

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs saw slight recovery on Wednesday; unwinding prior day's huge sell-off as swap spreads tightened following support for a series of bank-related issuances, whilst a decent 20Y bond auction also held the longer-ends steady. The curve tilted slightly flatter as overall benchmark yields moved a mere -1 to +1bps across. **The UST 2Y yield edged 1bps higher at 1.06% whilst the much-watched UST 10Y moved the other way instead to 1.87%**. Elsewhere the auction of \$20b of 20Y bonds saw decent demand with BTC ratio registering 2.48x (previous auction: 2.59x) whilst being awarded at 2.21% (previous auction: 1.492%) The hawkish sentiment which swept through rates market the past few days over concerns that a potential 50bps rate was in the making by March, eased slightly. Elsewhere the Fed's reverse repo facility surged to a YTD high due to govt-sponsored enterprises flooding the funding markets. Expect some attention tonight to shift to the release of initial jobless claims as at 15th January.

| UST | | |
|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) |
| 2-yr UST | 1.06 | 1 |
| 5-yr UST | 1.65 | -1 |
| 10-yr UST | 1.87 | -1 |
| 30-yr UST | 2.18 | -1 |

| MGS | | GII* | | |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr | 2.85 | 6 | 2.93 | 4 |
| 5-yr | 3.30 | 6 | 3.21 | -1 |
| 7-yr | 3.51 | 8 | 3.44 | 9 |
| 10-yr | 3.73 | 13 | 3.74 | 7 |
| 15-yr | 4.04 | 5 | 4.10 | 7 |
| 20-yr | 4.30 | 10 | 4.19 | 0 |
| 30-yr | 4.32 | 14 | 4.44 | 5 |

* Market indicative levels

| MYR IRS Levels | | |
|----------------|-------------|-----------|
| IRS | Closing (%) | Chg (bps) |
| 1-yr | 2.20 | 4 |
| 3-yr | 2.89 | 6 |
| 5-yr | 3.18 | 6 |
| 7-yr | 3.38 | 6 |
| 10-yr | 3.60 | 3 |

Source : Bloomberg

MGS/GIII

- On Wednesday, local govies plunged; nudged by sharply higher IRS levels and rising UST yields following the Tuesday break to celebrate Thaipusam. Overall benchmark MGS/GII yields jumped higher between 0-14bps across the curve amid the doubling of secondary market volume @ RM4.36b. **The 5Y benchmark 11/26 yield jumped 6bps to 3.30% whilst the 10Y benchmark MGS 7/32 spiked 13bps to 3.73%**. Interest was mainly seen in the off-the-run 22's, 23's, 31's and also 5Y, 10Y MGS. GII eased slightly to form 21% of overall trades. Expect attention to shift to the all-important MPC meeting this afternoon to decide on the OPR where our house view is expecting a pause.

Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space saw a pullback in market activity on Wednesday amid the halving of secondary market volume @ RM236m. Nevertheless, transactions were seen across the the GG to single-A part of the curve as overall yields closed mostly mixed-to-higher, spanning across 21 names. PRASA 37-38's declined 4-7bps between 4.26-32%. AAA-rated MANJUNG 11/31 rose 10bps to 4.10% whilst TNB 8/33 closed unchanged at 4.12%. In the AA-space, PRESS Metal 10/26 edged 1bps up at 4.28% whereas energy-related bonds Southern Power 10/31 spiked 41bps to 4.53%. Meanwhile the banking/finance space saw RHB Islamic 27NC22 rise 7bps to 2.68% whereas AmBank 31NC26 jumped 18bps to 4.18%. Elsewhere several odd-lot trades were seen in Maybank, Affin Bank, DRB-Hicom and property-related bonds eg Tropicana.

