

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries saw the front-end underperform despite a stellar 3Y note auction following Fed official Mester's comments on not taking off 75bps rate hikes from the table going forward; whilst tenures extending out from 5Y ended richer instead. Overall benchmark yields declined between 3-4bps across save for the short-end in what was seen as a session with wild swings. **The UST 2Y yield edged 2bps up to 2.61% whilst the much-watched UST 10Y yield fell 4bps to 2.99%.** The \$45b 3Y note auction notched a solid BTC ratio of 2.59x (previous six auction average: 2.43x) and awarded at 2.809% (previous auction: 2.738%). Bonds were seen supported somewhat ahead of the April inflation data release; a possible indication that the market may be skewed towards expectations for a disappointing figure coupled with worries over the outlook for economic growth. Expect attention to shift to the upcoming 10Y bond auction followed by April inflation data tonight.

| UST       |             |           |
|-----------|-------------|-----------|
| Tenure    | Closing (%) | Chg (bps) |
| 2-yr UST  | 2.61        | 2         |
| 5-yr UST  | 2.92        | -3        |
| 10-yr UST | 2.99        | -4        |
| 30-yr UST | 3.13        | -3        |

| MGS    |             | GII*      |             |           |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr   | 3.71        | 12        | 3.70        | -9        |
| 5-yr   | 4.09        | -5        | 4.23        | 16        |
| 7-yr   | 4.47        | -17       | 4.47        | 1         |
| 10-yr  | 4.37        | 2         | 4.56        | -4        |
| 15-yr  | 4.86        | 1         | 4.84        | 0         |
| 20-yr  | 4.97        | -1        | 5.01        | 0         |
| 30-yr  | 5.14        | 2         | 4.99        | 0         |

\* Market indicative levels

| MYR IRS Levels |             |           |
|----------------|-------------|-----------|
| IRS            | Closing (%) | Chg (bps) |
| 1-yr           | 2.70        | 0         |
| 3-yr           | 3.78        | -2        |
| 5-yr           | 4.05        | -3        |
| 7-yr           | 4.23        | -6        |
| 10-yr          | 4.43        | -5        |

Source : Bloomberg

MGS/GII

- Local govies closed mixed again on Tuesday despite IRS drifting lower across most sectors. Overall benchmark MGS/GII yields closed between -17bps to +16bps with the belly seeing the largest deviation amid a 27% increase in secondary market volume @ RM2.96b. **The 5Y benchmark MGS 11/26 yield declined 5bps to 4.09% whilst the 10Y MGS 7/32 edged 2bps higher instead to 4.37%.** Trades were mainly seen in the off-the-run 27's, 34's and also benchmark 10Y GII. GII trades eased to form a 22% of overall transactions. The announcement of the new 30Y GII benchmark with a total size of only RM3.0 (auction will be tomorrow) was a relief for the market and seen as a shift away from recent larger-sized auctions. Expect attention to shift to the BNM's OPR rate decision today and also 1Q2022 GDP on Friday.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw tepid activity on Tuesday with some interest seen mainly across the GG-AA part of the curve. Overall yields closed mostly higher, spanning across 15 names amid a substantial drop in secondary market volume @ RM137m. Govt-guaranteed DANA 2/29 closed unchanged compared to previous-done levels at 4.64% levels whilst the 9/29 tranche spiked 95bps instead to 4.70%. AAA-rated MANJUNG 31 rose 9bps to 4.80%. The short-end NORTHPORT 12/22 moved 27bps higher to 2.81% whereas energy-related bonds MALAKOFF 12/23 jumped 55bps higher to 3.56%. Meanwhile, the banking/finance space was relatively quiet with odd-lot trades seen done in SABAH Development Bank and ALLIANCE Bank bonds.

