

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US financial markets were closed on Monday in observation of Presidents Day. However as at the time of writing UST futures have advanced to its highest levels since early-February (the 10Y yield is seen a tad below 1.90%) as geopolitical tensions intensified with the Russian President Putin is envisaged to send in troops into Ukraine for “peace-keeping” forces. Meanwhile, expect attention to shift to a heavy UST auction slate in coupon offerings i.e. \$52b 2Y notes on Wednesday, \$53b 5Y notes on Thursday followed by \$50b in 7Y notes come Friday. On the data front, we also have the projected Markit US manufacturing and services data for February due out on tonight.

MGS/GII

- On Monday, local govies saw the belly and intermediates pressured whilst the long-ends ended richer. Overall benchmark MGS/GII yields closed mostly mixed-to-higher between -4 to +4bps across the flatter curve, amid a 20% rise in secondary market volume @ RM2.03b. **The 5Y benchmark MGS 11/26 yield edged 1bps higher at 3.31% whilst the MGS 7/32 settled 2bps up at 3.67%.** Interest was mainly seen in the off-the-run 22-23's and 7Y GII. GII trades maintained to form ~43% of overall transactions. The auction consisting of 7Y GII 10/28 saw decent bidding metrics, mainly by inter-bank participants and insurance companies despite the relatively large issuance size of RM4.5b. It notched a BTC ratio of 1.75x and was awarded at 3.612%. Expect some attention to shift to the January CPI which will be released on Thursday.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw a pull-back in investor interest on Monday; pale by comparison to prior day's robust interest but with transactions still seen across the GG to single-A part of the curve. Overall yields closed mostly mixed-to-higher, spanning across 32 names amid a sharp drop in secondary market volume to RM497m. Govt-guaranteed LPPSA 4/33 saw RM100m in transacted amounts as yields rose 5bps compared to previous-done levels to 4.07%. The long-end LPPSA tranche i.e. 3/51 however rallied 30bps instead to 4.61%. AAA-rated AMAN 22's rose 14-31bps to between 2.36-40% area. In the AA-sector, energy-related bonds EDRA 7/23 declined 19bps to 2.93% whereas BGSM 12/22 and 3/26 ended 2-5bps higher at 2.53% and 3.73% each. Meanwhile, the banking/finance space was relatively quiet with several odd-lot transactions seen taking place.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.47	0
5-yr UST	1.82	-2
10-yr UST	1.93	-3
30-yr UST	2.24	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.72	0	2.82	0
5-yr	3.31	1	3.32	3
7-yr	3.57	0	3.44	0
10-yr	3.67	2	3.73	1
15-yr	4.05	1	4.15	4
20-yr	4.22	1	4.27	-4
30-yr	4.42	-2	4.45	-2

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.24	0
3-yr	2.92	0
5-yr	3.17	-1
7-yr	3.37	0
10-yr	3.58	0

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	03/22	1.773	252	1.679	18/02/2022	9
MGS	03/23	1.927	101	1.976	17/02/2022	-5
MGS	04/23	2.006	182	2.010	18/02/2022	0
MGS	06/24	2.715	150	2.715	18/02/2022	0
MGS	07/24	2.786	2	2.811	18/02/2022	-2
MGS	09/24	2.850	13	2.836	18/02/2022	1
MGS	09/25	3.027	4	3.017	18/02/2022	1
MGS	04/26	3.192	1	3.177	18/02/2022	2
MGS	11/26	3.306	1	3.293	18/02/2022	1
MGS	05/27	3.398	64	3.407	18/02/2022	-1
MGS	11/27	3.437	5	3.433	18/02/2022	0
MGS	06/28	3.572	33	3.575	18/02/2022	0
MGS	08/29	3.677	30	3.671	18/02/2022	1
MGS	04/31	3.731	12	3.717	18/02/2022	1
MGS	06/31	3.770	1	3.748	18/02/2022	2
MGS	07/32	3.674	77	3.655	18/02/2022	2
MGS	04/33	3.883	107	3.877	17/02/2022	1
MGS	07/34	3.993	86	3.985	18/02/2022	1
MGS	05/35	4.050	111	4.038	17/02/2022	1
MGS	04/37	4.014	1	4.015	18/02/2022	0
MGS	06/38	4.168	4	4.225	17/02/2022	-6
MGS	05/40	4.216	1	4.207	18/02/2022	1
MGS	03/46	4.422	2	4.533	14/02/2022	-11
MGS	06/50	4.417	73	4.439	18/02/2022	-2
GII	04/22	1.648	146	1.671	18/02/2022	-2
GII	05/23	2.142	138	2.155	17/02/2022	-1
GII	03/26	3.318	2	3.292	18/02/2022	3
GII	07/27	3.478	6	3.520	16/02/2022	-4
GII	10/28	3.619	391	3.606	18/02/2022	1
GII	10/30	3.731	31	3.720	18/02/2022	1
GII	07/36	4.148	1	4.104	18/02/2022	4
			2027			

