

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs were rather subdued on Tuesday, brushing aside the IMF's downgrade to global growth whilst Russia/Ukraine geopolitical tensions kept financial markets somewhat nervous throughout. The curve flattened slightly as overall benchmark yields ended generally between -1 to +1bps across. **The UST 2Y yield edged 1bps up at 1.02% whilst the much-watched UST 10Y settled within 1bps lower instead at 1.77%.** The US Treasury sold \$55b of 5Y notes at 1.533% (previous auction: 1.263%) on an improved BTC ratio of 2.50x (previous six average auctions: 2.40x). Meanwhile CME Group's Fedwatch Tool is pointing to an 88% chance of a 25bps rate hike in March whilst the Fed Fund Futures has fully priced-in a quarter-point tightening instead. The FOMC is likely to use its January meeting to hint at a March lift-off and to commence formulating plans for balance sheet reduction. Meanwhile, expect attention to shift to the all important FOMC rate decision meeting scheduled for early tomorrow morning.

MGS/GIII

- On Tuesday, local govies generally closed weaker on lower price action and lesser liquidity. Overall benchmark MGS/GIII yields closed mixed-to-higher between -2 to +2bps across the curve (save for the odd-lot trade in the 30Y GII), amid the plunge in overall secondary market volume @ RM1.49b. **The 5Y benchmark 11/26 yield edged 2bps lower at 3.26% whilst the 10Y benchmark MGS 7/32 yield settled 1bps higher at 3.69%.** Interest was mainly seen in the off-the-run 22-23's and also 20Y MGS. GII jumped to form 55% of overall trades. With a sustainable economic recovery in the horizon, we expect BNM to commence normalizing policy by raising rates in 2H2022. Meanwhile, on the data front we have the trade numbers for December expected out tomorrow.

Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space saw vibrant investor activity on Tuesday amid steady secondary market volume @ RM607m. Transactions were seen across the the GG-AA part of the curve as overall yields closed mostly mixed-to-higher again, spanning across 31 names. Govt-guaranteed PRASA 12/27 and 3/31 settled 0-1bps lower at 3.65% and 3.98% each. AAA-rated SEB 7/24 rose 3bps to 3.06% whereas the 8/25 and 6/35 tranches declined 1-4bps at 3.38% and 4.22% respectively. AA-rated highway operator ANIH 11/22 moved 3bps up to 2.64% whilst UEM Sunrise 5/23 jumped 20bps to 4.09%. Meanwhile the banking/finance space saw several odd-lot trades in Sabah Development Bank, UOB and Alliance Bank.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.02	1
5-yr UST	1.56	1
10-yr UST	1.77	0
30-yr UST	2.11	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.82	2	2.90	2
5-yr	3.26	-2	3.28	-1
7-yr	3.50	2	3.40	-1
10-yr	3.69	1	3.74	2
15-yr	4.05	2	4.12	2
20-yr	4.28	1	4.30	0
30-yr	4.34	0	4.51	4

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.21	2
3-yr	2.86	0
5-yr	3.13	0
7-yr	3.35	0
10-yr	3.55	0

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	03/22	1.630	30	1.747	24/01/2022	-12	-34
MGS	03/23	2.093	104	2.069	24/01/2022	2	12
MGS	04/23	2.139	50	2.112	24/01/2022	3	17
MGS	06/24	2.821	32	2.798	24/01/2022	2	43
MGS	03/25	2.961	10	2.935	24/01/2022	3	13
MGS	04/26	3.178	2	3.162	24/01/2022	2	9
MGS	11/26	3.261	19	3.281	24/01/2022	-2	-3
MGS	05/27	3.378	2	3.360	24/01/2022	2	9
MGS	06/28	3.495	10	3.475	24/01/2022	2	11
MGS	08/29	3.618	1	3.622	24/01/2022	0	1
MGS	04/31	3.730	20	3.703	24/01/2022	3	7
MGS	06/31	3.718	2	3.706	24/01/2022	1	5
MGS	07/32	3.692	120	3.686	24/01/2022	1	0
MGS	05/35	4.053	50	4.033	24/01/2022	2	0
MGS	04/37	4.051	10	4.051	24/01/2022	0	-1
MGS	06/38	4.195	1	4.211	24/01/2022	-2	14
MGS	05/40	4.276	206	4.264	24/01/2022	1	1
MGS	03/46	4.443	2	4.463	21/01/2022	-2	18
MGS	07/48	4.462	1	4.467	24/01/2022	0	19
GII	03/22	1.601	96	1.599	24/01/2022	0	-37
GII	04/22	1.629	46	1.621	24/01/2022	1	-34
GII	07/22	1.771	202	1.700	24/01/2022	7	-20
GII	05/23	2.176	258	2.149	24/01/2022	3	21
GII	10/24	2.898	23	2.876	24/01/2022	2	7
GII	06/27	3.437	60	3.443	24/11/2021	-1	15
GII	07/27	3.443	95	3.413	24/01/2022	3	6
GII	09/27	3.403	20	3.413	24/01/2022	-1	2
GII	10/30	3.741	20	3.720	24/01/2022	2	8
			<u>1491</u>				

