

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries ended stronger on Monday, led by mounting global economic slowdown concerns especially after weaker than expected economic data from China and a steep drop in New York state's factory activity for May. The yield curve was slightly flatter as overall benchmark yields slid between 1-4bps across save for the long bond. **The UST 2Y yield edged 1bps lower at 2.57% whilst the much-watched 10Y yield fell 4bps to 2.88%.** Fed Williams said that he expects inflation to decline next year but echoed Powell's sentiment on the likelihood for further 50bps rate hikes at upcoming FOMC meetings. Elsewhere, foreign investors bought a net ~\$49b of USTs in March with UK leading inflows with \$59b, whilst Japanese investors sold a net of \$33b. Hence, as at March, foreign investors held about ~33% of US outstanding debt. Expect some attention to shift to the April retail sales data release tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.57	-1
5-yr UST	2.83	-4
10-yr UST	2.88	-4
30-yr UST	3.10	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.64	-11	3.68	3
5-yr	3.95	-8	4.21	0
7-yr	4.45	2	4.44	-3
10-yr	4.45	0	4.58	0
15-yr	4.89	8	4.93	-6
20-yr	5.00	-1	5.05	-5
30-yr	5.10	-2	5.30	-6

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.83	5
3-yr	3.68	2
5-yr	3.91	1
7-yr	4.10	1
10-yr	4.25	-5

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

##### MGS/GIII

- Malaysia financial markets were closed on Monday to observe the Wesak Day celebrations. Last Friday, local govies saw both ends of MGS well-bid whereas GII's generally closed stronger save for the short-end; spurred by confidence arising from the faster-than-expected acceleration in 1Q2022 GDP. Overall benchmark MGS/GII yields closed mostly mixed between -11bps and +8bps amid a 15% decrease in secondary market volume to RM1.67b. **The 5Y benchmark MGS 11/26 rallied, pushing yields down 8bps to 3.95% whilst the 10Y MGS 7/32 settled unchanged at 4.45%.** Trades were mainly seen in the off-the-run 22's, 24-25's and also the 29's. GII trades dropped to form 21% of overall transactions. Taking cue from the faster pace of economic growth @ 5.0% y/y in 1Q2022, we opine full year 2022 growth to exceed the official forecast range of 5.3-6.3%, underpinned by increase in consumption expenditure arising from both the expected EPF withdrawal and also minimum wage implementation. Meanwhile, expect attention to shift to the April trade data this Thursday.

##### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw slight pick-up in interest last Friday with some interest seen sporadically across the GG-AA part of the curve. Overall yields closed higher, spanning across 14 names amid the increase in secondary market volume @ RM293m. Govt-guaranteed DANA 9/27 spiked 62bps compared to previous-done levels at 4.45% whilst the long-end 2/51 tranche rose 8bps to 5.41%. AAA-rated utility giant TNB 8/38 jumped 40bps higher to 5.20%. The short-end AA-rated plantation-related bonds KLK 9/22, saw tremendous volume of RM110m exchanging hands; rising 12bps to 2.72%. whereas MAHB 2114NC24 perps saw yields jump 79bps to 5.10%. Meanwhile, the banking/finance space was relatively quiet.

