

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.70	2
5-yr UST	1.92	4
10-yr UST	1.99	3
30-yr UST	2.37	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.65	-3	2.80	0
5-yr	3.27	-1	3.25	0
7-yr	3.54	1	3.40	0
10-yr	3.67	0	3.73	1
15-yr	4.08	0	4.10	0
20-yr	4.21	-1	4.25	0
30-yr	4.39	1	4.36	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.23	1
3-yr	2.90	5
5-yr	3.15	3
7-yr	3.34	3
10-yr	3.55	1

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries extended losses for a 4th straight session on Thursday as inflation in February rose to a fresh 40-year high of 7.9%. The ECB's announcement of a faster-than-expected stimulus exit plan impacting European government bonds were also another factor. The curve shifted higher again as overall benchmark yields rose between 2-4bps. **The UST 2Y yield edged 2bps higher to 1.70% whilst the much-watched UST 10Y yield rose 3bps to 1.99%** after topping 2.0% earlier, just-off the highest level seen on 17th February. The \$20b 30Y bond auction drew strong demand on a cover of 2.46x (previous six auction average: 2.32x) and awarded at 2.375%. Expectations that the Fed will raise rates by at least 25% at the FOMC now stands at 94%. Expect some attention to focus on peripheral data covering University of Michigan sentiment later tonight.

MGS/GII

- Local govies experienced a quieter-than-usual session on Thursday with the short-end richer; whilst the belly ended marginally weaker instead. Overall benchmark MGS/GII yields closed mixed again i.e. between a -3 to +1bps amid a 35% drop in secondary market volume @ RM2.91b. **The 5Y benchmark MGS 11/26 yield edged 1bps lower at 3.27% whilst the 10Y MGS 7/32 yield settled almost unchanged at 3.67%**. Trades were seen extending across most tenures with interest mainly in the off-the-run 22-23's and benchmark 3Y, 5Y and 10Y MGS. GII trades jumped to form ~44% of overall transactions. The country's ability to attract inflows since the Russia-Ukraine war broke out has helped weather the volatilities and help support bonds, currency and equities. On the data front we have the January industrial production numbers expected out today.

Corp Bonds/Sukuk

- Activity in the Corporate Bonds/Sukuk space continued to be strong on Thursday with interest mainly across AA-rated sectors, followed by the AAA-rated space and subsequently, the govt-guaranteed space. Overall yields closed mixed again and spanned across 42 names amid a sustained secondary market volume of RM538m. Govt-guaranteed PRASA 8/28 and PTPN 8/32 edged 2bps lower compared to previous-done levels at 3.67% and 3.94% each. AAA-rated PLUS 26 and 27 ended between -1 to +2bps to close at 3.48% and 3.60% respectively whereas TNB saw its 8/38 tranche inch 1bps up at 4.47%. AA-rated CELLCO Cap saw a slew of tranches exchange hands with the 3/28 making its debut trade at 4.58% i.e. 2bps above its issued coupon last year. However, its 2029-2031 tranches however closed mixed on yields between 4.72-84% area. The banking/finance space saw AmBank 27NC22 edge 2bps higher at 3.18% whilst MAYBANK 29NC24 eased 1bps to 2.96%.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	09/22	1.701	52	1.701	09/03/2022	0
MGS	03/23	1.837	124	1.825	09/03/2022	1
MGS	04/23	1.926	11	1.881	09/03/2022	4
MGS	06/24	2.654	329	2.683	09/03/2022	-3
MGS	07/24	2.745	10	2.763	09/03/2022	-2
MGS	09/24	2.777	21	2.777	09/03/2022	0
MGS	03/25	2.928	80	2.921	08/03/2022	1
MGS	09/25	3.010	42	3.012	09/03/2022	0
MGS	07/26	3.252	47	3.232	09/03/2022	2
MGS	11/26	3.273	218	3.283	09/03/2022	-1
MGS	05/27	3.322	120	3.358	09/03/2022	-4
MGS	11/27	3.333	56	3.382	09/03/2022	-5
MGS	06/28	3.544	17	3.535	09/03/2022	1
MGS	08/29	3.660	1	3.678	09/03/2022	-2
MGS	04/31	3.690	9	3.698	09/03/2022	-1
MGS	07/32	3.672	178	3.671	09/03/2022	0
MGS	04/33	3.886	55	3.872	09/03/2022	1
MGS	07/34	4.033	78	4.034	09/03/2022	0
MGS	05/35	4.080	5	4.079	09/03/2022	0
MGS	04/37	4.082	52	4.073	09/03/2022	1
MGS	05/40	4.208	110	4.215	09/03/2022	-1
MGS	09/43	4.391	1	4.346	08/03/2022	4
MGS	06/50	4.388	23	4.374	09/03/2022	1
GII	03/22	1.770	505	1.751	09/03/2022	2
GII	04/22	1.686	50	1.754	09/03/2022	-7
GII	07/22	1.749	10	1.700	08/03/2022	5
GII	08/24	2.799	160	2.809	03/03/2022	-1
GII	10/24	2.799	20	2.799	09/03/2022	0
GII	07/27	3.415	34	3.426	08/03/2022	-1
GII	09/27	3.406	170	3.404	09/03/2022	0
GII	10/28	3.594	50	3.595	09/03/2022	0
GII	10/30	3.732	221	3.725	09/03/2022	1
GII	06/33	3.940	50	3.935	09/03/2022	0
			<u>2907</u>			

Hong Leong Bank Berhad

Fixed Income & 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.