

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.03	-3
5-yr UST	1.59	-6
10-yr UST	1.81	-6
30-yr UST	2.12	-6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.83	-2	2.89	-4
5-yr	3.29	-2	3.29	8
7-yr	3.50	-1	3.44	0
10-yr	3.68	-6	3.75	2
15-yr	4.06	2	4.12	2
20-yr	4.28	-2	4.30	11
30-yr	4.35	2	4.47	3

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.18	-2
3-yr	2.87	-2
5-yr	3.16	-1
7-yr	3.36	-2
10-yr	3.60	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- USTs saw continued recovery on Thursday; with gains prominent in the longer-ends possibly due to easing of earlier fears over aggressive Fed action. The curve shifted lower as overall benchmark yields closed 3-6bps across. **The UST 2Y yield moved 3bps lower at 1.03% whilst the much-watched UST 10Y yield fell 6bps instead to 1.81%**. The jump in jobless claims as at 15th January coupled with the pullback in existing home sales could have also provided a boost for bonds on speculation of a slowing economy. Elsewhere the US 10Y TIPS auction saw softer demand, hitting a high yield of -0.54% (previous auction: -1.145%) whilst BTC ratio notched 2.30x (previous auction: 2.43x). TIPS are seen underperforming nominal USTs in a sell-off due to expectations of higher interest rates. Investors are seen fully pricing in a rate hike in March, followed by another three (3) hikes this year. Meanwhile, the data front is light for tonight with the FOMC meeting scheduled for next Thursday, 27th of January.

MGS/GII

- On Thursday, local govies saw MGS better-bid closing generally richer whilst GII succumbed to weakness save for the short-end as earlier fears over rising interest rates outlook subsided following BNM's neutral policy tone which saw the OPR staying pat as per our house view. The lower IRS levels were also seen supporting bond levels, especially in MGS. Overall benchmark MGS/GII yields closed mixed between -6 to +11bps across the curve amid steady secondary market volume of RM4.06b. **The 5Y benchmark 11/26 yield edged 2bps lower at 3.29% whilst the 10Y benchmark MGS 7/32 rallied 6bps to 3.68%**. Interest was mainly seen in the off-the-run GII 22's and benchmark 3Y MGS/GII, 5Y MGS/GII, 10Y MGS. GII jumped to form 43% of overall trades. We expect BNM to commence normalizing policy by raising rates in 2H2022; should the current recovery momentum hold ground. Meanwhile, expect attention to shift to the inflation data release for December this afternoon.

Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space saw interest surge on Thursday amid the strong rebound in secondary market volume @ RM523m. Transactions were seen across the the GG-AA part of the curve as overall yields closed mostly mixed-to-higher again, spanning across 34 names. Govt-guaranteed PRASA 6/26 and DANA 11/29 spiked 82-89bps compared to previous-done levels at 3.49% and 4.42% each. AAA-rated TNB 8/35 rose 8bps to 4.20% whilst the 8/40 tranche jumped 23bps to 4.48%. In the AA-space, construction giant GAMUDA saw its 3/23 tranche rally 16bps to 2.75% but its 11/29 tranche spiked 48bps instead to 4.35%. KESTURI 12/25 saw its yield balloon 99bps to 4.56%. Meanwhile the banking/finance space saw MAYBANK 2117NC26 perps move 14bps higher to 3.75%. Elsewhere several odd-lot trades were seen in Alliance Bank and property-related bonds eg Tropicana and Mah Sing.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/22	1.554	3	1.659	19/01/2022	-11
MGS	04/23	2.124	95	2.159	19/01/2022	-3
MGS	08/23	2.327	4	2.315	19/01/2022	1
MGS	06/24	2.828	400	2.852	19/01/2022	-2
MGS	09/24	2.925	32	2.931	19/01/2022	-1
MGS	03/25	2.973	43	3.008	19/01/2022	-4
MGS	04/26	3.217	43	3.241	19/01/2022	-2
MGS	11/26	3.286	518	3.304	19/01/2022	-2
MGS	11/27	3.377	30	3.415	19/01/2022	-4
MGS	06/28	3.504	25	3.513	19/01/2022	-1
MGS	08/29	3.606	127	3.618	19/01/2022	-1
MGS	04/30	3.729	30	3.736	19/01/2022	-1
MGS	04/31	3.709	38	3.735	19/01/2022	-3
MGS	07/32	3.675	430	3.731	19/01/2022	-6
MGS	04/33	4.035	51	3.955	19/01/2022	8
MGS	07/34	4.039	52	4.092	19/01/2022	-5
MGS	05/35	4.057	61	4.040	19/01/2022	2
MGS	05/40	4.280	66	4.296	19/01/2022	-2
MGS	03/46	4.457	196	4.450	19/01/2022	1
MGS	06/50	4.348	33	4.323	19/01/2022	2
GII	03/22	1.603	362	1.599	19/01/2022	0
GII	04/22	1.579	245	1.602	19/01/2022	-2
GII	07/22	1.750	234	1.731	17/01/2022	2
GII	05/23	2.213	60	2.209	19/01/2022	0
GII	08/24	2.867	100	2.930	19/01/2022	-6
GII	10/24	2.885	225	2.925	19/01/2022	-4
GII	03/26	3.289	175	3.206	19/01/2022	8
GII	07/27	3.395	13	3.465	19/01/2022	-7
GII	09/27	3.440	40	3.442	19/01/2022	0
GII	10/28	3.523	36	3.568	19/01/2022	-4
GII	07/29	3.629	49	3.603	19/01/2022	3
GII	10/30	3.752	66	3.735	19/01/2022	2
GII	08/33	3.933	70	3.919	19/01/2022	1
GII	11/34	4.050	80	4.019	19/01/2022	3
GII	07/36	4.117	6	4.097	19/01/2022	2
GII	09/41	4.300	4	4.190	17/01/2022	11
GII	05/47	4.454	1	4.489	19/01/2022	-4
GII	11/49	4.467	20	4.440	19/01/2022	3
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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*
DanaInfra Nasional Berhad	11/39	GG	4.420	40	3.600	07/02/2020	82	14
Prasarana Malaysia Berhad	09/22	GG	2.108	25	2.024	13/12/2021	8	14
GovCo Holdings Berhad	06/26	GG	3.490	10	2.600	13/07/2020	89	40
Prasarana Malaysia Berhad	12/27	GG	3.661	10	3.259	10/09/2021	40	28
Malayan Banking Berhad	02/17	AA3	3.748	40	3.605	19/01/2022	14	-53
Gulf Investment Corporation G.S.C	06/22	AAA	2.516	10	2.478	14/01/2022	4	55
Sabah Credit Corporation	06/26	AA1	3.778	10	3.748	10/01/2022	3	69
Alliance Bank Malaysia Berhad	10/30	A2	3.694	1	3.562	17/01/2022	13	2
IGB REIT Capital Sdn Berhad	09/24	AAA	2.124	60	3.898	13/05/2019	-177	-72
Gamuda Berhad	11/29	AA3	4.354	40	3.879	02/09/2021	48	75
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/26	AA-	4.558	40	3.570	24/08/2020	99	127
Press Metal Aluminium Holdings Berhad	10/24	AA3	3.771	30	3.796	05/01/2022	-2	93
UEM Edgenta Berhad	04/22	AA-	2.556	30	2.627	11/11/2021	-7	59
Infracap Resources Sdn Berhad	04/22	AAA	2.406	20	2.398	22/10/2021	1	44
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/25	AA-	4.398	20	3.549	08/03/2021	85	131
Press Metal Aluminium Holdings Berhad	12/27	AA3	4.618	20	4.649	12/01/2022	-3	123
Southern Power Generation Sdn Berhad	04/22	AA-	2.442	20	2.642	17/06/2021	-20	47
Aman Sukuk Berhad	03/23	AAA	2.390	10	2.306	29/11/2021	8	42
Gamuda Berhad	03/23	AA3	2.752	10	2.913	26/10/2021	-16	78
Imtiaz Sukuk II Berhad	05/22	AA2	2.201	10	2.214	10/12/2021	-1	23
Petroleum Sarawak Exploration & Production Sdn Berhad	03/28	AAA	3.908	10	3.598	10/09/2021	31	52
Tenaga Nasional Berhad	08/35	AAA	4.200	10	4.120	30/09/2021	8	16
Tenaga Nasional Berhad	08/40	AAA	4.480	10	4.248	24/09/2021	23	20
YTL Power International Berhad	06/22	AA1	2.976	10	3.169	03/01/2022	-19	101
Edra Solar Sdn Berhad	10/37	AA2	5.033	1	4.979	28/07/2021	5	99
Fortune Premiere Sdn Berhad	10/25	AA	4.208	7	4.169	11/01/2022	4	112
Cahaya Mata Sarawak Berhad	05/22	AA3	2.232	7	2.522	04/02/2021	-29	26
Country Garden Real Estate Sdn Berhad	05/22	AA3	3.328	6	2.984	04/02/2021	34	136
Country Garden Real Estate Sdn Berhad	03/22	AA3	3.429	2	3.473	19/11/2021	-4	146
Telekosang Hydro One Sdn Berhad	08/37	AA3	5.676	1	-	-	-	164
TSH Sukuk Murabahah Sdn Berhad	08/26	A+	5.132	2	5.500	05/08/2021	-37	185
Dialog Group Berhad	11/20	A1	4.200	1	4.204	13/01/2022	0	-8
Tropicana Corporation Berhad	10/23	A+	4.213	1	4.975	19/01/2022	-76	184
Mah Sing Group Berhad	03/25	-	4.490	1	4.022	23/11/2021	47	165
				<u>523</u>				

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

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

Source: RAM, MARC

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