

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs were well-bid last Friday and saw save-haven demand amid declines in equity market and also concerns over potential conflict pertaining to Ukraine-Russia tensions which drove some interest in block-buying futures contracts. The curve continued to shift lower as overall benchmark yields eased 2-5bps across. **The UST 2Y yield edged 2bps lower at 1.00% whilst the much-watched UST 10Y yield declined 5bps instead to 1.76%.** With the Fed saying that its balance sheet might start shrinking shortly after the first rate hike (presumably in March), traders may expect the curve to steepen. The FOMC is likely to use its January meeting this week to hint at a March lift-off and to commence formulating a plan for balance sheet reduction. Meanwhile, expect some attention to shift to the release of Markit manufacturing and services PMI data tonight followed by the FOMC meeting scheduled for Thursday, 27th of January.

MGS/GII

- Lat Friday, local govies generally closed slightly richer taking cue from falling IRS levels in the mid-to-longer ends as fears over immediate rising interest rates outlooks seem to have subsided. Overall benchmark MGS/GII yields closed mixed between 0-4bps across the curve, save for the odd-lot trades seen in the longer-end 20Y MGS and 30Y GII; amid the halving of overall secondary market volume @ RM2.14b. **The 5Y benchmark 11/26 yield edged 2bps lower at 3.27% whilst the 10Y benchmark MGS 7/32 settled unchanged at 3.67%.** Interest was mainly seen in the off-the-run 29's and also 3Y MGS/GII, 7Y GII, 10Y MGS. GII maintained to form 43% of overall trades. Elsewhere, full-year CPI averaged 2.5% in 2021 as expected. Meanwhile, BNM is expected to commence normalizing policy by raising rates in 2H2022; should the current recovery momentum hold ground.

Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space saw vibrant investor activity last Friday amid the strongest YTD secondary market volume @ RM890m. Transactions were seen across the the GG-AA part of the curve as overall yields closed mostly mixed-to-higher again, spanning across the highest number of transactions seen in 12-months i.e. 51 names. Govt-guaranteed DANA 4/22 eased 7bps to 1.95% whilst PRASA 3/24 saw RM150m exchange hands, with yields spiking 44bps instead to 2.93%. AAA-rated SEB 27-28's rose 3-5bps between 3.58-93% levels. PLUS bonds were active with the 23-24's closing mixed on yields at 2.37% and 2.95%. The 2030 tranche spiked 41bps to 4.04% whereas the 2031 tranche edged 1bps up at 4.12%. In the AA-space, UMW 25-26's moved 10-11bps higher between 3.72-90% area. MAHB 2014NC24 perps edged 2bps up at 4.45%. Meanwhile the banking/finance space saw AmBank 27Nc23 rally 20bps to 3.17%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.00	-2
5-yr UST	1.56	-3
10-yr UST	1.76	-5
30-yr UST	2.07	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.80	-3	2.87	-1
5-yr	3.27	-2	3.29	0
7-yr	3.49	-2	3.43	-1
10-yr	3.67	0	3.74	-1
15-yr	4.02	-4	4.10	-1
20-yr	3.99	-29	4.30	0
30-yr	4.34	-1	4.38	-9

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.19	1
3-yr	2.85	-2
5-yr	3.13	-3
7-yr	3.36	0
10-yr	3.55	-5

