

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- USTs ended stronger on Tuesday following a solid 3Y note auction and also comments by Fed Chair Powell on how the Fed planned to combat inflation to the Senate Banking Committee. Price action was dictated by large futures block trades and also Fed speak by Mester and George. The curve flattened as overall benchmark yields closed lower between 1-3bps across. **The UST 2Y yield edged 1bps down to 0.89% whilst the much-watched 10Y settled 2bps lower at 1.74%.** The \$52b 3Y auction notched strong bidding metrics i.e. the highest seen since August 2021 at 2.47x which was awarded at 1.237%. Surprisingly, the active dollar IG issuance slate did little to weigh on Treasuries. Powell reiterated that the Fed's asset purchases would end in March but also affirmed hawkish points raised in December FOMC meeting, nothing more than that. Expect attention to shift to the important CPI data for December followed by the \$36b 10Y auction tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.89	-1
5-yr UST	1.50	-2
10-yr UST	1.74	-2
30-yr UST	2.06	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.81	-2	2.89	-1
5-yr	3.24	-3	3.25	1
7-yr	3.45	-2	3.38	4
10-yr	3.66	-2	3.68	0
15-yr	3.98	-2	4.01	0
20-yr	4.19	0	4.21	4
30-yr	4.16	-10	4.45	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.14	-4
3-yr	2.80	-5
5-yr	3.06	-6
7-yr	3.27	-6
10-yr	3.49	-3

Source : Bloomberg

##### Upcoming Government Bond Tender

New issuance of RM4.5b 10Y MGS 7/32 on Thursday, 13<sup>th</sup> January, 2022

##### MGS/GII

- Local govies saw MGS better-bid; influenced by lower IRS levels whereas GII ended generally weaker on Tuesday. Overall benchmark MGS/GII yields closed mostly mixed between -10 to +4bps across the curve amid a sustained secondary market volume @ RM3.21b. **The 5Y benchmark MGS 11/26 yield moved 3bps lower to 3.24% whilst the 10Y benchmark MGS 4/31 yield edged 2bps down at 3.66%** compared to prior day's close. Interest was mainly seen in the off-the-run 23's and also 3Y GII, 5Y MGS, 15Y GII. GII rose to form 33% of overall trades. The hawkish tilt amid ongoing tapering of liquidity in the US is expected to keep some pressure on MYR and also global bonds.

##### Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space saw interest wane on Tuesday amid a drop in secondary market volume @ RM352m. Transactions were seen mainly across the the GG-AA part of the curve as overall yields closed mostly higher, spanning across a mere 15 names. DANA dominated the govt-guaranteed space totaling RM150m in transacted amounts. The 2038-2039 tranches along with the long-end 5/46 tranche settled 1-16bps lower compared to previous-done levels at 4.26-44% area whilst the 4/33 tranche spiked 34bps instead at 4.00%. AAA-rated PLUS 28 jumped 48bps to 3.77%. In the AA-space, Fortune Premier 25's too spiked 36-52bps between 4.14-17% levels. SAMALAJU 12/23 similarly saw yields rise 35bps to 3.00%. Meanwhile the banking/finance space saw MAYBANK 2117NC26 perps ease 4bps to 3.76%.

