

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended richer on Wednesday as markets digested that the aggressive 75bps rate hike by the Fed at the FOMC early this morning was an unusual move and believed that future rate hike warrants would be pivoted along the 50bps handle although a 75bps hike is not completely off the table. The curve steepened as overall benchmark yields ended 9-24bps lower across led by the front end. the **UST 2Y yield rallied to close 24bps lower at 3.19% whilst the much-watched 10Y declined 19bps to 3.29%**. The yield curve, an often-used predictor in past recessions has reverted into positive territory following several days of lingering at parish levels. Fed Chair Powell said that supply-side issues are still pushing upward on inflation with the Fed determined to keep inflation expectations anchored at ~2.0% whilst the labor market is strong. Elsewhere, foreign investors sold a net \$1.15b of USTs in April with China ending as net buyer whilst Japan was net seller.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	3.19	-24
5-yr UST	3.37	-22
10-yr UST	3.29	-19
30-yr UST	3.33	-9

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.53	-6	3.66	-3
5-yr	3.92	-6	4.11	-4
7-yr	4.31	-11	4.28	-2
10-yr	4.34	-5	4.38	0
15-yr	4.77	-1	4.76	9
20-yr	4.81	-4	4.90	20
30-yr	5.05	-2	5.05	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.00	2
3-yr	3.82	-1
5-yr	4.03	1
7-yr	4.17	-1
10-yr	4.28	-4

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GIII

- Local govies saw MGS better-bid on Wednesday and claw back some of the recent losses, whereas GII closed mixed with the longer-ends slightly pressured. Overall benchmark MGS/GII yields closed between 0-11 lower, save for the 15Y and 20Y GII amid sustained secondary market volume of RM2.31b. **The 5Y benchmark MGS 11/26 yield eased 6bps to 3.92% whilst the 10Y benchmark MGS 7/32 yield eased 5bps to 4.34%**. Interest was mainly seen in the off-the-run 22's and also 3Y MGS/GII and 7Y, 10Y and 15Y MGS MGS, 7Y and 10Y MGS. GII transactions maintained to form a mere to form only 13% of overall trades. Meanwhile, the trade numbers for May are expected to be released tomorrow.

Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space saw stronger investor interest on Wednesday with a high percentage of standard lot trades as compared to the pat two (2) sessions. Transactions were mainly seen across the GG-AA part of the curve spanning across 27 names. Overall yields closed mostly higher amid the near-doubling of secondary market volume @ RM415m. The long-end govt-guaranteed LPPSA 2/46 and DANA 2/49 rose 16-19bps compared to previous-done levels to 5.19% and 5.25% each. AAA-rated PLUS and SEB 26's moved 7bps higher each; notching RM40m respectively. PLUS 37 on the other hand closed unchanged at 5.18%. The AA-space saw KLK 4/26 notch RM50m in total trades; edging 2bps up at 4.32%. Energy-related bonds Southern Power 4/26 saw its yield jump to 4.59% whereas BGSM 8/25 edged 1bps lower instead at 4.30%. Meanwhile, the banking/finance space saw CIMB Group Holdings 29NC24 spike 66bps to 4.11% whereas MAYBANK 2117NC26 settled 10bps higher at 4.35%.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	08/22	2.150	413	2.152	14/06/2022	0
MGS	09/22	2.256	50	2.273	14/06/2022	-2
MGS	03/23	2.806	31	2.849	14/06/2022	-4
MGS	04/23	2.930	7	2.893	14/06/2022	4
MGS	06/24	3.452	4	3.530	14/06/2022	-8
MGS	07/24	3.500	27	3.476	14/06/2022	2
MGS	09/24	3.484	1	3.477	14/06/2022	1
MGS	03/25	3.531	111	3.591	14/06/2022	-6
MGS	09/25	3.723	8	3.713	14/06/2022	1
MGS	07/26	3.932	2	4.013	13/06/2022	-8
MGS	11/26	3.919	43	3.974	14/06/2022	-6
MGS	05/27	4.041	73	4.099	14/06/2022	-6
MGS	11/27	4.065	77	4.138	14/06/2022	-7
MGS	06/28	4.237	6	4.228	14/06/2022	1
MGS	04/29	4.305	540	4.415	14/06/2022	-11
MGS	04/31	4.352	50	4.435	14/06/2022	-8
MGS	06/31	4.431	4	4.326	13/06/2022	11
MGS	04/32	4.550	1	4.252	31/05/2022	30
MGS	07/32	4.335	291	4.387	14/06/2022	-5
MGS	04/33	4.674	53	4.394	10/06/2022	28
MGS	07/34	4.730	11	4.714	14/06/2022	2
MGS	04/37	4.766	163	4.780	14/06/2022	-1
MGS	06/38	4.842	10	4.821	14/06/2022	2
MGS	05/40	4.764	6	4.876	14/06/2022	-11
MGS	10/42	4.813	17	4.855	14/06/2022	-4
MGS	03/46	4.930	1	5.004	14/06/2022	-7
MGS	07/48	5.053	10	5.100	14/06/2022	-5
MGS	06/50	5.050	2	5.074	14/06/2022	-2
GII	10/24	3.464	1	3.518	14/06/2022	-5
GII	10/25	3.664	150	3.693	14/06/2022	-3
GII	09/27	4.105	15	4.150	14/06/2022	-4
GII	10/28	4.278	11	4.296	14/06/2022	-2
GII	07/29	4.345	40	4.064	01/06/2022	28
GII	10/30	4.405	10	4.405	13/06/2022	0
GII	10/32	4.381	10	4.381	14/06/2022	0
GII	07/36	4.764	60	4.674	13/06/2022	9
GII	09/41	4.901	1	4.702	08/06/2022	20
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Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*	
Danainfra Nasional Berhad	09/27	GG	4.383	20	4.447	13/05/2022	-6	39
Lembaga Pembiayaan Perumahan Sektor Awam	09/46	GG	5.190	10	5.000	27/05/2022	19	34
Danainfra Nasional Berhad	02/49	GG	5.245	30	5.085	26/05/2022	16	39
Malaysia Airports Capital Berhad	12/22	AAA	2.905	2	3.505	07/06/2022	-60	10
Danum Capital Berhad	05/23	AAA	3.099	10	3.062	10/06/2022	4	29
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak)	08/23	AAA	3.220	5	3.187	07/06/2022	3	41
Telekom Malaysia Berhad	12/24	AAA	3.937	10	3.290	05/04/2022	65	35
Projek Lebuhraya Usahasama Berhad	01/26	AAA	4.301	40	4.227	08/06/2022	7	49
Sarawak Energy Berhad	06/26	AAA	4.216	40	4.147	26/05/2022	7	41
DiGi Telecommunications Sdn Berhad	09/26	AAA	4.297	10	4.159	08/06/2022	14	49
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak)	08/27	AAA	4.478	10	3.688	25/11/2021	79	49
Danga Capital Berhad	01/33	AAA	4.826	20	4.855	23/05/2022	-3	47
Danga Capital Berhad	09/33	AAA	4.870	10	4.159	11/01/2022	71	51
Projek Lebuhraya Usahasama Berhad	01/37	AAA	5.180	50	5.180	20/05/2022	0	41
TNB Power Generation Sdn Berhad	06/37	AAA	5.009	10	4.795	10/06/2022	21	24
Sabah Development Bank Berhad	07/24	AA1	4.548	1	4.090	14/06/2022	46	109
Sabah Development Bank Berhad	05/25	AA1	4.081	2	4.034	14/06/2022	5	50
Kuala Lumpur Kepong Berhad	04/26	AA1	4.318	50	4.299	14/06/2022	2	51
CIMB Group Holdings Berhad	09/29	AA	4.109	10	3.450	04/04/2022	66	-24
UEM Sunrise Berhad	05/23	AA-	3.864	10	3.850	18/05/2022	1	106
UEM Sunrise Berhad	05/26	AA-	5.438	10	4.597	30/11/2021	84	163
Southern Power Generation Sdn Berhad	04/26	AA-	4.594	20	3.317	03/09/2021	128	79
BGSM Management Sdn Berhad	08/25	AA3	4.297	20	4.308	20/05/2022	-1	71
Malayan Banking Berhad	02/17	AA3	4.348	10	4.252	31/05/2022	10	-51
Tropicana Corporation Berhad	06/23	A+	4.927	2	4.880	13/06/2022	5	212
MCIS Insurance Berhad	12/31	A2	5.149	3	5.149	14/06/2022	0	79
YNH Property Berhad	08/19	-	6.328	1	6.089	01/06/2022	24	147
				<u>415</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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