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	08/22	2.249	12	2.046	11/05/2022	20
MGS	09/22	2.254	31	2.152	12/05/2022	10
MGS	03/23	2.679	2	2.631	11/05/2022	5
MGS	04/23	2.761	29	2.874	12/05/2022	-11
MGS	06/24	3.603	1	3.654	12/05/2022	-5
MGS	09/24	3.702	15	3.765	12/05/2022	-6
MGS	03/25	3.635	30	3.749	12/05/2022	-11
MGS	09/25	3.905	115	3.912	12/05/2022	-1
MGS	07/26	4.010	120	3.958	12/05/2022	5
MGS	11/26	3.951	68	4.033	12/05/2022	-8
MGS	05/27	4.195	2	4.123	12/05/2022	7
MGS	11/27	4.121	92	4.156	12/05/2022	-3
MGS	06/28	4.289	2	4.326	12/05/2022	-4
MGS	04/29	4.445	305	4.428	12/05/2022	2
MGS	08/29	4.491	121	4.525	12/05/2022	-3
MGS	04/30	4.543	102	4.498	12/05/2022	4
MGS	04/31	4.595	21	4.628	12/05/2022	-3
MGS	06/31	4.611	6	4.670	12/05/2022	-6
MGS	07/32	4.445	39	4.445	12/05/2022	0
MGS	04/33	4.788	6	4.831	12/05/2022	-4
MGS	11/33	4.882	71	4.779	12/05/2022	10
MGS	07/34	4.883	19	4.816	12/05/2022	7
MGS	05/35	4.500	7	4.881	12/05/2022	-38
MGS	04/37	4.885	9	4.809	12/05/2022	8
MGS	06/38	4.999	3	4.938	12/05/2022	6
MGS	05/40	4.977	6	5.002	12/05/2022	-2
MGS	10/42	4.996	41	5.011	12/05/2022	-1
MGS	06/50	5.095	50	5.110	12/05/2022	-2
GII	07/22	2.005	134	2.102	12/05/2022	-10
GII	11/23	3.107	39	3.060	12/05/2022	5
GII	10/24	3.676	40	3.651	12/05/2022	3
GII	10/25	3.926	1	3.634	25/04/2022	29
GII	03/26	3.964	3	4.060	12/05/2022	-10
GII	10/28	4.438	21	4.468	12/05/2022	-3
GII	07/29	4.501	2	4.542	12/05/2022	-4
GII	10/30	4.593	51	4.622	12/05/2022	-3
GII	10/32	4.584	5	4.583	12/05/2022	0
GII	10/35	4.898	1	4.696	25/04/2022	20
GII	07/36	4.925	4	4.985	12/05/2022	-6
GII	09/41	5.048	1	5.095	12/05/2022	-5
GII	05/52	5.300	41	5.250	12/05/2022	5
			<u>1667</u>			

## 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*
Lembaga Pembiayaan Perumahan Sektor Awam	09/22	GG	2.594	20	2.209	08/03/2022	39	-15
Khazanah Nasional Berhad	08/23	GG	3.144	55	2.918	29/04/2022	23	40
Danainfra Nasional Berhad	09/27	GG	4.447	20	3.825	07/04/2022	62	43
Danainfra Nasional Berhad	02/51	GG	5.405	10	5.330	27/04/2022	8	42
Sarawak Energy Berhad	11/28	AAA	4.700	5	4.700	11/05/2022	0	28
Tenaga Nasional Berhad	08/38	AAA	5.200	5	4.799	15/04/2022	40	31
Kuala Lumpur Kepong Berhad	09/22	AA1	2.722	110	2.605	23/03/2022	12	-2
Sabah Development Bank Berhad	05/25	AA1	4.242	1	4.167	12/05/2022	8	57
GENM Capital Berhad	08/25	AA1	4.236	7	4.240	09/05/2022	0	56
Genting RMTN Berhad	03/27	AA1	5.273	10	5.127	07/04/2022	15	125
Imtiaz Sukuk II Berhad	10/22	AA2	2.756	20	2.455	12/04/2022	30	1
Malaysia Airport Holdings Berhad	12/14	AA2	5.096	20	4.311	25/03/2022	79	11
Tadau Energy Sdn Berhad	07/32	AA3	5.560	10	4.285	09/09/2020	128	113
Tropicana Corporation Berhad	06/23	A+	4.678	1	3.932	12/05/2022	75	193
				293				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
TNB Northern Energy Berhad	Outstanding sukuk of RM1.32 billion	AAA-IS/Stable	Affirmed

Source: RAM, MARC

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