

Global Markets Research

Fixed Income

| UST | | |
|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) |
| 2-yr UST | 1.04 | 7 |
| 5-yr UST | 1.64 | 8 |
| 10-yr UST | 1.85 | 7 |
| 30-yr UST | 2.18 | 6 |

| MGS | | GII* | | |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr | 2.79 | 0 | 2.88 | 0 |
| 5-yr | 3.24 | 3 | 3.21 | 0 |
| 7-yr | 3.43 | 0 | 3.35 | 0 |
| 10-yr | 3.61 | 2 | 3.67 | 3 |
| 15-yr | 3.99 | 2 | 4.03 | 0 |
| 20-yr | 4.19 | 3 | 4.19 | 1 |
| 30-yr | 4.18 | -8 | 4.39 | 0 |

* Market indicative levels

| MYR IRS Levels | | |
|----------------|-------------|-----------|
| IRS | Closing (%) | Chg (bps) |
| 1-yr | 2.16 | 1 |
| 3-yr | 2.83 | 2 |
| 5-yr | 3.11 | 4 |
| 7-yr | 3.32 | 4 |
| 10-yr | 3.57 | 7 |

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- USTs extended losses as market reopened from Monday's holiday as traders continued to price-in a more aggressive rate hike scenario for 2022. The relatively large block sale in 5Y notes impinged on yields as well. The curve shifted sharply higher again as overall benchmark yields jumped between 6-8bps across to post-pandemic highs. Both the **UST 2Y and much-watched 10Y yields spiked 7bps each to 1.04% and 1.85%**. The hawkish sentiment which swept through rates market saw a March rate hike of 25bps fully priced, with a total of four (4) hikes for the whole of this year to combat persistently high inflation. Meanwhile, foreign holdings of US government securities rose to a record \$7.75 trillion in November with both Japan and China seeing jumps of between \$15-20b each to \$1.34 trillion and \$1.08 trillion respectively. Expect some slight attention to shift to peripheral data covering housing starts tonight followed by initial jobless claims as at 15th January, come tomorrow.

MGS/GII

- On Monday, local govies drifted weaker; influenced by higher IRS levels ahead of the Thaipusam break yesterday. Overall benchmark MGS/GII yields closed between 0-3bps higher across the curve save for the 30Y MGS, amid a 33% overall fall in secondary market volume @ RM2.14b. **The 5Y benchmark 11/26 yield rose 3bps to 3.24% whilst the 10Y benchmark MGS 7/32 yields edged 2bps up at 3.61% compared to prior day.** Interest was mainly seen in the off-the-run 22's, 23's, 25's and also the 31's. GII eased further to form 24% of overall trades. Expect attention to shift to the MPC meeting tomorrow to decide on the OPR as our house view remains intact on OPR for now.

Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space continued to see strong market activity on Monday amid a further 15% rise in secondary market volume @ RM664m. Transactions were seen mainly across the the GG-AA part of the curve as overall yields closed mostly mixed, spanning across 27 names. PR1MA 10/22 rallied 15bps compared to previous-done levels to 2.10% whilst PRASA 12/27 settled 6bps lower at 3.62%. The short AAA-rated CAGAMAS 12/22 registered RM275m worth of trades; closing unchanged at 2.12%. DANGA 1/28 edged 2bps up at 3.78%. In the AA-space, construction giants IJM and GAMUDA 23's declined 12-16bps to between 2.73-3.02%. Meanwhile the banking/finance space saw PUBLIC 29NC24 notch sizeable trades totaling RM100m; with yields rising 6bps to 3.20%. Elsewhere there were substantial odd-lot trades in Alliance Bank, Affin Bank and property-related bonds eg Trpicana and Eco World.

