

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries were on “rally-mode” backed by safe-haven bids as fears grew that the Fed may ignite a recession via aggressive tightening monetary policy as it battles inflationary pressures. Bonds also had a lift from easing oil prices as well. The curve bull-steepened as overall benchmark yields ended between 9-14bps lower across led by the front-ends. The **UST 2Y yield rallied the most by 14bps, to end at 3.06% whilst the much-watched UST 10Y declined 12bps to 3.16%**. Fed chair Powell in his testimony to Congress said that the Fed is fully committed to bring prices under control even if doing so risks an economic downturn. The closely watched yield curve however remains in positive territory having briefly inverted last week. The \$14b 20Y bond auction exercise by the Treasury saw decent bidding metrics at 2.60x (previous six auction average: 2.59x) and awarded at 3.488% (previous auction: 3.290%). Meanwhile, expect attention to shift to the jobless claims as at 18th June followed by the US PMI data release tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	3.06	-14
5-yr UST	3.23	-13
10-yr UST	3.16	-12
30-yr UST	3.25	-9

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.49	-4	3.59	0
5-yr	3.90	-9	4.12	-9
7-yr	4.22	-6	4.24	-6
10-yr	4.29	-4	4.31	-9
15-yr	4.68	-3	4.71	-10
20-yr	4.81	0	4.91	0
30-yr	4.99	-2	5.05	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.96	-2
3-yr	3.69	-9
5-yr	3.87	-7
7-yr	3.98	-7
10-yr	4.09	-12

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GII

- Local govies saw stronger interest on Wednesday with both MGS/GII better-bid on meaningful volumes. The intermediates saw better demand, resulting in lower yields. Overall benchmark MGS/GII yields settled between between 0-10bps lower across the curve amid the pleasant spike in secondary market volume @ RM3.84b; thanks to registration of 7Y GII post-auction trades. **The 5Y benchmark MGS 11/26 rallied to end 9bps lower at 3.90% whilst the 10Y benchmark MGS 7/32 eased 4bps lower at 4.29%**. Interest was mainly seen in the off-the-run 22's and also benchmark 5Y, 10Y, 15Y MGS. GII transactions jumped to form 54% of overall trades, The 5Y GII auction saw solid response especially from inter-bank players, offshore and also insurance companies with BTC ratio chalking 3.133x and awarded at 4.155%. Expect attention to shift to the May inflation figures tomorrow.

Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space continued to see further improvement in investor interest on Wednesday especially along the GG-AA part of the curve spanning across 16 names. Overall yields closed mostly mixed-to-higher amid the near-doubling of secondary market volume to RM251m. Govt-guaranteed DANA 29's experienced mixed fortunes with the 2/29 tranche declining 10bps compared to previous-done levels at 4.53% whilst the 4/29 tranche spiked 61bps to 4.55%. AAA-rated PUTRAJAYA 5/26 rose 11bps to 4.27%, whereas AMAN 5/24 ballooned 81bps to 3.71%. GENTING CAP's AA-rated 6/27 bonds closed 38bps higher at 5.36%. Meanwhile, the banking/finance space saw MAYBANK 2117NC26 perps edge 1bps lower at 4.27%. BPMB 9/34 however succumbed; rising 41bps to 4.88%.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	08/22	2.091	168	1.848	21/06/2022	24
MGS	09/22	2.054	441	2.256	21/06/2022	-20
MGS	03/23	2.935	16	2.915	21/06/2022	2
MGS	04/23	2.955	6	3.011	21/06/2022	-6
MGS	08/23	3.076	10	3.048	21/06/2022	3
MGS	06/24	3.380	50	3.388	21/06/2022	-1
MGS	07/24	3.457	1	3.473	21/06/2022	-2
MGS	09/24	3.376	4	3.493	21/06/2022	-12
MGS	03/25	3.492	50	3.531	21/06/2022	-4
MGS	09/25	3.688	123	3.721	21/06/2022	-3
MGS	04/26	3.779	3	3.856	21/06/2022	-8
MGS	07/26	3.906	2	3.959	21/06/2022	-5
MGS	11/26	3.900	135	3.990	21/06/2022	-9
MGS	03/27	3.996	35	4.090	21/06/2022	-9
MGS	05/27	3.997	10	4.088	21/06/2022	-9
MGS	11/27	4.029	30	4.076	21/06/2022	-5
MGS	06/28	4.182	64	4.220	21/06/2022	-4
MGS	04/29	4.223	70	4.282	21/06/2022	-6
MGS	08/29	4.270	33	4.303	21/06/2022	-3
MGS	04/31	4.325	17	4.363	21/06/2022	-4
MGS	06/31	4.376	1	4.380	21/06/2022	0
MGS	07/32	4.285	120	4.324	21/06/2022	-4
MGS	04/33	4.620	12	4.640	17/06/2022	-2
MGS	11/33	4.655	1	4.585	20/06/2022	7
MGS	07/34	4.707	4	4.687	21/06/2022	2
MGS	05/35	4.616	27	4.690	21/06/2022	-7
MGS	04/37	4.676	305	4.709	21/06/2022	-3
MGS	05/40	4.810	20	4.774	21/06/2022	4
MGS	03/46	4.878	1	4.967	20/06/2022	-9
MGS	07/48	5.039	2	4.984	21/06/2022	5
MGS	06/50	4.989	14	5.007	21/06/2022	-2
GII	07/22	2.047	70	1.901	26/05/2022	15
GII	07/22	1.686	326	2.096	21/06/2022	-41
GII	10/25	3.585	57	3.585	21/06/2022	0
GII	09/27	4.116	1500	4.210	21/06/2022	-9
GII	10/28	4.235	12	4.296	20/06/2022	-6
GII	07/29	4.279	4	4.326	21/06/2022	-5
GII	10/30	4.333	1	4.305	21/06/2022	3
GII	10/32	4.314	10	4.399	16/06/2022	-9
GII	07/36	4.712	80	4.811	17/06/2022	-10
GII	05/47	5.029	1	4.839	31/05/2022	19
			<u>3836</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*
Pengurusan Air SPV Berhad	06/25	GG	3.818	15	3.794	02/06/2022	2	32
Prasarana Malaysia Berhad	11/28	GG	4.420	30	3.982	30/03/2022	44	28
DanaInfra Nasional Berhad	02/29	GG	4.530	10	4.633	11/05/2022	-10	30
DanaInfra Nasional Berhad	04/29	GG	4.552	10	3.940	31/03/2022	61	32
Bank Pembangunan Malaysia Berhad	09/34	GG	4.880	20	4.469	08/04/2022	41	59
Aman Sukuk Berhad	05/24	AAA	3.707	10	2.901	06/12/2021	81	32
Cagamas Berhad	11/25	AAA	4.230	10	2.504	04/02/2021	173	73
Putrajaya Holdings Sdn Berhad	05/26	AAA	4.270	30	4.158	13/06/2022	11	48
Infracap Resources Sdn Berhad	04/36	AAA	5.189	40	5.209	09/06/2022	-2	51
Sabah Development Bank Berhad	12/23	AA1	3.888	2	3.883	20/06/2022	0	104
Sabah Development Bank Berhad	07/24	AA1	4.549	3	4.138	21/06/2022	41	116
Genting Capital Berhad	06/27	AA1	5.357	25	4.974	13/06/2022	38	142
Benih Restu Berhad	06/25	AA2	4.128	20	4.175	14/06/2022	-5	63
SP Setia Berhad	06/28	AA	4.877	5	4.889	09/06/2022	-1	73
Malayan Banking Berhad	02/17	AA3	4.271	20	4.284	17/06/2022	-1	-54
Tropicana Corporation Berhad	06/25	A+	5.493	1	5.287	21/06/2022	21	199
				251				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Grand Sepadu (NK) Sdn Bhd	Grand Sepadu (NK) Sdn Bhd	AA-IS/Stable	Affirmed

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.