04/01/2022	0
GII	07/36	4.005	110	3.996	07/01/2022	1
GII	05/47	4.451	70	4.410	07/01/2022	4
GII	11/49	4.449	30	4.421	07/01/2022	3
			<u>3203</u>			

## Daily Trades : Corp Bonds/ Sukuk

Securities	Maturity (dd/mm/yyyy)	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Perbadanan Tabung Pendidikan Tinggi Nasional	08/32	GG	3.990	50	3.730	14/07/2021	26	32
DanaInfra Nasional Berhad	05/35	GG	4.149	20	3.938	09/09/2021	21	17
DanaInfra Nasional Berhad	04/37	GG	4.239	15	4.426	03/11/2021	-19	26
DanaInfra Nasional Berhad	02/39	GG	4.299	20	4.291	13/07/2021	1	32
Starbright Capital Berhad	12/22	AAA	2.984	10	3.067	22/10/2021	-8	105
Bakun Hydro Power Generation Sdn Berhad (f	08/23	AAA	2.558	230	2.561	07/01/2022	0	20
Danum Capital Berhad	05/25	AAA	3.320	25	2.850	13/08/2021	47	48
Danum Capital Berhad	05/30	AAA	4.008	20	3.969	28/12/2021	4	45
Sabah Development Bank Berhad	06/23	AA1	2.982	1	3.994	07/01/2022	-101	104
GENM Capital Berhad	08/25	AA1	4.131	1	4.131	04/01/2022	0	105
Sabah Credit Corporation	06/26	AA1	3.748	20	3.372	11/08/2021	38	67
Public Islamic Bank Berhad	08/27	AA1	2.489	10	2.490	07/01/2022	0	-85
Malayan Banking Berhad	02/17	AA3	3.792	10	3.852	07/01/2022	-6	-37
WCT Holdings Berhad	05/22	AA-	3.587	9	3.562	19/11/2021	3	165
AZRB Capital Sdn Berhad	12/22	AA-	3.456	51	3.444	09/12/2021	1	152
UEM Sunrise Berhad	12/22	AA-	3.385	26	3.373	29/12/2021	1	145
Farm Fresh Berhad (fka The Holstein Milk Cor	05/26	AA-	4.056	10	4.029	20/12/2021	3	98
Konsortium Lebuhraya Utara-Timur (KL) Sdn E	12/27	AA-	4.678	12	3.827	04/03/2021	85	134
CIMB Group Holdings Berhad	05/16	A1	3.387	20	3.365	17/12/2021	2	-77
DRB-Hicom Berhad	12/22	A+	3.626	3	3.696	18/08/2021	-7	169
Tropicana Corporation Berhad	10/25	A+	4.611	1	4.794	15/12/2021	-18	153
Alliance Bank Malaysia Berhad	10/30	A2	3.570	1	3.599	04/01/2022	-3	-5
MCIS Insurance Berhad	12/31	A2	4.526	1	4.525	07/01/2022	0	85
				<u>565</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
N/A	N/A	N/A	N/a

Source: RAM, MARC

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