

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries continued to be well-sought after following economic growth uncertainties and softer PMI data for June and elevated jobless claims. Heightened risks for recession in Eurozone region also lifted demand for bonds. The curve shifted lower as overall benchmark yields ended between 4-8bps lower. **The UST 2Y yield ended 4bps lower at 3.02% whilst the much-watched UST 10Y declined 7bps to 3.09%.** The belief that the Fed may not hike rates aggressively may provide impetus for bond yields to go lower. Nevertheless, Fed Chair Powell said that the Fed's commitment to rein in 40-year high inflation was unconditional but comes with the risk of higher unemployment. The closely watched yield curve, a pre-cursor for prediction on the economy going forward; still remains comfortably in positive territory. The Fed's reverse repo facility which pays an overnight rate of 0.8%, climbed yet again to another record @ \$2.29 trillion. Meanwhile, expect attention to shift to peripheral data encompassing new home sales and University of Michigan sentiment later tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	3.02	-4
5-yr UST	3.15	-8
10-yr UST	3.09	-7
30-yr UST	3.20	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.48	-1	3.59	0
5-yr	3.84	-6	4.04	-8
7-yr	4.14	-8	4.17	-7
10-yr	4.20	-9	4.25	-6
15-yr	4.62	-6	4.71	0
20-yr	4.65	-16	4.91	0
30-yr	4.96	-3	5.05	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.95	-1
3-yr	3.59	-10
5-yr	3.79	-8
7-yr	3.89	-9
10-yr	3.98	-11

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GIII

- Local govies continued to rally on Thursday but on lower volumes generally. MGS saw decent movements in yields compared to GII, influenced largely by strong receiving interest in IRS. Overall benchmark MGS/GII yields ended between 0-16bps lower across the curve amid the substantial drop of 44% in secondary market volume @ RM2.14b. **The 5Y benchmark MGS 11/26 yield declined 6bps to 3.84% whilst the 10Y benchmark MGS 7/32 yield fell 9bps to 4.20%.** Interest was mainly seen in benchmark 7Y, 10Y MGS and also 7Y GII post-auction prior day. GII transactions dropped to form 28% of overall trades. Expect attention to shift to the May inflation figures today.

Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space saw slight easing of interest on Thursday with some focus seen along the AAA-AA part of the curve spanning across 18 names. Overall yields closed mostly higher amid a 13% decrease in secondary market volume @ RM218m. The sole govt-guaranteed trade consisted of DANA 2/31 which spiked 72bps compared to previous-done levels to 4.62%. AAA-rated MAHB 12/28 rose 10bps to 4.65% whereas RANTAU 3/29 moved 16bps higher to 4.63%. Energy-related EDRA 28 and 38 which are both rated-AA, jumped 51-59bps to 4.89% and 5.44% each. Highway operator, KESTURI's 12/24 bonds too ended higher on yields at 4.31%. Meanwhile, the banking/finance space was relatively quiet with several odd-lot transaction above RM500,000 done in Hong Leong-related bonds and SABAH Development Bank bonds.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	08/22	2.101	2	2.091	22/06/2022	1
MGS	09/22	2.108	44	2.054	22/06/2022	5
MGS	03/23	2.866	3	2.935	22/06/2022	-7
MGS	04/23	2.968	1	2.955	22/06/2022	1
MGS	08/23	3.052	2	3.076	22/06/2022	-2
MGS	06/24	3.316	19	3.380	22/06/2022	-6
MGS	07/24	3.365	2	3.457	22/06/2022	-9
MGS	09/24	3.410	2	3.376	22/06/2022	3
MGS	03/25	3.481	42	3.492	22/06/2022	-1
MGS	09/25	3.671	38	3.688	22/06/2022	-2
MGS	04/26	3.792	5	3.779	22/06/2022	1
MGS	07/26	3.879	27	3.906	22/06/2022	-3
MGS	11/26	3.842	6	3.900	22/06/2022	-6
MGS	05/27	3.918	20	3.997	22/06/2022	-8
MGS	11/27	3.979	26	4.029	22/06/2022	-5
MGS	06/28	4.118	5	4.182	22/06/2022	-6
MGS	04/29	4.139	348	4.223	22/06/2022	-8
MGS	08/29	4.205	66	4.270	22/06/2022	-6
MGS	04/30	4.239	1	4.300	21/06/2022	-6
MGS	04/31	4.283	41	4.325	22/06/2022	-4
MGS	06/31	4.320	3	4.376	22/06/2022	-6
MGS	07/32	4.197	418	4.285	22/06/2022	-9
MGS	04/33	4.559	20	4.620	22/06/2022	-6
MGS	11/33	4.581	10	4.655	22/06/2022	-7
MGS	07/34	4.589	18	4.707	22/06/2022	-12
MGS	05/35	4.564	3	4.616	22/06/2022	-5
MGS	04/37	4.616	246	4.676	22/06/2022	-6
MGS	05/40	4.751	34	4.810	22/06/2022	-6
MGS	10/42	4.651	62	4.807	17/06/2022	-16
MGS	09/43	4.872	1	4.917	22/06/2022	-4
MGS	06/50	4.961	29	4.989	22/06/2022	-3
GII	07/22	2.038	10	2.047	22/06/2022	-1
GII	07/27	4.077	2	4.158	17/06/2022	-8
GII	09/27	4.039	426	4.116	22/06/2022	-8
GII	10/28	4.169	30	4.235	22/06/2022	-7
GII	10/32	4.253	10	4.314	22/06/2022	-6
GII	06/33	4.549	11	4.366	10/06/2022	18
GII	08/33	4.422	30	4.527	21/06/2022	-11
GII	11/34	4.686	10	4.380	30/05/2022	31
GII	08/37	4.825	10	4.653	09/06/2022	17
GII	09/39	4.837	60	4.684	10/06/2022	15
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Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)			
DanaInfra Nasional Berhad	02/31	GG	4.622	5	3.898	09/03/2022	72	41
Putrajaya Holdings Sdn Berhad	04/25	AAA	3.979	3	4.046	09/05/2022	-7	52
DiGi Telecommunications Sdn Berhad	09/26	AAA	4.288	10	4.297	15/06/2022	-1	52
Manjung Island Energy Berhad	11/27	AAA	4.499	5	3.348	17/06/2021	115	60
Malaysia Airport Holdings Berhad	12/28	AAA	4.653	10	4.550	27/05/2022	10	50
Rantau Abang Capital Berhad	03/29	AAA	4.629	40	4.468	09/06/2022	16	48
Sabah Development Bank Berhad	05/25	AA1	4.006	1	4.077	22/06/2022	-7	55
Celcom Networks Sdn Berhad	08/27	AA+	4.539	10	3.930	07/02/2022	61	64
Edra Energy Sdn Berhad	07/28	AA3	4.888	10	4.382	30/03/2022	51	77
Gamuda Berhad	11/29	AA3	4.968	10	4.354	20/01/2022	61	82
Edra Energy Sdn Berhad	01/38	AA3	5.439	10	4.849	09/03/2022	59	81
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/24	AA-	4.307	40	3.498	04/05/2021	81	95
7-Eleven Malaysia Holdings Berhad	06/25	AA-	4.770	50			477	131
Jimah East Power Sdn Berhad	06/29	AA-	5.369	10	5.201	20/05/2022	17	122
TG Excellence Berhad	02/20	AA-	4.799	1	4.782	14/06/2022	2	4
Hong Leong Bank Berhad	11/17	A1	4.283	1	4.177	25/05/2022	11	-48
Hong Leong Financial Group Berhad	11/17	A1	5.208	1	3.551	14/06/2022	166	44
Tropicana Corporation Berhad	06/25	A+	5.214	1	5.493	22/06/2022	-28	176
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*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

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