

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries underperformed last Friday as expectations over aggressive rate hikes by the Fed overwhelmed concerns over economic growth whilst the market generally lacked significant new catalysts. The curve flattened as overall benchmark yields ended between 3-9bps higher across led by the front end. **UST 2Y yield jumped 9bps higher to 3.18% whilst the much-watched 10Y rose 3bps to 3.23%.** Elsewhere, Fed official Kashkari who is deemed dovish, surprisingly said that he supported the recent 75bps hike and another smaller one in the next FOMC but cautioned that the Fed should carefully consider raising rates too fast. The demand for the Fed's Reverse repo overnight facility continues to scale new highs; with funds parked at ~\$2.23 trillion. Meanwhile, expect some attention to shift to existing home sales data for May tomorrow.

MGS/GII

- Local govvnies saw MGS close mixed whilst GII generally trended weaker last Friday despite IRS levels ending lower. Overall benchmark MGS/GII yields closed between -13 to +7bps across the curve amid a further 13% dip in secondary market volume @ RM1.97b. **The 5Y benchmark MGS 11/26 yield edged 2bps higher at 3.94% whilst the 10Y benchmark MGS 7/32 yield ended 2bps lower instead at 4.34%.** Interest was mainly seen in the off-the-run 22's and also benchmark 5Y GII, 7Y MGS. GII transactions increased to form 36% of overall trades. Meanwhile, the economic calendar remains light until Friday when the inflation figures for May will be released.

Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space saw better investor interest last Friday with trades mainly seen across the GG-AA part of the curve spanning across 18 names. Overall yields closed mostly higher amid the fall in secondary market volume from RM415m to RM383m. The sole govt-guaranteed trade consisted of TPSB 11/27, which ballooned 190bps compared to previous-done levels to 4.49% each. AAA-rated CAMAS 8/28 saw RM180m in transacted amounts; closing 13bps higher at 4.69%. The long-end TNB Power generation 6/42 rose 12bps to 5.19%. The AA-space saw Pelabuhan Tg Pelepas 2025 tranches spike 58-70bps between 4.32-34% whereas enery-related bonds BGSM 8/24 edged 1bps lower at 3.89%. Meanwhile, the banking/finance space saw MAYBANK 31NC26 bonds close mixed on yields between 4.20-22% area. Elsewhere YNH properties saw several odd-lot transactions done on its perps.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	3.18	9
5-yr UST	3.34	6
10-yr UST	3.23	3
30-yr UST	3.28	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.59	3	3.60	-5
5-yr	3.94	2	4.23	7
7-yr	4.21	-13	4.28	1
10-yr	4.34	-2	4.40	0
15-yr	4.74	-1	4.81	1
20-yr	4.81	-4	4.94	4
30-yr	5.04	4	5.05	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.99	-2
3-yr	3.79	-2
5-yr	3.99	-4
7-yr	4.13	-4
10-yr	4.25	1

