

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- On Tuesday, US Treasuries surged; reversing prior day's fall after sales of new US homes fell more-than expected in April. The front-ends rallied whilst the rate hike premium for September was re-priced from 82% to 68% in what was seen as a risk-off session. The curve bull-steepened as overall benchmark yields declined between 9-14bps. **The UST 2Y yield fell 14bps to 2.48% whilst the much-watched 10Y rallied, to close 10bps lower at 2.75%.** Treasury's \$47b 2Y note auction notched solid bidding metrics with BTC ratio @ 2.61x (previous six auction average: 2.59x) and awarded at 2.519% (previous auction: 2.585%). Elsewhere, Despite sentiment remaining bearish as inflation pressures remain stubbornly high, fears of a Fed policy error on aggressive rate hikes which may end in a recession continue to make its round. Meanwhile, expect attention to shift to the \$48b worth of 5Y notes auction later tonight along with the Fed's FOMC minutes tomorrow.

##### MGS/GII

- Local govies performed well on Tuesday whilst ignoring higher IRS levels save for the shorter-ends which were slightly pressured. Overall benchmark MGS/GII yields closed between -18 to +4bps amid a slight reduction in secondary market volume @ RM3.05b. **The 5Y benchmark MGS 11/26 yield rose 4bps to 3.77% whilst the 10Y benchmark MGS 7/32 edged 2bps lower at 4.22%.** Interest was mainly seen in the off-the-run 23's and also both the benchmark 10Y MGS/GII. GII transactions increased slightly to form 21% of overall trades. Expect attention to shift to the April inflation data this afternoon with y/y consensus pegged at 2.3%.

##### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw better investor appetite on Tuesday with interest mainly seen across the GG to single-A part of the curve. Overall yields closed mostly higher, spanning across 23 names, amid a 21% jump in secondary market volume to RM361m. Govt-guaranteed PRASA 10/32 edged 2bps higher compared to previous-done levels at 4.61% whilst the 3/38 tranche spiked 60bps to 4.96%. AAA-rated TNB Western and SEB 25's jumped 73-75bps higher to 4.19% and 4.03% each. The AA-space saw energy-related bonds JEP 28's end higher yield-wise between 5.08-16% area. Meanwhile, the banking/finance space saw RHB 29NC24 rise 29bps to close at 4.01% whereas Hong Leong Bank 2117NC27 perps settled 18bps higher at 4.18%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.48	-14
5-yr UST	2.74	-13
10-yr UST	2.75	-10
30-yr UST	2.97	-9

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.50	1	3.49	0
5-yr	3.77	4	3.86	2
7-yr	4.07	-10	4.07	-6
10-yr	4.22	-2	4.24	-1
15-yr	4.65	0	4.55	-18
20-yr	4.60	-6	4.82	0
30-yr	4.86	-2	5.03	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.80	2
3-yr	3.61	5
5-yr	3.80	6
7-yr	3.97	4
10-yr	4.14	6

