

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.67	-3
5-yr UST	2.89	-7
10-yr UST	2.89	-10
30-yr UST	3.07	-11

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.67	-2	3.64	1
5-yr	4.01	2	4.21	0
7-yr	4.39	-1	4.29	-15
10-yr	4.38	-6	4.58	0
15-yr	4.81	-5	4.90	9
20-yr	4.99	4	5.05	0
30-yr	5.07	-3	5.26	-4

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.84	0
3-yr	3.73	0
5-yr	3.94	0
7-yr	4.11	-1
10-yr	4.28	3

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries notched handsome gains on Wednesday on safe-haven bids especially in the longer-ends whilst benefitting from the poor equities performance. Growth concerns were still abound despite another Fed official, Evans, reaffirming expectations of 50bps rate hike going forward. The curve continued to flatten as overall benchmark yields declined between 3-11bps across. **The UST 2Y yield moved 3bps down to 2.67% whilst the much-watched 10Y rallied, to end 10bps lower at 2.89%.** The 20Y bond auction notched solid bidding metrics with BTC ratio at 2.50x (previous six auction average: 2.31x) and awarded at 3.29% (previous auction: 3.095%). The weaker peripheral data that included lower housing starts for April (amid rising mortgage rates and building costs) along with lower building permits turned against many of the metrics seen lately which are still trending on the high side. Elsewhere, the usage of the Fed's reserve facility for overnight reverse repo jumped to a fresh record high of ~\$1.973 trillion. Meanwhile, expect some attention to shift to jobless claims report as at 14<sup>th</sup> May and existing home sales for April.

MGS/GIII

- Local govvnies were generally better-bid especially in the intermediate 7-10Y tenures on Wednesday. Nevertheless overall benchmark MGS/GII yields closed mixed between -15 to +9bps amid a 61% jump in secondary market volume @ RM1.91b. **The 5Y benchmark MGS 11/26 yield edged 2bps higher to 4.01% whilst the 10Y benchmark MGS 7/32 yield declined 6bps to 4.38%; ahead of the its next auction soon.** Trades were mainly seen in the off-the-run 22's and also the benchmark 3Y MGS/GII. GII trades jumped to form 46% of overall transactions. Bonds have seen steady levels lately as investors mull the possibility of further OPR rate hikes in 2H2022. Expect attention to shift to the April trade data today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw tremendous interest on Wednesday with interest seen across the GG-AA part of the curve. Overall yields closed mostly higher, spanning across 20 names amid the jump in secondary market volume to RM345m. Govt-guaranteed PRASA 12/22 and JKSB 5/25 spiked 64bps to 2.76% and 4.08% each whilst the long-end PTPTN 7/41 jumped 82bps higher to 5.23%. Both AAA-rated SEB 6/26 and MAHB 2114NC24 perps registered RM50m worth of trades; with the former spiking 58bps to 4.30% whilst the latter climbed 4bps to 5.14%. The AA-space saw UEM Sunrise 5/23 move 23bps higher to 3.85%. Meanwhile, the banking/finance space saw MAYBANK 2117nc26 perps trade back-to-back again with yields declining 4bps to 4.53%.