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	1.996	1	1.554	20/01/2022	44
MGS	08/22	1.616	15	1.670	17/01/2022	-5
MGS	09/22	1.606	5	1.650	19/01/2022	-4
MGS	03/23	2.133	10	2.093	20/01/2022	4
MGS	04/23	2.120	70	2.124	20/01/2022	0
MGS	06/24	2.801	206	2.828	20/01/2022	-3
MGS	07/24	2.874	2	2.928	19/01/2022	-5
MGS	03/25	2.969	42	2.973	20/01/2022	0
MGS	09/25	3.041	5	3.092	20/01/2022	-5
MGS	07/26	3.261	3	3.258	19/01/2022	0
MGS	11/26	3.270	153	3.286	20/01/2022	-2
MGS	05/27	3.337	16	3.355	20/01/2022	-2
MGS	11/27	3.401	83	3.377	20/01/2022	2
MGS	06/28	3.488	8	3.504	20/01/2022	-2
MGS	08/29	3.610	171	3.606	20/01/2022	0
MGS	04/30	3.729	50	3.729	20/01/2022	0
MGS	04/31	3.708	17	3.709	20/01/2022	0
MGS	06/31	3.725	20	3.806	20/01/2022	-8
MGS	07/32	3.670	161	3.675	20/01/2022	0
MGS	11/33	3.972	1	4.001	19/01/2022	-3
MGS	07/34	4.023	1	4.039	20/01/2022	-2
MGS	05/35	4.015	21	4.057	20/01/2022	-4
MGS	06/38	4.095	3	4.212	19/01/2022	-12
MGS	05/40	3.989	14	4.280	20/01/2022	-29
MGS	09/43	4.395	61	4.287	14/01/2022	11
MGS	03/46	4.463	76	4.457	20/01/2022	1
MGS	06/50	4.336	8	4.348	20/01/2022	-1
GII	03/22	1.515	40	1.603	20/01/2022	-9
GII	04/22	1.550	51	1.579	20/01/2022	-3
GII	07/22	1.750	50	1.750	20/01/2022	0
GII	03/23	2.320	100	2.099	21/09/2021	22
GII	11/23	2.340	40	2.350	19/01/2022	-1
GII	10/24	2.873	155	2.885	20/01/2022	-1
GII	10/25	3.072	5	3.136	24/12/2021	-6
GII	07/27	3.385	65	3.395	20/01/2022	-1
GII	09/27	3.430	30	3.440	20/01/2022	-1
GII	10/28	3.531	285	3.523	20/01/2022	1
GII	10/30	3.742	81	3.752	20/01/2022	-1
GII	07/36	4.102	20	4.117	20/01/2022	-1
			<u>2144</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	04/22	GG	1.948	50	2.015	05/10/2021	-7	-2
Prasarana Malaysia Berhad	03/24	GG	2.927	150	2.490	06/10/2021	44	55
DanaInfra Nasional Berhad	10/31	GG	3.985	10	3.906	31/12/2021	8	30
Infracap Resources Sdn Berhad	04/22	AAA	2.361	10	2.406	20/01/2022	-4	39
Mercedes-Benz Services Malaysia Sdn Berhad	06/22	AAA	2.351	10	2.432	18/11/2020	-8	38
Projek Lebuhraya Usahasama Berhad	01/23	AAA	2.374	10	2.436	06/01/2022	-6	40
Mercedes-Benz Services Malaysia Sdn Berhad	11/23	AAA	2.844	20	2.800	17/01/2022	4	47
Projek Lebuhraya Usahasama Berhad	01/24	AAA	2.945	10	2.902	24/11/2021	4	57
Malaysia Airports Capital Berhad	12/24	AAA	3.199	10	3.676	09/12/2021	-48	37
Sarawak Energy Berhad	01/27	AAA	3.578	60	3.527	07/12/2021	5	30
Infracap Resources Sdn Berhad	04/28	AAA	4.059	30	4.021	24/11/2021	4	69
Tenaga Nasional Berhad	11/28	AAA	3.879	5	3.899	05/01/2022	-2	40
Sarawak Energy Berhad	11/28	AAA	3.929	2	3.898	29/12/2021	3	45
Projek Lebuhraya Usahasama Berhad	01/30	AAA	4.041	10	3.630	27/09/2021	41	44
Sarawak Energy Berhad	06/30	AAA	4.009	20	3.610	23/08/2021	40	41
Tenaga Nasional Berhad	11/31	AAA	4.068	10	4.010	15/12/2021	6	39
Projek Lebuhraya Usahasama Berhad	01/33	AAA	4.118	20	4.109	13/01/2022	1	44
Tenaga Nasional Berhad	08/33	AAA	4.120	1	4.122	14/01/2022	0	44
Tenaga Nasional Berhad	11/36	AAA	4.321	25	4.398	15/12/2021	-8	28
Tenaga Nasional Berhad	08/38	AAA	4.340	1	4.299	14/01/2022	4	30
Sabah Development Bank Berhad	05/22	AA1	3.040	40	3.401	03/09/2021	-36	107
YTL Corporation Berhad	04/23	AA1	3.550	10	3.647	21/12/2021	-10	158
Batu Kawan Berhad	06/23	AA1	2.590	40	2.576	06/08/2021	1	62