Source : Bloomberg

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	08/22	2.171	148	2.249	16/06/2022	-8
MGS	09/22	2.305	255	2.256	15/06/2022	5
MGS	03/23	2.962	33	2.923	16/06/2022	4
MGS	04/23	3.000	63	2.967	16/06/2022	3
MGS	08/23	3.168	3	3.088	16/06/2022	8
MGS	06/24	3.451	10	3.341	16/06/2022	11
MGS	07/24	3.522	2	3.518	16/06/2022	0
MGS	09/24	3.478	1	3.550	16/06/2022	-7
MGS	03/25	3.590	31	3.559	16/06/2022	3
MGS	09/25	3.771	28	3.715	16/06/2022	6
MGS	04/26	3.850	6	3.779	14/06/2022	7
MGS	07/26	3.916	22	3.932	15/06/2022	-2
MGS	11/26	3.937	36	3.912	16/06/2022	2
MGS	05/27	4.100	7	4.081	16/06/2022	2
MGS	11/27	4.117	89	4.086	16/06/2022	3
MGS	06/28	4.258	101	4.224	16/06/2022	3
MGS	04/29	4.207	162	4.333	16/06/2022	-13
MGS	08/29	4.342	6	4.330	16/06/2022	1
MGS	04/31	4.380	35	4.352	15/06/2022	3
MGS	06/31	4.388	2	4.422	16/06/2022	-3
MGS	07/32	4.336	63	4.355	16/06/2022	-2
MGS	04/33	4.640	5	4.663	16/06/2022	-2
MGS	07/34	4.699	19	4.729	16/06/2022	-3
MGS	05/35	4.701	2	4.701	16/06/2022	0
MGS	04/37	4.742	72	4.757	16/06/2022	-1
MGS	06/38	4.848	1	4.650	16/06/2022	20
MGS	05/40	4.871	5	4.764	15/06/2022	11
MGS	10/42	4.807	4	4.850	16/06/2022	-4
MGS	09/43	4.900	40	4.900	16/06/2022	0
MGS	06/50	5.037	10	4.993	16/06/2022	4
GII	07/22	1.998	75	2.202	10/06/2022	-20
GII	10/24	3.382	2	3.472	16/06/2022	-9
GII	10/25	3.602	76	3.650	16/06/2022	-5
GII	03/26	3.868	130	3.609	10/06/2022	26
GII	09/26	3.948	2	3.714	07/06/2022	23
GII	06/27	4.236	5	4.026	14/06/2022	21
GII	07/27	4.158	7	4.100	14/06/2022	6
GII	09/27	4.233	232	4.167	16/06/2022	7
GII	10/28	4.278	52	4.268	16/06/2022	1
GII	07/29	4.329	21	4.345	15/06/2022	-2
GII	10/30	4.336	2	4.405	16/06/2022	-7
GII	07/36	4.811	1	4.800	16/06/2022	1
GII	11/49	5.105	100	5.016	14/06/2022	9
			<u>1967</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*
Turus Pesawat Sdn Berhad	11/27	GG	4.489	30	2.533	07/09/2020	196	50
Inverfin Sdn Berhad	02/24	AAA	3.905	30	3.872	07/06/2022	3	47
Pengerang LNG (Two) Sdn Berhad	10/25	AAA	4.153	20	3.047	10/03/2021	111	59
Cagamas Berhad	08/28	AAA	4.693	180	4.567	21/08/2018	13	51
TNB Power Generation Sdn Berhad	06/42	AAA	5.190	5	5.070	09/06/2022	12	36
Sabah Development Bank Berhad	12/23	AA1	3.883	1	4.340	16/06/2022	-46	105
YTL Power International Berhad	05/27	AA1	5.261	2	5.079	03/06/2022	18	127
Malayan Banking Berhad	01/31	AA1	4.202	20	4.388	20/05/2022	-19	-14
Malayan Banking Berhad	08/31	AA1	4.222	10	4.180	10/06/2022	4	-12
BGSM Management Sdn Berhad	08/24	AA3	3.885	10	3.891	03/06/2022	-1	45
Pelabuhan Tanjung Pelepas Sdn Berhad	06/25	AA-	4.316	20	3.615	01/03/2022	70	76
Guan Chong Berhad	12/27	AA-	5.159	10	4.467	25/01/2022	69	117
Pelabuhan Tanjung Pelepas Sdn Berhad	08/25	AA-	4.339	30	3.760	30/03/2022	58	78
Malayan Banking Berhad	02/17	AA3	4.284	5	4.323	16/06/2022	-4	-55
AmBank Islamic Berhad	10/28	A1	3.917	8	3.874	02/06/2022	4	-27
Tropicana Corporation Berhad	06/25	A+	5.443	1	5.443	16/06/2022	0	188
YNH Property Berhad	08/19	-	6.470	2	6.328	15/06/2022	14	164
YNH Property Berhad	08/19	-	6.673	1	6.192	01/06/2022	48	184
				<u>383</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

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.