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

| Securities | | Closing | Vol | Previous | Previous | Chg |
|------------|-------|---------|-------------|----------|----------------------------|------|
| | | YTM | (RM mil) | YTM | Trade Date (dd/mm/yyyy) | (bp) |
| MGS | 03/22 | 1.659 | 36 | 1.553 | 17/01/2022 | 11 |
| MGS | 09/22 | 1.650 | 119 | 1.670 | 17/01/2022 | -2 |
| MGS | 03/23 | 2.103 | 109 | 2.090 | 17/01/2022 | 1 |
| MGS | 04/23 | 2.159 | 1 | 2.125 | 14/01/2022 | 3 |
| MGS | 08/23 | 2.315 | 1 | 2.337 | 17/01/2022 | -2 |
| MGS | 06/24 | 2.852 | 19 | 2.788 | 14/01/2022 | 6 |
| MGS | 07/24 | 2.928 | 3 | 2.884 | 17/01/2022 | 4 |
| MGS | 09/24 | 2.931 | 2 | 2.845 | 14/01/2022 | 9 |
| MGS | 03/25 | 3.008 | 90 | 2.942 | 17/01/2022 | 7 |
| MGS | 09/25 | 3.106 | 8 | 3.011 | 14/01/2022 | 9 |
| MGS | 07/26 | 3.258 | 3 | 3.171 | 17/01/2022 | 9 |
| MGS | 11/26 | 3.304 | 580 | 3.241 | 17/01/2022 | 6 |
| MGS | 03/27 | 3.295 | 1 | 3.224 | 03/01/2022 | 7 |
| MGS | 05/27 | 3.357 | 5 | 3.276 | 17/01/2022 | 8 |
| MGS | 11/27 | 3.415 | 64 | 3.308 | 17/01/2022 | 11 |
| MGS | 06/28 | 3.513 | 45 | 3.431 | 17/01/2022 | 8 |
| MGS | 08/29 | 3.618 | 20 | 3.543 | 17/01/2022 | 7 |
| MGS | 04/30 | 3.736 | 70 | 3.606 | 17/01/2022 | 13 |
| MGS | 04/31 | 3.735 | 770 | 3.650 | 17/01/2022 | 9 |
| MGS | 06/31 | 3.708 | 22 | 3.677 | 14/01/2022 | 3 |
| MGS | 07/32 | 3.731 | 780 | 3.605 | 17/01/2022 | 13 |
| MGS | 04/33 | 3.955 | 85 | 3.848 | 14/01/2022 | 11 |
| MGS | 11/33 | 4.001 | 63 | 3.880 | 14/01/2022 | 12 |
| MGS | 07/34 | 4.092 | 75 | 3.946 | 17/01/2022 | 15 |
| MGS | 05/35 | 4.040 | 111 | 3.986 | 17/01/2022 | 5 |
| MGS | 04/37 | 4.069 | 4 | 3.981 | 14/01/2022 | 9 |
| MGS | 06/38 | 4.212 | 2 | 4.135 | 17/01/2022 | 8 |
| MGS | 05/40 | 4.296 | 145 | 4.194 | 17/01/2022 | 10 |
| MGS | 03/46 | 4.450 | 170 | 4.345 | 17/01/2022 | 11 |
| MGS | 07/48 | 4.481 | 2 | 4.376 | 14/01/2022 | 11 |
| MGS | 06/50 | 4.323 | 26 | 4.180 | 17/01/2022 | 14 |
| GII | 03/22 | 1.599 | 102 | 1.598 | 17/01/2022 | 0 |
| GII | 04/22 | 1.602 | 409 | 1.600 | 17/01/2022 | 0 |
| GII | 05/23 | 2.209 | 5 | 2.243 | 17/01/2022 | -3 |
| GII | 10/23 | 2.351 | 10 | 2.437 | 21/12/2021 | -9 |
| GII | 11/23 | 2.350 | 3 | 2.320 | 17/01/2022 | 3 |
| GII | 05/24 | 2.925 | 3 | 2.933 | 23/12/2021 | -1 |
| GII | 08/24 | 2.930 | 2 | 2.861 | 13/01/2022 | 7 |
| GII | 10/24 | 2.925 | 1 | 2.881 | 14/01/2022 | 4 |
| GII | 03/26 | 3.206 | 8 | 3.212 | 14/01/2022 | -1 |
| GII | 09/26 | 3.297 | 1 | 3.283 | 13/01/2022 | 1 |
| GII | 07/27 | 3.465 | 7 | 3.359 | 13/01/2022 | 11 |
| GII | 09/27 | 3.442 | 37 | 3.354 | 14/01/2022 | 9 |
| GII | 10/28 | 3.568 | 34 | 3.481 | 17/01/2022 | 9 |
| GII | 07/29 | 3.603 | 1 | 3.559 | 13/01/2022 | 4 |
| GII | 10/30 | 3.735 | 96 | 3.667 | 17/01/2022 | 7 |
| GII | 06/33 | 3.934 | 2 | 3.874 | 01/12/2021 | 6 |
