

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.86	11
5-yr UST	2.09	14
10-yr UST	2.13	14
30-yr UST	2.47	12

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.68	4	2.81	0
5-yr	3.31	4	3.26	1
7-yr	3.54	0	3.41	0
10-yr	3.68	1	3.74	1
15-yr	3.96	-12	4.11	1
20-yr	4.22	0	4.25	0
30-yr	4.32	-6	4.36	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.25	0
3-yr	2.94	2
5-yr	3.18	2
7-yr	3.38	2
10-yr	3.59	2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries came under further pressure on Monday ahead of the Fed's monetary policy meeting on Thursday morning. Hopes that Russia and Ukraine would reach an agreement to end the war also saw less demand for the safety of bond asset class. The heavy ongoing IG issuance slate comprising of multi-tranche deals slate this week projected at ~\$30b also weighed on the curve. The curve shifted sharply higher as overall benchmark yields rose between 11-14bps save for the UST 30Y. **The UST 2Y yield jumped 11bps higher to 1.86% whilst the much-watched UST 10Y spiked 14bps to 2.13%; the highest yield seen since May 2019.** The Fed is expected to hike rates for the 1<sup>st</sup> time in three (3) years to tame soaring inflation that shows no sign of easing. Expectations by Fed Fund futures traders are for the Fed Fund rate to be at 1.83% by its December FOMC meeting, up from the 1.75% last Friday. Expect all eyes on the all-important FOMC decision this Thursday.

MGS/GII

- Local govies saw interest grind to one of the lowest ever seen YTD on Monday with players sidelined ahead of the all-important US FOMC meeting this Thursday. Overall benchmark MGS/GII yields closed mostly unchanged-to-higher i.e. between 0-4bps (save for the 15Y and 30Y MGS), amid the plunge in secondary market volume @ RM623m. **The 5Y benchmark MGS 11/26 yield rose 4bps to 3.31% whilst the 10Y MGS 7/32 edged 1bps higher at 3.68%.** Trades were sparse across the curve with highest volume recorded in benchmark 5Y MGS. GII trades fell to form ~30% of overall transactions. Meanwhile, foreign holdings of MYR bonds continue to see an uptrend, reflecting investors preference to seek some shelter from the upheaval in financial markets due to the Russia-Ukraine war.

Corp Bonds/Sukuk

- On Monday, trading interest and activity slumped as well in the Corporate Bonds/Sukuk space with token interest seen across GG-AA part of the curve. Overall yields closed mixed again and spanned across a mere 15 names amid the steep fall in secondary market volume @ RM116m. Govt-guaranteed LPPSA and PRASA 22's declined 12bps between 1.99-2.00%. AAA-rated PLUS 24 and MANJUNG 31 ended unchanged at 3.00% and 4.09% each. AA-rated Penang PORT 12/29 edged 1bps higher at 4.24% whilst GAMUDA 11/22 rose 4bps instead to 2.58%. The banking/finance space was relatively quiet with Bank ISLAM 28NC23 edging 2bps up at 3.21%.

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	09/22	1.704	1	1.698	11/03/2022	1
MGS	03/23	1.847	1	1.828	11/03/2022	2
MGS	04/23	1.876	1	1.926	10/03/2022	-5
MGS	06/24	2.683	87	2.646	11/03/2022	4
MGS	07/24	2.749	41	2.736	11/03/2022	1
MGS	09/24	2.809	2	2.760	11/03/2022	5
MGS	04/26	3.212	8	3.199	11/03/2022	1
MGS	07/26	3.233	1	3.252	10/03/2022	-2
MGS	11/26	3.311	88	3.270	11/03/2022	4
MGS	05/27	3.360	1	3.322	10/03/2022	4
MGS	11/27	3.350	4	3.347	11/03/2022	0
MGS	06/28	3.542	1	3.540	11/03/2022	0
MGS	08/29	3.675	78	3.675	11/03/2022	0
MGS	04/30	3.697	20	3.687	09/03/2022	1
MGS	04/31	3.723	1	3.690	10/03/2022	3
MGS	07/32	3.672	45	3.673	11/03/2022	0
MGS	07/34	4.041	6	4.035	11/03/2022	1
MGS	05/35	3.964	34	4.081	11/03/2022	-12
MGS	03/46	4.400	13	4.446	08/03/2022	-5
GII	04/22	1.782	22	1.792	11/03/2022	-1
GII	07/23	2.196	37	2.180	24/02/2022	2
GII	08/24	2.774	86	2.799	10/03/2022	-2
GII	03/26	3.263	1	3.254	09/03/2022	1
GII	09/27	3.418	1	3.408	11/03/2022	1
GII	09/30	3.713	20	3.711	17/02/2022	0
GII	10/30	3.742	22	3.736	11/03/2022	1
GII	07/36	4.108	1	4.097	08/03/2022	1
			<u>623</u>			

## Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread Against IRS*	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)		
Lembaga Pembiayaan Perumahan Sektor Awam	04/22	GG	2.002	5	2.126	25/02/2022	-12	-25
Prasarana Malaysia Berhad	09/22	GG	1.985	5	2.108	20/01/2022	-12	-27
Prasarana Malaysia Berhad	02/35	GG	4.130	10	4.261	14/02/2022	-13	24
Projek Lebuhraya Usahasama Berhad	01/24	AAA	3.000	30	2.996	28/01/2022	0	31
Danga Capital Berhad	09/27	AAA	3.700	5	3.698	10/03/2022	0	53
Rantau Abang Capital Berhad	03/29	AAA	3.818	10	3.390	16/08/2021	43	44
Manjung Island Energy Berhad	11/31	AAA	4.089	10	4.088	11/03/2022	0	50
YTL Power International Berhad	06/22	AA1	3.102	8	3.101	10/03/2022	0	85
Gamuda Berhad	11/22	AA3	2.584	10	2.545	03/03/2022	4	33
Penang Port Sdn Berhad	12/29	AA-	4.239	10	4.228	10/03/2022	1	77
Bank Islam Malaysia Berhad	11/28	A1	3.206	10	3.181	12/08/2021	2	-17
CIMB Group Holdings Berhad	05/16	A1	4.379	1	4.459	20/12/2021	-8	48
Alliance Bank Malaysia Berhad	10/30	A2	3.742	1	3.742	11/03/2022	0	27
MCIS Insurance Berhad	12/31	A2	4.501	1	4.947	11/03/2022	-45	91
Eco World International Berhad	05/23	-	5.227	1	3.728	11/03/2022	150	298
			<u>116</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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