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	08/22	1.849	44	1.849	23/05/2022	0
MGS	03/23	2.557	164	2.470	23/05/2022	9
MGS	08/23	2.756	7	2.754	23/05/2022	0
MGS	06/24	3.426	43	3.416	23/05/2022	1
MGS	07/24	3.446	11	3.432	23/05/2022	1
MGS	09/24	3.454	70	3.521	20/05/2022	-7
MGS	03/25	3.503	173	3.490	23/05/2022	1
MGS	09/25	3.559	20	3.550	23/05/2022	1
MGS	04/26	3.667	1	3.627	23/05/2022	4
MGS	11/26	3.771	122	3.733	23/05/2022	4
MGS	03/27	3.834	1	3.857	23/05/2022	-2
MGS	11/27	3.797	70	3.950	23/05/2022	-15
MGS	06/28	3.958	112	3.920	23/05/2022	4
MGS	04/29	4.069	70	4.168	23/05/2022	-10
MGS	08/29	4.062	151	4.126	23/05/2022	-6
MGS	04/31	4.246	13	4.285	23/05/2022	-4
MGS	07/32	4.224	807	4.243	23/05/2022	-2
MGS	07/34	4.586	14	4.662	23/05/2022	-8
MGS	05/35	4.540	85	4.615	23/05/2022	-8
MGS	06/38	4.803	71	4.731	23/05/2022	7
MGS	05/40	4.623	133	4.830	23/05/2022	-21
MGS	10/42	4.597	170	4.657	23/05/2022	-6
MGS	06/50	4.856	38	4.874	23/05/2022	-2
GII	07/22	2.034	20	1.822	22/04/2022	21
GII	07/22	1.900	10	1.853	23/05/2022	5
GII	11/22	2.301	20	2.197	19/05/2022	10
GII	05/23	2.656	20	2.670	19/05/2022	-1
GII	09/27	3.860	60	3.839	23/05/2022	2
GII	10/28	4.074	69	4.136	23/05/2022	-6
GII	07/29	4.113	20	4.443	19/05/2022	-33
GII	10/30	4.176	120	4.251	23/05/2022	-8
GII	10/32	4.241	235	4.253	23/05/2022	-1
GII	06/33	4.379	20	4.610	23/05/2022	-23
GII	07/36	4.549	58	4.727	23/05/2022	-18
GII	05/52	5.026	10	5.026	23/05/2022	0
			<u>3051</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*
Prasarana Malaysia Berhad	08/23	GG	3.131	60	2.652	31/03/2022	48	49
DanaInfra Nasional Berhad	02/25	GG	3.833	10	3.221	29/03/2022	61	33
Perbadanan Tabung Pendidikan Tinggi Nasional	10/28	GG	4.350	20	3.980	31/03/2022	37	36
Prasarana Malaysia Berhad	10/32	GG	4.610	10	4.590	27/04/2022	2	37
Prasarana Malaysia Berhad	03/38	GG	4.960	20	4.360	04/10/2021	60	39
Cagamas Berhad	10/23	AAA	2.201	10	2.097	30/11/2020	10	-44
Cagamas Berhad	10/24	AAA	3.763	30	3.761	20/05/2022	0	36
TNB Western Energy Berhad	07/25	AAA	4.186	15	3.437	24/02/2022	75	68
Sarawak Energy Berhad	08/25	AAA	4.026	20	3.296	02/03/2022	73	52
Kedah Cement Sdn Berhad (fka Lafarge Cement Sdn Bhd)	12/23	AA3	3.917	1	3.461	09/03/2022	46	51
RHB Islamic Bank Berhad	05/29	AA3	4.008	10	3.716	26/04/2022	29	-9
Jimah East Power Sdn Berhad	06/28	AA-	5.081	10	3.908	11/08/2021	117	109
Jimah East Power Sdn Berhad	12/28	AA-	5.160	20	4.057	15/07/2021	110	106
CIMB Group Holdings Berhad	05/16	A1	4.704	10	3.696	29/03/2022	101	4
Hong Leong Bank Berhad	11/17	A1	4.177	10	4.002	05/05/2022	18	-49
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	4.636	1	5.002	23/05/2022	-37	39
Affin Bank Berhad	07/18	A3	4.221	1	3.545	20/05/2022	68	-44
Eco World Capital Assets Berhad	08/24	-	5.866	1	5.988	18/05/2022	-12	246
Tropicana Corporation Berhad	06/23	A+	5.286	1	5.286	23/05/2022	0	265
Tropicana Corporation Berhad	06/25	A+	5.470	1	4.805	28/04/2022	67	197
WCT Holdings Berhad	10/23	AA-	4.516	100	4.226	15/04/2022	29	188
Sabah Development Bank Berhad	05/25	AA1	4.243	1	4.243	23/05/2022	0	74
GENM Capital Berhad	03/27	AA1	4.982	1	4.982	13/05/2022	0	119
				<u>361</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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