

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- On Wednesday, US Treasuries ended mostly on small deviation; influenced by the soft durable goods orders and FOMC minutes which reinforced support for 50bps rate hikes in the next two (2) meetings. The FOMC minutes also suggested there were less hawkish views that required further “pricing-in” with even a possibility of a pause towards the later part of the year unless inflation risks continue to be skewed to the upside. Overall benchmark yields closed mixed i.e. between -2 to +1bps. **The UST 2Y yield edged 1bps up at 2.49% whilst the much-watched 10Y ended 1bps lower instead at 2.75%.** Treasury’s \$48b 5Y note auction notched slightly weaker bidding metrics with BTC ratio @ 2.44x (previous six auction average: 2.45x) and awarded at 2.736% (previous auction: 2.785%). Elsewhere, the bond market is preparing for the next stage i.e. potential volatility due to the commencement of the Fed’s shrinkage of its massive ~\$8.5 trillion balance sheet. The impact of QT is expected to be difficult to gauge. Meanwhile, expect attention to shift to the \$42b worth of 7Y notes auction later tonight along with the initial jobless claims and GDP data.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.49	1
5-yr UST	2.72	-2
10-yr UST	2.75	-1
30-yr UST	2.97	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.47	-3	3.41	-8
5-yr	3.68	-9	3.86	0
7-yr	3.99	-8	4.01	-6
10-yr	4.13	-10	4.18	-7
15-yr	4.65	0	4.49	-6
20-yr	4.55	-5	4.57	-24
30-yr	4.76	-10	4.88	-13

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.75	-4
3-yr	3.55	-6
5-yr	3.73	-7
7-yr	3.89	-8
10-yr	4.05	-9

Source : Bloomberg

MGS/GII

- Local govies outperformed on Wednesday influenced by receiving interest in IRS across the curve. The slight uptick in headline and core CPI data for April had little impact in the fixed income space. Overall benchmark MGS/GII yields fell between 0-24bps amid a sustained in secondary market volume @ RM3.12b. **The 5Y benchmark MGS 11/26 yield declined 9bps to 3.68% whilst the 10Y benchmark MGS 7/32 rallied, to end 10bps lower at 4.13%.** Interest was mainly seen in the off-the-run 22-23’s, 35’s and also both the benchmark 3Y MGS, 7Y GII and 10Y MGS. GII transactions jumped to form 36% of overall trades. The economic calendar remains light for this week.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw solid investor interest on Wednesday, spurred by strong bids in underlying govies. Interest was seen across the GG to single-A part of the curve. Overall yields closed mostly mixed-to-higher, spanning across 42 names, amid a 24% jump in secondary market volume to RM446m. Govt-guaranteed PRASA 12/27 and 9/28 spiked 53-65bps compared to previous-done levels between 4.27-33% whilst the 8/29 tranche edged 2bps lower at 4.43%. AAA-rated TNB Western saw a slew of 2032-2033 tranches end 62-83bps higher between 4.94-99% area. 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 UOB 30NC25 spike 53bps to 4.19% whereas RHB Investment 27NC23 settled 35bps higher at 3.20%. AFFIN Islamic 2117NC26 perps too ended 29bps higher at 4.15%.