| GII | 08/33 | 3.919 | 2 | 3.870 | 17/01/2022 | 5 |
| GII | 11/34 | 4.019 | 104 | 3.949 | 13/01/2022 | 7 |
| GII | 07/36 | 4.097 | 34 | 4.025 | 14/01/2022 | 7 |
| GII | 08/37 | 4.165 | 1 | 4.174 | 10/01/2022 | -1 |
| GII | 09/39 | 4.281 | 64 | 4.202 | 11/01/2022 | 8 |
| GII | 05/47 | 4.489 | 2 | 4.438 | 12/01/2022 | 5 |
| GII | 11/49 | 4.440 | 5 | 4.393 | 12/01/2022 | 5 |
| | | | <u>4362</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* |
|--|-------|--------|----------------|-----------------|-----------------|--|-------------|---------------------------|
| Small Medium Enterprise Development Bank Malaysia Berhad | 03/24 | GG | 2.931 | 5 | 2.836 | 29/11/2021 | 10 | 56 |
| DanaInfra Nasional Berhad | 02/25 | GG | 3.263 | 5 | 3.138 | 12/01/2022 | 13 | 42 |
| DanaInfra Nasional Berhad | 05/32 | GG | 4.000 | 30 | 3.918 | 04/01/2022 | 8 | 29 |
| Prasarana Malaysia Berhad | 09/37 | GG | 4.259 | 30 | 4.329 | 13/12/2021 | -7 | 23 |
| Prasarana Malaysia Berhad | 12/38 | GG | 4.315 | 30 | 4.359 | 09/12/2021 | -4 | 28 |
| Danum Capital Berhad | 05/25 | AAA | 3.317 | 5 | 3.306 | 17/01/2022 | 1 | 47 |
| Manjung Island Energy Berhad | 11/31 | AAA | 4.099 | 10 | 4.001 | 01/10/2021 | 10 | 39 |
| Tenaga Nasional Berhad | 08/33 | AAA | 4.120 | 5 | 4.122 | 14/01/2022 | 0 | 41 |
| GENM Capital Berhad | 08/25 | AA1 | 4.129 | 1 | 4.130 | 11/01/2022 | 0 | 103 |
| Press Metal Aluminium Holdings Berhad | 10/26 | AA3 | 4.276 | 10 | 4.269 | 07/12/2021 | 1 | 99 |
| RHB Islamic Bank Berhad | 04/27 | AA3 | 2.678 | 20 | 2.609 | 07/01/2022 | 7 | -61 |
| Malayan Banking Berhad | 02/17 | AA3 | 3.605 | 11 | 3.726 | 14/01/2022 | -12 | -67 |
| UEM Sunrise Berhad | 10/25 | AA- | 4.480 | 2 | 4.458 | 14/01/2022 | 2 | 138 |
| UEM Sunrise Berhad | 09/26 | AA- | 4.678 | 1 | 4.683 | 17/01/2022 | 0 | 139 |
| Southern Power Generation Sdn Berhad | 10/31 | AA- | 4.533 | 10 | 4.119 | 12/07/2021 | 41 | 83 |
| AmBank (M) Berhad | 03/28 | A1 | 2.985 | 1 | 3.789 | 30/08/2021 | -80 | -40 |
| AmBank (M) Berhad | 03/31 | A1 | 4.179 | 40 | 3.998 | 01/09/2021 | 18 | 52 |
| TSH Sukuk Murabahah Sdn Berhad | 06/23 | A+ | 4.191 | 20 | 4.692 | 28/09/2021 | -50 | 222 |
| DRB-Hicom Berhad | 08/28 | A+ | 5.123 | 1 | 4.730 | 04/08/2021 | 39 | 163 |
| Tropicana Corporation Berhad | 09/19 | A | 5.500 | 1 | 5.624 | 17/01/2022 | -12 | 123 |
| Affin Bank Berhad | 07/18 | A3 | 3.644 | 1 | 4.234 | 17/01/2022 | -59 | -63 |
| | | | | 236 | | | | |

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

| Rating Action | | | |
|----------------------|--|----------------|----------|
| Issuer | PDS Description | Rating/Outlook | Action |
| MEX I Capital Berhad | RM1.126 bil Islamic Medium-Term Notes (Islamic MTN or the Sukuk) | A2/Stable | Assigned |

Source: RAM, MARC

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