Sabah Development Bank Berhad	04/24	AA1	4.143	0	3.944	15/10/2021	20	177
UMW Holdings Berhad	11/25	AA+	3.719	10	3.608	01/12/2021	11	64
UMW Holdings Berhad	10/26	AA+	3.897	30	3.797	14/12/2021	10	62
YTL Power International Berhad	05/27	AA1	4.704	20	4.678	05/01/2022	3	143
Bumitama Agri Ltd	07/26	AA2	3.938	12	3.849	24/12/2021	9	66
Malaysia Airport Holdings Berhad	12/14	AA2	4.453	70	4.437	23/09/2021	2	19
Anih Berhad	11/22	AA	2.611	10	2.680	11/08/2021	-7	64
Fortune Premiere Sdn Berhad	09/26	AA	4.328	30	3.632	21/06/2021	70	105
IJM Corporation Berhad	06/22	AA3	2.414	20	2.496	27/10/2021	-8	44
Perbadanan Kemajuan Negeri Selangor	11/22	AA3	3.324	20	3.038	26/10/2021	29	135
Malakoff Power Berhad	12/22	AA-	2.692	30	2.730	04/01/2022	-4	72
Gamuda Land (T12) Sdn Berhad	08/25	AA3	3.738	10	3.646	14/12/2021	9	66
Press Metal Aluminium Holdings Berhad	08/25	AA3	4.048	5	4.059	02/12/2021	-1	97
Press Metal Aluminium Holdings Berhad	12/27	AA3	4.618	3	4.618	20/01/2022	0	125
UEM Sunrise Berhad	05/23	AA-	3.514	10	3.549	13/01/2022	-4	154
UEM Sunrise Berhad	03/24	AA-	3.921	5	3.917	09/12/2021	0	155
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/28	AA-	4.872	10	4.768	13/12/2021	10	139
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	11/29	AA-	4.946	20	4.129	28/09/2021	82	135
Quantum Solar Park (Semenanjung) Sdn Berhad	10/30	AA-	4.518	2	4.534	28/10/2021	-2	86
UMW Holdings Berhad	04/18	AA-	4.835	2	4.478	13/01/2022	36	57
AmBank (M) Berhad	10/27	A1	3.166	10	3.364	20/05/2021	-20	-21
Dialog Group Berhad	11/20	A1	4.163	1	4.200	20/01/2022	-4	-10
Tropicana Corporation Berhad	06/23	A+	4.388	1	4.944	19/01/2022	-56	242
IJM Land Berhad	03/19	A2	4.341	1	4.397	13/01/2022	-6	8
Tropicana Corporation Berhad	09/19	A	5.420	1	5.500	19/01/2022	-8	115
Tropicana Corporation Berhad	09/19	A	5.953	1	5.812	01/12/2021	14	169
Eco World Capital Assets Berhad	08/24	-	4.892	1	5.400	17/01/2022	-51	207
YNH Property Berhad	08/19	-	6.436	2	5.678	17/01/2022	76	217
				<u>2</u>				
				<u>890</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Alliance Bank Malaysia Berhad	Financial institution rating	A1/Stable/P1	Reaffirmed
	RM500 million Commercial Papers Programme (2015/2022)	P1	
	RM1.5 billion Senior Medium-Term Notes Programme (2015/2045)	A1/Stable	
	RM2.0 billion Subordinated Medium-Term Notes Programme (2015/2045)	A2/Stable	
	RM1.0 billion Additional Tier-1 Capital Securities Programme (2017/-)	BBB1/Stable	
Alliance Islamic Bank Berhad	Financial institution rating	A1/Stable/P1	Reaffirmed
	RM300 million Islamic Commercial Papers Programme (2019/2026)	P1	
	RM2.5 billion Perpetual Sukuk Programme (2019/-):		
	M1.2 billion Senior Sukuk Murabahah RM800 million Tier-2 Sukuk Murabahah RM500 million Additional Tier-1 Capital Sukuk Wakalah	A1/Stable A2/Stable BBB1/Stable	
Alliance Investment Bank Berhad	Financial institution rating	A1/Stable/P1	Reaffirmed
Sumitomo Mitsui Banking Corporation Malaysia Berhad	Financial institution rating	AA1/Stable/P1	Reaffirmed
Lingkar Trans Kota Sdn Bhd (Litrak)	Sukuk Musyarakah IMTN I and IMTN II Programmes (2008/2023)	AA2/Stable	Reaffirmed

Source: RAM, MARC

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