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	2.080	115	1.849	24/05/2022	23
MGS	09/22	1.953	35	2.001	23/05/2022	-5
MGS	03/23	2.542	178	2.557	24/05/2022	-2
MGS	04/23	2.539	10	2.506	23/05/2022	3
MGS	08/23	2.756	11	2.756	24/05/2022	0
MGS	07/24	3.420	5	3.446	24/05/2022	-3
MGS	03/25	3.472	342	3.503	24/05/2022	-3
MGS	09/25	3.584	5	3.559	24/05/2022	2
MGS	07/26	3.734	8	3.795	20/05/2022	-6
MGS	11/26	3.684	22	3.771	24/05/2022	-9
MGS	11/27	3.797	108	3.797	24/05/2022	0
MGS	06/28	3.864	105	3.958	24/05/2022	-9
MGS	04/29	3.987	102	4.069	24/05/2022	-8
MGS	08/29	3.990	38	4.062	24/05/2022	-7
MGS	04/30	4.145	7	4.182	23/05/2022	-4
MGS	06/31	4.165	36	4.293	23/05/2022	-13
MGS	07/32	4.129	334	4.224	24/05/2022	-10
MGS	04/33	4.356	32	4.464	24/05/2022	-11
MGS	07/34	4.497	19	4.586	24/05/2022	-9
MGS	05/35	4.505	283	4.540	24/05/2022	-4
MGS	06/38	4.582	65	4.803	24/05/2022	-22
MGS	05/40	4.612	8	4.623	24/05/2022	-1
MGS	10/42	4.552	115	4.597	24/05/2022	-5
MGS	07/48	4.887	6	4.955	23/05/2022	-7
MGS	06/50	4.760	15	4.856	24/05/2022	-10
GII	07/22	2.030	10	2.034	24/05/2022	0
GII	07/22	1.884	7	1.900	24/05/2022	-2
GII	05/23	2.603	23	2.656	24/05/2022	-5
GII	07/23	2.672	21	2.857	19/05/2022	-19
GII	11/23	2.739	19	3.036	19/05/2022	-30
GII	08/24	3.407	11	3.198	24/05/2022	21
GII	10/24	3.412	60	3.491	23/05/2022	-8
GII	03/26	3.697	20	3.741	23/05/2022	-4
GII	09/26	3.767	50	3.810	23/05/2022	-4
GII	10/28	4.012	393	4.074	24/05/2022	-6
GII	07/29	4.032	30	4.113	24/05/2022	-8
GII	10/30	4.141	50	4.176	24/05/2022	-4
GII	10/32	4.175	180	4.241	24/05/2022	-7
GII	06/33	4.339	60	4.379	24/05/2022	-4
GII	08/33	4.338	58	4.656	23/05/2022	-32
GII	07/36	4.487	100	4.549	24/05/2022	-6
GII	09/41	4.574	22	4.817	20/05/2022	-24
GII	11/49	4.877	1	5.009	23/05/2022	-13
			<u>3118</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*	
GovCo Holdings Berhad	09/24	GG	3.677	60	2.191	20/01/2021	149	28
DanaInfra Nasional Berhad	02/26	GG	4.040	20	3.438	15/02/2022	60	39
GovCo Holdings Berhad	09/27	GG	4.243	15	3.039	02/03/2021	120	49
Prasarana Malaysia Berhad	12/27	GG	4.265	15	3.618	17/01/2022	65	35
Prasarana Malaysia Berhad	09/28	GG	4.330	5	3.799	22/12/2021	53	42
Prasarana Malaysia Berhad	08/29	GG	4.430	15	4.450	23/05/2022	-2	40
DanaInfra Nasional Berhad	05/37	GG	4.880	20	5.060	26/04/2022	-18	42
Lembaga Pembiayaan Perumahan Sektor Awam	04/39	GG	4.935	10	5.150	28/04/2022	-22	48
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak)	08/23	AAA	3.218	5	2.553	18/02/2022	67	62
TNB Western Energy Berhad	01/32	AAA	4.939	20	4.318	28/10/2021	62	78
TNB Western Energy Berhad	07/32	AAA	4.969	20	4.139	16/04/2021	83	81
TNB Western Energy Berhad	01/33	AAA	4.988	15	4.269	09/04/2021	72	83
Tenaga Nasional Berhad	11/41	AAA	5.088	2	5.139	21/04/2022	-5	50
Sabah Development Bank Berhad	07/24	AA1	4.092	1	4.499	23/05/2022	-41	70
GENM Capital Berhad	08/25	AA1	4.231	2	4.397	24/05/2022	-17	75
United Overseas Bank (Malaysia) Berhad	08/30	AA1	4.187	20	3.661	09/05/2022	53	10
Exsim Capital Resources Berhad	07/25	AA3	5.108	5	5.111	23/05/2022	0	163
PONSB Capital Berhad	12/26	AA3	4.764	1	4.323	31/03/2022	44	101
RHB Investment Bank Berhad	10/27	AA3	3.203	20	2.855	29/03/2022	35	-55
RHB Islamic Bank Berhad	05/29	AA3	4.013	2	4.008	24/05/2022	0	-1
UEM Sunrise Berhad	06/23	AA-	3.857	1	3.586	13/01/2022	27	126
WCT Holdings Berhad	10/23	AA-	4.514	10	4.516	24/05/2022	0	192
UEM Sunrise Berhad	12/24	AA-	4.821	5	4.825	23/05/2022	0	134
MMC Port Holdings Sdn Berhad	04/27	AA-	4.849	5	-	-	-	110
Southern Power Generation Sdn Berhad	04/27	AA-	4.628	10	3.448	12/08/2021	118	88
Jimah East Power Sdn Berhad	06/27	AA-	4.889	10	4.150	23/12/2021	74	114
MMC Corporation Berhad	11/27	AA-	4.717	10	4.307	01/04/2022	41	96
Jimah East Power Sdn Berhad	12/27	AA-	4.979	20	4.549	15/04/2022	43	107
MMC Corporation Berhad	03/28	AA-	4.797	1	4.369	05/04/2022	43	89
Quantum Solar Park (Semenanjung) Sdn Berhad	10/28	AA-	4.925	5	4.927	23/05/2022	0	101
Quantum Solar Park (Semenanjung) Sdn Berhad	04/29	AA-	5.007	5	5.009	23/05/2022	0	98
Southern Power Generation Sdn Berhad	04/29	AA-	4.900	10	4.238	11/03/2022	66	87
Malakoff Power Berhad	12/31	AA-	5.038	10	4.363	20/12/2021	68	88
MMC Port Holdings Sdn Berhad	04/32	AA-	5.131	5	-	-	-	97
UMW Holdings Berhad	04/18	AA-	5.690	20	4.499	20/04/2022	119	111
TG Excellence Berhad	02/20	AA-	4.200	31	4.730	24/05/2022	-53	-38
Hong Leong Bank Berhad	11/17	A1	4.177	2	4.177	24/05/2022	0	-41
Tropicana Corporation Berhad	06/25	A+	5.470	1	5.470	24/05/2022	0	199
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	4.806	1	4.636	24/05/2022	17	65
Affin Islamic Bank Berhad	10/17	A3	4.154	10	3.863	15/04/2022	29	-43
Affin Bank Berhad	07/18	A3	4.160	1	4.221	24/05/2022	-6	-42
Eco World Capital Services Berhad	03/26	-	5.294	1	5.760	10/05/2022	-47	164
				446				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Sabah Development Bank Berhad	RM3.0 bil Commercial Papers (CP) (2021/2028)/Medium-Term Notes (MTN) Programme (2021/2046)	AA1/Stable/P1	Reaffirmed
	RM1.0 bil MTN Programme (2012/2032)	AA1/Stable	Reaffirmed
	RM3.0 bil MTN Programme (2011/2036)	AA1/Stable	Reaffirmed
	RM1.0 bil MTN Programme (2008/2028)	AA1/Stable/P1	Reaffirmed
Lebuhraya DUKE Fasa 3 Sdn Bhd's (DUKE 3)	RM3.64 billion Sukuk Wakalah	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.