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
								YTM
Khazanah Nasional Berhad	08/24	GG	3.103	15	2.410	14/07/2020	69	27
Prasarana Malaysia Berhad	12/27	GG	3.647	60	3.661	20/01/2022	-1	26
Prasarana Malaysia Berhad	03/31	GG	3.979	60	3.980	24/01/2022	0	32
Lembaga Pembiayaan Perumahan Sektor Awam	04/33	GG	4.015	60	3.999	11/01/2022	2	32
Prasarana Malaysia Berhad	03/34	GG	4.129	2	4.050	13/01/2022	8	44
DanaInfra Nasional Berhad	11/51	GG	4.480	3	4.515	24/01/2022	-3	21
Putrajaya Holdings Sdn Berhad	07/23	AAA	2.570	30	2.428	07/09/2021	14	18
Sarawak Energy Berhad	07/24	AAA	3.060	40	3.026	22/12/2021	3	67
Sarawak Energy Berhad	08/25	AAA	3.375	20	3.382	05/01/2022	-1	29
Danga Capital Berhad	09/27	AAA	3.697	60	3.620	29/12/2021	8	31
Danum Capital Berhad	02/35	AAA	4.299	20	4.191	17/12/2021	11	24
Sarawak Energy Berhad	06/35	AAA	4.219	20	4.259	18/11/2021	-4	16
Tenaga Nasional Berhad	11/36	AAA	4.339	130	4.321	21/01/2022	2	28
Genting Capital Berhad	06/22	AA1	3.534	10	3.594	01/12/2021	-6	156
CIMB Group Holdings Berhad	06/22	AA1	2.159	10	2.249	05/01/2022	-9	19
Sabah Development Bank Berhad	04/24	AA1	3.743	1	4.143	21/01/2022	-40	135
Genting Capital Berhad	06/27	AA1	4.659	1	4.712	23/12/2021	-5	137
United Overseas Bank (Malaysia) Berhad	08/30	AA1	3.544	1	3.862	17/01/2022	-32	-12
Anih Berhad	11/22	AA	2.642	20	2.611	21/01/2022	3	67
Fortune Premiere Sdn Berhad	11/23	AA	3.491	20	3.377	23/12/2021	11	110
AEON Credit Service (M) Berhad	02/27	AA3	4.093	3	3.898	06/10/2021	20	80
UEM Sunrise Berhad	05/23	AA-	3.524	10	3.514	21/01/2022	1	155
Guan Chong Berhad	12/27	AA-	4.467	1	4.397	24/11/2021	7	108
MMC Corporation Berhad	03/28	AA-	4.386	2	4.311	03/01/2022	8	100
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/35	AA-	5.409	2	5.398	24/01/2022	1	135
UMW Holdings Berhad	04/18	AA-	4.834	1	4.835	24/01/2022	0	57
TG Excellence Berhad	02/20	AA-	4.152	2	4.148	24/01/2022	0	-12
Alliance Bank Malaysia Berhad	10/30	A2	3.562	1	3.562	24/01/2022	0	-10
IJM Land Berhad	03/19	A2	5.092	2	5.084	20/12/2021	1	82
Tropicana Corporation Berhad	09/19	A	5.412	2	5.421	24/01/2022	-1	114
Eco World Capital Services Berhad	03/26	-	4.839	1	4.945	14/01/2022	-11	175
				<u>607</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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