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/22	1.582	3	1.550	10/01/2022	3
MGS	09/22	1.730	42	1.813	04/01/2022	-8
MGS	03/23	2.168	35	2.160	10/01/2022	1
MGS	04/23	2.201	160	2.213	05/01/2022	-1
MGS	08/23	2.417	106	2.358	07/01/2022	6
MGS	06/24	2.814	91	2.832	10/01/2022	-2
MGS	09/24	2.873	13	2.864	07/01/2022	1
MGS	03/25	2.942	30	2.933	07/01/2022	1
MGS	09/25	3.112	5	3.055	10/01/2022	6
MGS	04/26	3.199	40	3.146	05/01/2022	5
MGS	11/26	3.239	630	3.268	10/01/2022	-3
MGS	05/27	3.287	6	3.287	10/01/2022	0
MGS	06/28	3.449	29	3.430	10/01/2022	2
MGS	08/29	3.581	27	3.595	10/01/2022	-1
MGS	04/30	3.649	92	3.648	10/01/2022	0
MGS	04/31	3.659	151	3.676	10/01/2022	-2
MGS	06/31	3.723	37	3.733	10/01/2022	-1
MGS	04/33	3.880	105	3.877	10/01/2022	0
MGS	11/33	3.914	64	3.887	06/01/2022	3
MGS	07/34	3.960	136	3.982	10/01/2022	-2
MGS	05/35	3.982	184	4.002	10/01/2022	-2
MGS	04/37	3.969	14	4.001	10/01/2022	-3
MGS	05/40	4.193	50	4.195	10/01/2022	0
MGS	03/46	4.326	104	4.288	10/01/2022	4
MGS	07/48	4.372	7	4.376	10/01/2022	0
GII	03/22	1.732	121	1.748	10/01/2022	-2
GII	04/22	1.749	92	1.749	07/01/2022	0
GII	08/24	2.914	5	2.916	07/01/2022	0
GII	10/24	2.885	170	2.893	10/01/2022	-1
GII	03/26	3.247	60	3.239	10/01/2022	1
GII	09/27	3.383	35	3.347	07/01/2022	4
GII	10/28	3.478	140	3.461	10/01/2022	2
GII	10/30	3.675	11	3.676	10/01/2022	0
GII	07/36	4.006	300	4.005	10/01/2022	0
GII	09/39	4.202	120	4.192	05/01/2022	1
			<u>3213</u>			

## Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*	
Lembaga Pembiayaan Perumahan Sektor Awam	04/33	GG	3.999	80	3.809	06/05/2021	19	33
Danainfra Nasional Berhad	04/33	GG	3.999	50	3.657	06/09/2021	34	33
Danainfra Nasional Berhad	04/38	GG	4.259	50	4.359	06/10/2021	-10	27
Danainfra Nasional Berhad	02/39	GG	4.289	10	4.299	10/01/2022	-1	30
Danainfra Nasional Berhad	05/41	GG	4.359	20	4.349	07/01/2022	1	16
Danainfra Nasional Berhad	05/46	GG	4.440	20	4.600	29/10/2021	-16	24
Cagamas Berhad	04/22	AAA	2.046	35	2.068	18/08/2021	-2	11
Projek Lebuhraya Usahasama Berhad	01/28	AAA	3.768	10	3.291	30/07/2021	48	43
Danga Capital Berhad	09/33	AAA	4.159	10	4.151	07/12/2021	1	49
Fortune Premiere Sdn Berhad	09/25	AA	4.138	30	3.880	25/11/2021	26	108
Fortune Premiere Sdn Berhad	10/25	AA	4.169	15	3.649	05/10/2021	52	111
Malayan Banking Berhad	02/17	AA3	3.755	10	3.792	10/01/2022	-4	-44
Alliance Bank Malaysia Berhad	10/30	A2	3.565	1	3.570	10/01/2022	0	-6
Samalaju Industrial Port Sdn Berhad	12/23	AA1	2.998	10	2.651	24/11/2020	35	65
GENM Capital Berhad	08/25	AA1	4.130	1	4.131	10/01/2022	0	107
			<u>352</u>					

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
AMMB Holdings Berhad	Corporate credit ratings	AA3/Stable/P1	Reaffirmed
AmBank (M) Berhad	Financial Institution Ratings RM7 billion Senior Notes Issuance Programme (2010/2040) RM4 billion Tier-2 Subordinated Notes Programme (2013/2043)	AA3/Stable/P1 AA3/Stable/P1 A1/Stable	Reaffirmed
AmBank Islamic Berhad	Financial Institution Ratings RM3 billion Senior Sukuk Musyarakah Programme (2010/2040) RM3 billion Subordinated Sukuk Murabahah Programme (2014/2044)	AA3/Stable/P1 AA3/Stable/P1 A1/Stable	Reaffirmed
AmInvestment Bank Berhad	Financial Institution Ratings	AA3/Stable/P1	Reaffirmed

Source: RAM, MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; 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.