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*	
Pengurusan Air SPV Berhad	06/22	GG	2.069	2	2.051	12/01/2022	2	5
Jambatan Kedua Sdn Berhad	07/23	GG	2.440	2	2.212	05/08/2021	23	42
DanInfra Nasional Berhad	11/24	GG	3.066	20	2.447	02/07/2021	62	31
Prasarana Malaysia Berhad	09/25	GG	3.269	30	3.089	20/10/2021	18	17
Lembaga Pembiayaan Perumahan Sektor Awam	04/33	GG	4.069	100	4.015	25/01/2022	5	41
Malaysia Rail Link Sdn Berhad	07/35	GG	4.289	20	4.400	25/10/2021	-11	25
Projek Lebuhraya Usahasama Berhad	01/38	GG	4.359	20	4.239	13/01/2022	12	32
Malaysia Rail Link Sdn Berhad	07/40	GG	4.430	20	3.919	26/01/2021	51	20
Lembaga Pembiayaan Perumahan Sektor Awam	03/51	GG	4.609	20	4.910	24/03/2021	-30	38
Aman Sukuk Berhad	04/22	AAA	2.358	5	2.051	18/11/2021	31	34
Mercedes-Benz Services Malaysia Sdn Berhad	06/22	AAA	2.411	15	2.351	21/01/2022	6	40
Aman Sukuk Berhad	07/22	AAA	2.399	5	2.264	04/02/2022	14	38
Telekom Malaysia Berhad	08/23	AAA	2.616	30	2.499	07/01/2022	12	19
Mercedes-Benz Services Malaysia Sdn Berhad	11/23	AAA	2.854	5	2.844	08/02/2022	1	43
Berjaya Land Berhad	12/24	AAA	3.542	40	-	-	-	78
Sarawak Energy Berhad	12/32	AAA	4.189	20	4.039	24/11/2021	15	53
GENM Capital Berhad	08/25	AA1	4.581	1	4.286	16/02/2022	30	148
Samalaju Industrial Port Sdn Berhad	12/25	AA1	3.634	10	3.618	18/02/2022	2	53
YTL Power International Berhad	05/27	AA1	4.678	10	4.729	16/02/2022	-5	138
Benih Restu Berhad	06/25	AA2	3.493	20	3.577	10/02/2022	-8	74
BGSM Management Sdn Berhad	12/22	AA3	2.527	10	2.508	15/02/2022	2	51
Edra Energy Sdn Berhad	07/23	AA3	2.925	30	3.116	20/10/2021	-19	91
BGSM Management Sdn Berhad	03/26	AA3	3.729	20	3.680	12/10/2021	5	63
PONSB Capital Berhad	12/28	AA3	4.668	10	4.729	17/02/2022	-6	109
Southern Power Generation Sdn Berhad	10/26	AA-	3.965	10	3.378	29/07/2021	59	67
DRB-Hicom Berhad	12/22	A+	3.556	10	3.614	09/02/2022	-6	154
Tropicana Corporation Berhad	10/25	A+	5.460	1	5.460	18/02/2022	0	236
CIMB Group Holdings Berhad	05/16	A1	3.262	1	3.510	17/02/2022	-25	-97
Hong Leong Financial Group Berhad	11/17	A1	3.162	6	3.706	18/02/2022	-54	-107
Tropicana Corporation Berhad	09/19	A	5.734	4	6.583	18/02/2022	-85	151
Tropicana Corporation Berhad	09/19	A	6.491	1	6.652	17/02/2022	-16	226
Eco World Capital Services Berhad	03/26	-	5.407	1	4.839	25/01/2022	57	231
				<u>497</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.