

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US treasury yields spiked alongside global yields overnight in response to Fed Chair Jerome Powell's renewed hawkish message in a National Association for Business Economics event. He said that the Fed could raise rates by 50bps, (instead of 25bps) in one FOMC meeting or meetings, signalling that it is prepared to take a more aggressive approach to curb the "much too high inflation". The curves bear flattened as front-end yields jumped the most; the FOMC-dated OIS now priced in 100% chance of a 50bp hike for the next FOMC meeting in early May, up from 50% (of a 50bp hike) last Friday. **The benchmark 2Y treasury notes surged by a whopping 18bps to 2.12%, its highest level since May 2019 while the much-watched benchmark 10Y UST yield edged higher by 14bps to 2.29%.** Overall, benchmark UST yields picked up 10 to 18bps, shifting the curve higher. The US data release is limited today and focus is expected to remain on the Russia-Ukraine headlines, particularly on a potential EU move to ban Russian oil.

MGS/GII

- Local govies were pressured at the start of the week alongside the weaker ringgit as the market monitored the lacklustre Russia-Ukraine headlines. The benchmark MGS/GII yields mostly rose by 1-3bps. Outliers include 5bps decline in the 30Y benchmark MGS and the 12bp jump in the benchmark 20Y GII. The secondary market trading volume fell to RM1.89b, from RM2.64b in the prior session. **The benchmark 5Y MGS 11/26 yield picked up 1bp to 3.30% while the 10Y MGS 7/32 was unchanged at 3.70%.** Trades were most active in the off-the-run 10Y MGS and 5Y GII. GII trades formed around 37% of total trade, down sharply from the 62% in the previous session. On the local front, election-related headlines have begun to emerge but yet to stir up sentiments meaningfully. PM Ismail Sabri said that he will dissolve the Parliament once he is confident of his UMNO party's victory. Key Malaysia data up next is the February's CPI inflation rate where consensus estimates are pencilling in a 2.4% y/y print (ours 2.2%).

Corp Bonds/Sukuk

- In the corp bonds/sukuk space, total trades slipped from RM607m to RM520m amid subdued trading at the start of a new week involving fewer names (16 vs 28 prior). The overall yields moved by -3 to 32bps. CAGAMAS' debut IMTN was dealt at 2.95b%. Govt-guaranteed PLUS 12/38 changed hands the most by RM160b and ended 2bps higher at 4.47%. The rest of the GG recorded modest trading volume from RM5-RM40b. AAA rated PASB 10/26 and 06/27 were unchanged after recording RM20b trade each. AA+ rated UMW HOLDINGS slipped 2bps. In the banking space, ALLIANCE 10/32 rose 32bps to 4.17%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.12	18
5-yr UST	2.32	18
10-yr UST	2.29	14
30-yr UST	2.52	10

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.70	3	2.78	-1
5-yr	3.30	1	3.29	1
7-yr	3.57	2	3.41	1
10-yr	3.70	0	3.76	1
15-yr	4.15	2	4.16	1
20-yr	4.31	2	4.42	12
30-yr	4.37	-5	4.48	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.26	3
3-yr	2.96	5
5-yr	3.23	7
7-yr	3.40	4
10-yr	3.61	3

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg	Spread
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*
MGS	08/22	1.701	50	1.670	18/03/22	3	-26
MGS	09/22	1.780	70	1.749	18/03/22	3	-18
MGS	03/23	1.873	2	1.812	18/03/22	6	-9
MGS	06/24	2.700	11	2.672	18/03/22	3	29
MGS	09/24	2.766	1	2.779	18/03/22	-1	8
MGS	03/25	2.945	150	2.942	18/03/22	0	26
MGS	07/25	2.709	17	3.063	14/02/22	-35	3
MGS	04/26	3.202	3	3.177	17/03/22	2	13
MGS	07/26	3.291	1	3.252	17/03/22	4	22
MGS	11/26	3.304	186	3.298	18/03/22	1	1
MGS	05/27	3.372	5	3.351	17/03/22	2	8
MGS	11/27	3.433	256	3.345	18/03/22	9	0
MGS	06/28	3.570	35	3.552	18/03/22	2	14
MGS	08/29	3.698	20	3.698	18/03/22	0	14
MGS	04/31	3.768	21	3.738	18/03/22	3	9
MGS	07/32	3.696	149	3.693	18/03/22	0	0
MGS	07/34	4.111	10	4.102	18/03/22	1	42
MGS	05/35	4.154	116	4.140	18/03/22	1	2
MGS	04/37	4.150	65	4.132	18/03/22	2	2
MGS	05/40	4.312	24	4.291	18/03/22	2	4
MGS	06/50	4.368	4	4.423	18/03/22	-5	9
GII	03/22	1.785	40	1.756	18/03/22	3	-18
GII	04/22	1.780	221	1.763	18/03/22	2	-18
GII	10/24	2.778	111	2.785	18/03/22	-1	10
GII	08/25	3.070	1	3.043	18/03/22	3	39
GII	03/26	3.285	3	3.277	18/03/22	1	22
GII	07/27	3.445	7	3.434	15/03/22	1	15
GII	09/27	3.414	85	3.406	18/03/22	1	-1
GII	10/28	3.610	12	3.604	18/03/22	1	5
GII	10/30	3.758	41	3.750	18/03/22	1	8
GII	06/33	3.964	8	3.930	18/03/22	3	27
GII	07/36	4.157	105	4.142	18/03/22	1	3
GII	09/41	4.418	53	4.301	18/03/22	12	14
GII	05/47	4.339	6	4.503	03/03/22	-16	6
			<u>1,888</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*	
DanaInfra Nasional Berhad	10/28	GG	3.692	40	3.710	23/02/22	-2	13
Bank Pembangunan Malaysia Berhad	01/31	GG	3.970	5	4.088	09/02/22	-12	29
Prasarana Malaysia Berhad	12/32	GG	3.996	20	3.781	08/04/21	22	30
Lembaga Pembiayaan Perumahan Sektor Awam	10/38	GG	4.425	20	4.419	18/03/22	1	29
Projek Lebuhraya Usahasama Berhad	12/38	GG	4.470	160	4.450	18/03/22	2	34
Prasarana Malaysia Berhad	02/40	GG	4.488	30	4.439	07/02/22	5	21
DanaInfra Nasional Berhad	05/46	GG	4.549	40	4.440	11/01/22	11	27
Lembaga Pembiayaan Perumahan Sektor Awam	03/51	GG	4.621	40	4.609	21/02/22	1	35
Cagamas Berhad	03/24	AAA	2.950	20	-	-	295	0
Pengurusan Air SPV Berhad	10/26	AAA	3.652	20	3.649	16/03/22	0	36
Pengurusan Air SPV Berhad	06/27	AAA	3.737	20	3.737	17/03/22	0	44
Tenaga Nasional Berhad	11/36	AAA	4.351	15	4.349	18/03/22	0	22
UMW Holdings Berhad	11/26	AA+	3.729	40	3.749	01/03/22	-2	43
Anih Berhad	11/28	AA	4.209	10	4.236	18/02/22	-3	65
MMC Corporation Berhad	04/23	AA-	3.027	20	3.000	03/03/22	3	107
Alliance Bank Malaysia Berhad	10/32	A2	4.171	20	3.854	24/01/22	32	48
				<u>520</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Zamarad Assets Berhad	Tranche 7 RM170m Class A Sukuk	AAA -Stable	Assigned
	Tranche 7 RM40m Class B Sukuk	AA2/Stable	

Source: RAM

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

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.