Upcoming Government Bond Tender

New Issuance of 30Y GII 5/52 (RM2.5b auction + RM500m private placement) on Thursday, 12<sup>th</sup> of May 2022

## Daily Trades : Government Bond

| Securities |       | Closing | Vol         | Previous | Previous                   | Chg  |
|------------|-------|---------|-------------|----------|----------------------------|------|
|            |       | YTM     | (RM mil)    | YTM      | Trade Date<br>(dd/mm/yyyy) | (bp) |
| MGS        | 08/22 | 1.799   | 53          | 1.850    | 09/05/2022                 | -5   |
| MGS        | 09/22 | 1.813   | 50          | 1.742    | 09/05/2022                 | 7    |
| MGS        | 03/23 | 2.667   | 43          | 2.754    | 09/05/2022                 | -9   |
| MGS        | 08/23 | 2.875   | 20          | 2.947    | 09/05/2022                 | -7   |
| MGS        | 06/24 | 3.637   | 247         | 3.703    | 09/05/2022                 | -7   |
| MGS        | 07/24 | 3.763   | 20          | 3.673    | 09/05/2022                 | 9    |
| MGS        | 09/24 | 3.770   | 103         | 3.682    | 09/05/2022                 | 9    |
| MGS        | 03/25 | 3.708   | 32          | 3.590    | 09/05/2022                 | 12   |
| MGS        | 09/25 | 3.905   | 123         | 3.954    | 09/05/2022                 | -5   |
| MGS        | 04/26 | 4.193   | 46          | 4.127    | 09/05/2022                 | 7    |
| MGS        | 07/26 | 4.089   | 72          | 4.054    | 06/05/2022                 | 4    |
| MGS        | 11/26 | 4.096   | 35          | 4.143    | 09/05/2022                 | -5   |
| MGS        | 03/27 | 4.190   | 21          | 4.057    | 05/05/2022                 | 13   |
| MGS        | 05/27 | 4.182   | 139         | 4.262    | 09/05/2022                 | -8   |
| MGS        | 11/27 | 4.186   | 119         | 4.300    | 09/05/2022                 | -11  |
| MGS        | 06/28 | 4.359   | 25          | 4.357    | 09/05/2022                 | 0    |
| MGS        | 04/29 | 4.470   | 170         | 4.639    | 09/05/2022                 | -17  |
| MGS        | 08/29 | 4.562   | 35          | 4.606    | 09/05/2022                 | -4   |
| MGS        | 04/30 | 4.604   | 4           | 4.604    | 09/05/2022                 | 0    |
| MGS        | 04/31 | 4.622   | 10          | 4.634    | 09/05/2022                 | -1   |
| MGS        | 06/31 | 4.645   | 19          | 4.697    | 09/05/2022                 | -5   |
| MGS        | 07/32 | 4.365   | 41          | 4.342    | 09/05/2022                 | 2    |
| MGS        | 04/33 | 4.810   | 27          | 4.749    | 09/05/2022                 | 6    |
| MGS        | 11/33 | 4.818   | 19          | 4.848    | 09/05/2022                 | -3   |
| MGS        | 07/34 | 4.896   | 495         | 4.908    | 09/05/2022                 | -1   |
| MGS        | 05/35 | 4.500   | 9           | 4.500    | 06/05/2022                 | 0    |
| MGS        | 04/37 | 4.855   | 29          | 4.843    | 09/05/2022                 | 1    |
| MGS        | 06/38 | 4.983   | 85          | 4.911    | 09/05/2022                 | 7    |
| MGS        | 05/40 | 4.666   | 80          | 5.007    | 09/05/2022                 | -34  |
| MGS        | 10/42 | 4.971   | 1           | 4.979    | 09/05/2022                 | -1   |
| MGS        | 06/50 | 5.145   | 138         | 5.129    | 09/05/2022                 | 2    |
| GII        | 07/22 | 1.798   | 133         | 1.700    | 05/05/2022                 | 10   |
| GII        | 11/22 | 1.880   | 60          | 1.869    | 05/05/2022                 | 1    |
| GII        | 11/22 | 1.990   | 10          | 1.860    | 05/05/2022                 | 13   |
| GII        | 08/24 | 3.778   | 20          | 3.500    | 29/04/2022                 | 28   |
| GII        | 10/24 | 3.698   | 101         | 3.789    | 09/05/2022                 | -9   |
| GII        | 09/27 | 4.233   | 25          | 4.071    | 05/05/2022                 | 16   |
| GII        | 10/28 | 4.468   | 60          | 4.459    | 09/05/2022                 | 1    |
| GII        | 07/29 | 4.500   | 10          | 4.470    | 05/05/2022                 | 3    |
| GII        | 10/30 | 4.629   | 9           | 4.697    | 06/05/2022                 | -7   |
| GII        | 10/32 | 4.558   | 160         | 4.595    | 09/05/2022                 | -4   |
| GII        | 11/34 | 4.941   | 54          | 4.951    | 06/05/2022                 | -1   |
| GII        | 09/39 | 5.148   | 3           | 5.019    | 09/05/2022                 | 13   |
| GII        | 05/47 | 5.009   | 4           | 5.061    | 27/04/2022                 | -5   |
|            |       |         | <u>2957</u> |          |                            |      |

