

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- The US treasuries market ended weaker on Friday following re-emerging selling pressure amid hawkish Fed speaks. Swap pricing showed expectations for a higher Fed rates of above 5.00% by next May and June. The UST curve bear flattened, as benchmark yields increased 5-8bps across the curve, led by the front end. The benchmark 2Y note yields added 8bps to 4.53% while the 10s rose 6bps to 3.83%, widening the 2/10 spread to -70bps. This deepest yield curve inversion since early 1980s continued to add on to recession fear. The reopening of \$15bn 10Y TIPS was met with softer demand with a lower BTC of 2.25x (prior 2.54x) at a high yield of 1.485% (prior 1.248%). FOMC minutes will be in focus this week and a hawkish rhetoric mirroring recent Fed speaks will likely exert further pressure on UST.

##### MGS/GII

- Local govies saw a bout of profit taking activities ahead of the long weekend as Malaysians go to the poll. Overall benchmark yields ended mixed between -2 to +6bps across the MGS and GII curves amid further retreat in secondary market volume to RM2.48bn (prior RM3.18bn). Focus was on off the run MGS '23 again, with RM522m last dealt at 2.78% (+34bps). Recent reopening of benchmark 5Y MGS 11/27 also attracted heavy trading interests with RM468m changed hands at 4.17% (+2bps). Other benches of various tenors saw scanty trades, with none commanding any strong dominance with the exception of GII 10/25 and GII 10/32 that saw transactions of RM167m and RM295m respectively. GII trades form a higher 30% share of overall govies trade (prior 19%) on Thursday. Expect markets to stay edgy with spikes in yields today in the midst of GE15-related uncertainties on the formation of a coalition government.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	4.53	8
5-yr UST	4.01	7
10-yr UST	3.83	6
30-yr UST	3.93	5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.83	3	3.89	
5-yr	4.17	2	4.20	
7-yr	4.28	6	4.35	
10-yr	4.28	-3	4.40	
15-yr	4.48	-2	4.63	
20-yr	4.62	-2	4.70	
30-yr	4.69	1	5.33	

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.94	4
3-yr	4.06	5
5-yr	4.14	4
7-yr	4.28	6
10-yr	4.39	7

Source : Bloomberg

Note: MGS/GII and IRS levels as at 17-Nov closing

#### Upcoming Government Bond Tender

Nil

##### Corp Bonds/Sukuk

- Contrary to softer trading momentum in local govies, the corporate bonds/sukuk space registered heavier trading interests. Secondary market volume nearly tripled to RM366m on Thursday, traded over 28 names (prior RM136m and 22 names). Investors continued to shy away from GG papers with only negligible trades in PRASA '23 and SMEDB '24. A lot of attention was on AAA-rated papers including CAGA '23 & '24, TNB '32, Sarawak Petchem '28 & '31 which collectively accounted for about half of Thursday's trading. In the AA-rated space, Northport '24 stole the limelight with RM60m last done at 4.35%, 38bps higher than its last done level in September. MY E.G. Services '27 made its debut at 5.50% amid thin volume.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/23	2.78	522	2.45	16/11/2022	34
MGS 04/23	2.59	32	2.89	16/11/2022	-30
MGS 08/23	3.04	1	3.02	16/11/2022	2
MGS 06/24	3.54	4	3.51	16/11/2022	3
MGS 07/24	3.53	2	3.57	15/11/2022	-4
MGS 03/25	3.83	70	3.80	16/11/2022	3
MGS 07/25	3.90	30	4.00	8/11/2022	-10
MGS 09/25	3.91	86	3.86	16/11/2022	5
MGS 07/26	4.00	68	3.99	16/11/2022	1
MGS 11/26	4.04	3	4.00	16/11/2022	4
MGS 11/27	4.17	468	4.15	16/11/2022	2
MGS 06/28	4.14	63	4.18	16/11/2022	-4
MGS 04/29	4.28	23	4.22	16/11/2022	6
MGS 08/29	4.33	15	4.35	16/11/2022	-2
MGS 04/31	4.36	37	4.34	16/11/2022	2
MGS 06/31	4.35	12	4.35	16/11/2022	0
MGS 07/32	4.28	39	4.31	16/11/2022	-3
MGS 04/33	4.41	21	4.46	16/11/2022	-5
MGS 11/33	4.50	4	4.50	16/11/2022	0
MGS 07/34	4.45	3	4.52	16/11/2022	-7
MGS 05/35	4.47	21	4.54	16/11/2022	-7
MGS 04/37	4.48	2	4.50	16/11/2022	-2
MGS 06/38	4.64	11	4.80	15/11/2022	-15
MGS 05/40	4.69	10	4.67	16/11/2022	3
MGS 10/42	4.62	80	4.65	16/11/2022	-2
MGS 09/43	4.76	1	4.84	15/11/2022	-8
MGS 03/46	4.77	96	4.91	16/11/2022	-14
MGS 07/48	4.82	2	4.91	16/11/2022	-9
MGS 06/50	4.69	8	4.68	16/11/2022	1
GII 11/23	3.19	30	3.01	16/11/2022	19
GII 05/24	3.62	0	3.51	16/11/2022	10
GII 10/24	3.64	5	3.71	16/11/2022	-7
GII 10/25	3.89	167	3.89	16/11/2022	1
GII 09/27	4.20	55	4.16	16/11/2022	5
GII 10/28	4.26	0	4.34	16/11/2022	-7
GII 07/29	4.35	151	4.36	16/11/2022	0
GII 10/30	4.38	2	4.39	16/11/2022	-1
GII 10/32	4.40	295	4.41	16/11/2022	-1
GII 07/36	4.81	1	4.64	16/11/2022	17
GII 03/38	4.63	30	4.63	16/11/2022	1
GII 09/41	4.70	10	4.65	16/11/2022	4
GII 11/49	4.92	0	4.86	16/11/2022	6
		<u>2481</u>			

## Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (d/m/yyyy)	Chg (bp)	Spread Against MGS*	
Prasarana Malaysia Berhad	02/23	GG	3.22	2	2.30	17/2/2022	92	5
Small Medium Enterprise Development Bank Malaysia Berhad	03/24	GG	3.75	2	2.90	8/3/2022	85	57
Danum Capital Berhad	05/23	AAA	3.45	25	3.35	15/9/2022	10	28
Cagamas Berhad	05/23	AAA	3.49	55	3.44	21/9/2022	5	32
Pengurusan Air SPV Berhad	06/24	AAA	3.95	10	3.68	21/7/2022	27	38
Cagamas Berhad	09/24	AAA	3.95	30	4.12	10/11/2022	-17	38
Danum Capital Berhad	06/25	AAA	4.25	10	4.33	10/11/2022	-8	43
Pengurusan Air SPV Berhad	11/27	AAA	4.57	5			457	37
Westports Malaysia Sdn Berhad	12/27	AAA	4.56	4			456	36
Pengurusan Air SPV Berhad	06/28	AAA	4.60	4	4.72	11/11/2022	-12	37
Sarawak Petchem Sdn Berhad	07/28	AAA	4.76	20	4.75	28/10/2022	1	53
Sarawak Petchem Sdn Berhad	07/31	AAA	4.98	20			498	68
Tenaga Nasional Berhad	06/32	AAA	4.89	50	4.88	15/11/2022	1	59
Samalaju Industrial Port Sdn Berhad	12/26	AA1	4.66	8	3.74	1/12/2021	93	63
Public Bank Berhad	12/29	AA1	4.30	5	4.34	16/11/2022	-5	4
Malayan Banking Berhad	08/31	AA1	4.60	12	4.65	14/11/2022	-5	31
Public Islamic Bank Berhad	07/32	AA1	4.63	4	4.19	8/8/2022	44	33
Northport (Malaysia) Berhad	12/24	AA	4.35	60	3.96	7/9/2022	38	77
Bumitama Agri Ltd	07/26	AA2	4.73	0	4.76	11/11/2022	-3	70
CIMB Group Holdings Berhad	09/32	AA2	4.92	5	4.75	16/11/2022	17	62
RHB Bank Berhad	09/32	AA2	4.71	4	4.75	16/11/2022	-4	40
WCT Holdings Berhad	10/23	AA-	4.97	10	4.97	16/11/2022	0	180
UEM Sunrise Berhad	03/24	AA-	4.74	0	4.75	16/11/2022	-1	156
MY E.G. Services Berhad	11/27	AA-	5.50	2			550	130
Press Metal Aluminium Holdings Berhad	08/25	AA3	4.50	4	4.48	19/10/2022	2	68
BGSM Management Sdn Berhad	08/25	AA3	4.40	10	4.54	21/10/2022	-14	59
PONSB Capital Berhad	06/27	AA3	4.90	5	4.86	2/11/2022	4	70
Malaysian Reinsurance Berhad	10/32	AA3	4.86	1	4.95	16/11/2022	-8	56
				<u>366</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
WCT Holdings Berhad	RM1.0 billion Medium-Term Notes Programme	AA- / Stable	Affirmed
	RM1.5 billion Sukuk Murabahah Programme	AA-IS / Stable	Affirmed
	RM1.0 billion Perpetual Sukuk Musharakah Programme	AIS / Stable	Affirmed
Titijaya Land Berhad	RM150 million Islamic Commercial Papers (ICP) Programme	MARC-2IS	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.