Daily Trades : Government Bond

| Securities | | Closing | Vol | Previous | Previous | Chg |
|------------|-------|---------|-------------|----------|----------------------------|------|
| | | YTM | (RM mil) | YTM | Trade Date (dd/mm/yyyy) | (bp) |
| MGS | 03/22 | 1.553 | 52 | 1.503 | 14/01/2022 | 5 |
| MGS | 08/22 | 1.670 | 75 | 1.744 | 14/01/2022 | -7 |
| MGS | 09/22 | 1.670 | 102 | 1.699 | 14/01/2022 | -3 |
| MGS | 03/23 | 2.090 | 17 | 2.109 | 14/01/2022 | -2 |
| MGS | 08/23 | 2.337 | 130 | 2.384 | 14/01/2022 | -5 |
| MGS | 07/24 | 2.884 | 1 | 2.820 | 14/01/2022 | 6 |
| MGS | 03/25 | 2.942 | 210 | 2.927 | 14/01/2022 | 2 |
| MGS | 04/26 | 3.170 | 25 | 3.175 | 12/01/2022 | 0 |
| MGS | 07/26 | 3.171 | 5 | 3.200 | 14/01/2022 | -3 |
| MGS | 11/26 | 3.241 | 19 | 3.214 | 14/01/2022 | 3 |
| MGS | 05/27 | 3.276 | 210 | 3.285 | 14/01/2022 | -1 |
| MGS | 11/27 | 3.308 | 57 | 3.327 | 14/01/2022 | -2 |
| MGS | 06/28 | 3.431 | 7 | 3.426 | 14/01/2022 | 0 |
| MGS | 08/29 | 3.543 | 133 | 3.558 | 14/01/2022 | -1 |
| MGS | 04/31 | 3.650 | 331 | 3.634 | 14/01/2022 | 2 |
| MGS | 07/34 | 3.946 | 1 | 3.910 | 14/01/2022 | 4 |
| MGS | 05/35 | 3.986 | 1 | 3.962 | 14/01/2022 | 2 |
| MGS | 06/38 | 4.135 | 10 | 4.132 | 12/01/2022 | 0 |
| MGS | 05/40 | 4.194 | 12 | 4.168 | 14/01/2022 | 3 |
| MGS | 03/46 | 4.345 | 50 | 4.315 | 14/01/2022 | 3 |
| MGS | 06/50 | 4.180 | 2 | 4.260 | 14/01/2022 | -8 |
| MGS | 07/32 | 3.605 | 190 | 3.588 | 14/01/2022 | 2 |
| GII | 03/22 | 1.598 | 67 | 1.648 | 14/01/2022 | -5 |
| GII | 04/22 | 1.600 | 216 | 1.621 | 14/01/2022 | -2 |
| GII | 07/22 | 1.731 | 10 | 1.780 | 14/01/2022 | -5 |
| GII | 05/23 | 2.243 | 10 | 2.208 | 13/01/2022 | 3 |
| GII | 11/23 | 2.320 | 60 | 2.382 | 14/01/2022 | -6 |
| GII | 10/28 | 3.481 | 57 | 3.476 | 14/01/2022 | 0 |
| GII | 12/28 | 3.563 | 5 | 3.561 | 17/12/2021 | 0 |
| GII | 10/30 | 3.667 | 1 | 3.640 | 14/01/2022 | 3 |
| GII | 08/33 | 3.870 | 80 | 3.892 | 13/01/2022 | -2 |
| | | | <u>2144</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* |
|--|-------|--------|----------------|-----------------|-----------------|--|-------------|---------------------------|
| PR1MA Corporation Malaysia | 10/22 | GG | 2.100 | 90 | 2.251 | 13/10/2021 | -15 | 14 |
| Prasarana Malaysia Berhad | 12/27 | GG | 3.618 | 40 | 3.679 | 17/12/2021 | -6 | 29 |
| Cagamas Berhad | 12/22 | AAA | 2.122 | 275 | 2.119 | 07/12/2021 | 0 | 16 |
| Danum Capital Berhad | 05/23 | AAA | 2.408 | 20 | 2.394 | 20/12/2021 | 1 | 45 |
| Mercedes-Benz Services Malaysia Sdn Berhad | 11/23 | AAA | 2.800 | 10 | 2.926 | 20/05/2021 | -13 | 44 |
| Pengurusan Air SPV Berhad | 02/24 | AAA | 2.909 | 10 | 2.911 | 13/10/2021 | 0 | 55 |
| Danum Capital Berhad | 05/25 | AAA | 3.306 | 10 | 3.320 | 10/01/2022 | -1 | 48 |
| Pengurusan Air SPV Berhad | 02/26 | AAA | 3.523 | 20 | 3.545 | 08/10/2021 | -2 | 47 |
| Zamarad Assets Berhad | 03/26 | AAA | 3.863 | 15 | 3.472 | 24/09/2021 | 39 | 81 |
| Small Medium Enterprise Development Bank Malaysia Berhad | 07/26 | AAA | 3.620 | 20 | 3.100 | 02/08/2021 | 52 | 38 |
| Danga Capital Berhad | 01/28 | AAA | 3.780 | 10 | 3.758 | 13/01/2022 | 2 | 45 |
| Sabah Development Bank Berhad | 07/26 | AA1 | 4.106 | 1 | 4.550 | 12/01/2022 | -44 | 87 |
| Public Bank Berhad | 07/29 | AA1 | 3.197 | 100 | 3.135 | 28/09/2021 | 6 | -35 |
| Malayan Banking Berhad | 08/31 | AA1 | 3.569 | 1 | 3.307 | 14/09/2021 | 26 | -3 |
| Malayan Banking Berhad | 10/32 | AA1 | 3.768 | 1 | 3.749 | 01/10/2021 | 2 | 17 |
| IJM Corporation Berhad | 06/23 | AA3 | 2.730 | 10 | 2.894 | 27/09/2021 | -16 | 77 |
| Gamuda Berhad | 11/23 | AA3 | 3.021 | 20 | 3.136 | 29/10/2021 | -12 | 66 |
| IJM Corporation Berhad | 04/29 | AA3 | 4.337 | 2 | 4.320 | 14/01/2022 | 2 | 89 |
| MMC Corporation Berhad | 04/23 | AA- | 2.936 | 2 | 2.975 | 19/11/2021 | -4 | 97 |
| UEM Sunrise Berhad | 09/26 | AA- | 4.683 | 1 | | | 468 | 145 |
| Jimah East Power Sdn Berhad | 12/29 | AA- | 4.518 | 2 | 4.478 | 17/12/2021 | 4 | 97 |
| Tropicana Corporation Berhad | 06/23 | A+ | 4.384 | 1 | 4.925 | 14/01/2022 | -54 | 242 |
| Alliance Bank Malaysia Berhad | 10/30 | A2 | 3.562 | 2 | 3.693 | 13/01/2022 | -13 | -2 |
| Tropicana Corporation Berhad | 09/19 | A | 5.624 | 2 | 5.767 | 13/01/2022 | -14 | 143 |
| Affin Bank Berhad | 07/18 | A3 | 4.234 | 1 | 3.747 | 21/12/2021 | 49 | 4 |
| Eco World Capital Assets Berhad | 08/24 | - | 5.400 | 1 | 5.383 | 12/01/2022 | 2 | 257 |
| YNH Property Berhad | 08/19 | - | 5.678 | 1 | 5.681 | 13/01/2022 | 0 | 149 |
| | | | | <u>664</u> | | | | |

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

| Rating Action | | | |
|---------------|-----------------|----------------|--------|
| Issuer | PDS Description | Rating/Outlook | Action |
| Nil | Nil | Nil | Nil |

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & 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

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