## Daily Trades : Corp Bonds/ Sukuk

| Securities                            |       | Rating | Closing<br>YTM | Vol<br>(RM mil) | Previous<br>YTM | Previous<br>Trade Date<br>(dd/mm/yyyy) | Chg<br>(bp) | Spread<br>Against<br>MGS* |
|---------------------------------------|-------|--------|----------------|-----------------|-----------------|--|-------------|---------------------------|
| DanaInfra Nasional Berhad             | 02/29 | GG     | 4.638          | 10              | 4.639           | 09/05/2022                             | 0           | 12                        |
| DanaInfra Nasional Berhad             | 09/29 | GG     | 4.701          | 40              | 3.751           | 09/03/2022                             | 95          | 19                        |
| Manjung Island Energy Berhad          | 11/31 | AAA    | 4.798          | 20              | 4.708           | 27/04/2022                             | 9           | 45                        |
| Sabah Development Bank Berhad         | 04/24 | AA1    | 4.039          | 1               | 4.456           | 09/05/2022                             | -42         | 41                        |
| Anih Berhad                           | 11/24 | AA     | 4.182          | 10              | 3.486           | 22/02/2022                             | 70          | 45                        |
| SP Setia Berhad                       | 04/29 | AA     | 4.680          | 1               | 4.670           | 22/04/2022                             | 1           | 17                        |
| Northport (Malaysia) Berhad           | 12/22 | AA-    | 2.813          | 30              | 2.540           | 01/04/2022                             | 27          | 14                        |
| Malakoff Power Berhad                 | 12/23 | AA-    | 3.561          | 20              | 3.010           | 15/03/2022                             | 55          | -7                        |
| Press Metal Aluminium Holdings Berhad | 12/27 | AA3    | 5.041          | 1               | 4.790           | 25/04/2022                             | 25          | 70                        |
| Tropicana Corporation Berhad          | 06/23 | A+     | 5.282          | 1               | 4.169           | 22/04/2022                             | 111         | 261                       |
| YNH Property Berhad                   | 02/25 | A+     | 5.426          | 1               | 5.044           | 04/04/2022                             | 38          | 170                       |
| Alliance Bank Malaysia Berhad         | 10/30 | A2     | 3.993          | 1               | 4.265           | 09/05/2022                             | -27         | -54                       |
| Tropicana Corporation Berhad          | 09/19 | A      | 6.401          | 2               | 6.893           | 09/05/2022                             | -49         | 144                       |
| Eco World Capital Services Berhad     | 03/26 | -      | 5.760          | 1               | 5.544           | 29/04/2022                             | 22          | 182                       |
| Cypark Renewable Energy Sdn Berhad    | 09/20 | -      | 6.713          | 1               | 6.710           | 21/03/2022                             | 0           | 175                       |
|                                       |       |        |                | 137             |                 |  |             |                           |

\*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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