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	08/22	1.901	258	2.249	13/05/2022	-35
MGS	09/25	3.899	63	3.903	17/05/2022	0
MGS	08/23	2.959	3	3.018	17/05/2022	-6
MGS	03/25	3.671	139	3.693	17/05/2022	-2
MGS	07/26	3.988	3	4.024	17/05/2022	-4
MGS	06/50	5.069	33	5.095	17/05/2022	-3
MGS	07/32	4.382	65	4.446	17/05/2022	-6
MGS	09/22	2.052	50	2.254	13/05/2022	-20
MGS	03/46	5.116	2	5.169	17/05/2022	-5
MGS	09/24	3.666	28	3.644	17/05/2022	2
MGS	08/29	4.497	77	4.471	17/05/2022	3
MGS	04/31	4.579	18	4.587	17/05/2022	-1
MGS	05/27	4.108	31	4.118	17/05/2022	-1
MGS	04/30	4.502	5	4.500	17/05/2022	0
MGS	04/26	3.965	14	4.084	12/05/2022	-12
MGS	03/23	2.668	61	2.649	17/05/2022	2
MGS	11/26	4.016	70	3.992	17/05/2022	2
MGS	04/37	4.809	4	4.855	17/05/2022	-5
MGS	11/33	4.853	2	4.848	17/05/2022	0
MGS	06/24	3.574	6	3.635	17/05/2022	-6
MGS	04/29	4.394	61	4.408	17/05/2022	-1
MGS	04/33	4.758	1	4.790	17/05/2022	-3
MGS	05/35	4.928	3	4.933	17/05/2022	0
MGS	11/27	4.126	7	4.166	17/05/2022	-4
MGS	06/38	4.955	1	5.000	17/05/2022	-4
MGS	07/34	4.643	10	4.868	17/05/2022	-23
MGS	06/28	4.338	6	4.318	17/05/2022	2
MGS	07/48	5.181	2	5.088	13/05/2022	9
MGS	05/40	4.989	1	4.983	17/05/2022	1
GII	07/22	1.999	400	2.005	13/05/2022	-1
GII	05/23	2.685	77	2.810	17/05/2022	-13
GII	07/23	2.885	26	2.971	17/05/2022	-9
GII	11/23	2.988	26	3.016	17/05/2022	-3
GII	10/24	3.636	210	3.623	17/05/2022	1
GII	07/29	4.533	1	4.501	13/05/2022	3
GII	10/30	4.591	1	4.601	17/05/2022	-1
GII	06/33	4.724	20	4.800	13/05/2022	-8
GII	07/36	4.904	70	4.814	17/05/2022	9
GII	05/52	5.257	52	5.300	13/05/2022	-4
			<u>1908</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*	
Prasarana Malaysia Berhad	12/22	GG	2.758	20	2.119	15/06/2021	64	4
Jambatan Kedua Sdn Berhad	05/25	GG	4.083	15	3.448	12/04/2022	64	40
Malaysia Rail Link Sdn Berhad	07/28	GG	4.601	10	3.619	29/09/2021	98	32
DanAInfra Nasional Berhad	11/28	GG	4.587	20	-	-	-	17
Prasarana Malaysia Berhad	07/29	GG	4.633	10	4.489	26/04/2022	14	22
Perbadanan Tabung Pendidikan Tinggi Nasional	07/41	GG	5.230	15	4.407	17/11/2021	82	25
Lembaga Pembiayaan Perumahan Sektor Awam	09/46	GG	5.340	10	5.250	28/04/2022	9	36
Danum Capital Berhad	05/23	AAA	3.236	20	3.007	27/04/2022	23	52
Cagamas Berhad	01/25	AAA	4.038	25	3.518	20/04/2022	52	36
Projek Lebuhraya Usahasama Berhad	01/26	AAA	4.347	10	4.050	17/05/2022	30	47
Sarawak Energy Berhad	06/26	AAA	4.299	50	3.722	07/04/2022	58	42
Malaysia Airport Holdings Berhad	12/14	AA2	5.135	50	5.096	13/05/2022	4	15
SP Setia Berhad	04/29	AA	5.250	20	4.680	10/05/2022	57	84
Malayan Banking Berhad	02/17	AA3	4.525	35	4.563	17/05/2022	-4	-46
UEM Sunrise Berhad	05/23	AA-	3.850	30	3.527	27/01/2022	32	113
Tropicana Corporation Berhad	10/25	A+	4.896	1	5.566	12/05/2022	-67	121
Eco World Capital Assets Berhad	08/24	-	5.988	1	4.954	24/03/2022	103	239
YNH Property Berhad	08/19	-	6.192	1	6.620	13/05/2022	-43	121
Sabah Development Bank Berhad	05/25	AA1	4.040	1	4.042	17/05/2022	0	36
GENM Capital Berhad	08/25	AA1	4.235	2	4.565	17/05/2022	-33	55
				<u>345</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Encorp Systembilt Sdn Bhd	RM1.575 bil Sukuk Murabahah	AA1/Stable	Reaffirmed
Kimanis Power Sdn Bhd	Outstanding sukuk of RM585.0 million	AA-IS/Stable	Affirmed
7-Eleven Malaysia Holdings Berhad	RM600.0 million Medium-Term Notes (MTN) Programme	AA- /Stable	Affirmed
TNB Power Generation Sdn Bhd	Sukuk programme of up to RM10.0 billion	AAA-IS/Stable	Assigned
Ranhill Powertron II Sdn Bhd	RM40.0 million outstanding Islamic Medium-Term Notes (IMTN)	AA-IS/Stable	Affirmed
	RM350.0 million outstanding guaranteed IMTN	AAA-IS(FG)/Stable	Affirmed

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.