

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US treasuries remained under selling pressure amid expectations for continuous aggressive rate hikes ahead. The latest was triggered by expectations for massive BOE rate hike as concerns over a UK recession mounts in the wake of expansion in stimulus spending that could drive inflation and hence interest rates even higher. September PMIs which surprised on the upside failed to assuage market fear on the devastating economic impact stemming from aggressive rate hikes globally. The front end up to the 7Y part of the curve saw yields pushing higher up to 8bps while yields at the back end shed 3bps. The front end 2Y note yields climbed 8bps higher to 4.21%, while the 10Y note yields fell 3bps to 3.69%, bear flattening the curve and somewhat widened the yield curve inversion back to -51bps again. UST will remain under pressure amid lingering rate hike jitters. Chicago Fed and Dallas Fed activity index will be up next today, before final 2Q GDP and core PCE later this week.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	4.21	8
5-yr UST	3.98	4
10-yr UST	3.69	-3
30-yr UST	3.61	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.70	12	3.77	9
5-yr	4.08	8	4.07	4
7-yr	4.29	6	4.32	9
10-yr	4.33	7	4.39	9
15-yr	4.60	16	4.57	9
20-yr	4.69	8	4.66	8
30-yr	4.83	8	4.85	9

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.56	1
3-yr	3.90	3
5-yr	4.15	11
7-yr	4.25	7
10-yr	4.40	5

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GII

- Local govies were sold off for the 7th consecutive day tracking the rise in global bond yields amid expectations for continued aggressive global monetary policy tightening. Increasing believes that the rate hike cycle still has some legs to run could have further added fuel to fire. Last Friday, release showed Malaysia CPI picked up further to a 5.5-year high of 4.7% y/y in August while core and services CPI pointed to broadening price pressure. Overall benchmark yields continued to push higher, up between 1-16bps across the curve except 7Y, 15Y and 30Y GIIs. The benchmark 5Y MGS 11/27 yield jumped 8bps up at 4.08% whilst the 10Y MGS 7/32 yield rose 7bp to 4.33%. Trading interests in the secondary market gathered steam again, with RM3.94bn (prior: RM3.77bn) trades done. The front end off the runs '22 to '24 attracted lots of interests, which collectively saw RM1.4bn done. Benchmarks 5Y MGS 11/27 and 7Y MGS 4/29 were also heavily traded, with RM205m and RM390m changed hands respectively. In the GII space, trading sustained a 34% (prior 36%) share of overall trade, with the 3Y and 7Y benchmarks topping the radar with RM350m and RM306m done respectively. External factors primarily the Fed rate hike theme will continue to drive the local bond space in the week ahead.

Corp Bonds/Sukuk

- Trading activities in Corporate Bonds/Sukuk weakened again with trading in the secondary market more than halved to RM124m (prior: RM281m) spanning over 18 names. Interests were seen concentrated on the AA-rated part of the curve. AA-rated Encorp '23 and BGSM '26 led the pack registering RM20m deals each, at higher yields of 3.63% and 4.33% respectively. DANA '25 was the only GG papers dealt, 16bps higher at 3.85%, with RM40m changed hands. There were also some sporadic trades in banking names, and to a lesser extent, energy issuances namely TNB Northern Energy '23, Tanjung Bin '24, and Cypark '20.

Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 09/22	2.58	491	2.51	09/21/2022	7
MGS 03/23	2.87	535	2.77	09/22/2022	11
MGS 04/23	2.97	225	2.86	09/22/2022	11
MGS 08/23	3.17	10	3.05	09/22/2022	11
MGS 06/24	3.49	160	3.45	09/22/2022	4
MGS 09/24	3.50	2	3.53	09/22/2022	-3
MGS 03/25	3.66	133	3.56	09/22/2022	10
MGS 09/25	3.73	5	3.57	09/22/2022	16
MGS 11/26	3.99	1	3.91	09/22/2022	8
MGS 05/27	4.01	6	3.89	09/21/2022	12
MGS 11/27	4.10	205	4.04	09/22/2022	6
MGS 06/28	4.23	122	4.16	09/22/2022	7
MGS 04/29	4.30	390	4.22	09/22/2022	8
MGS 08/29	4.33	41	4.22	09/22/2022	10
MGS 04/31	4.39	0	4.31	09/22/2022	7
MGS 06/31	4.38	3	4.25	09/21/2022	13
MGS 07/32	4.27	118	4.24	09/22/2022	4
MGS 11/33	5.43	0	4.44	09/21/2022	99
MGS 07/34	4.57	19	4.45	09/21/2022	12
MGS 05/35	4.61	6	4.49	09/21/2022	12
MGS 04/37	4.60	89	4.40	09/22/2022	20
MGS 05/40	4.68	1	4.61	09/22/2022	7
MGS 10/42	4.67	0	4.59	09/21/2022	8
MGS 06/50	4.79	25	4.60	09/22/2022	20
GII 05/23	2.87	5	2.87	09/21/2022	0
GII 11/23	3.16	340	3.18	09/21/2022	-3
GII 05/24	3.44	40	3.39	09/22/2022	5
GII 10/25	3.77	350	3.67	09/22/2022	10
GII 09/26	3.99	100	3.93	09/22/2022	6
GII 09/27	4.13	130	4.05	09/22/2022	8
GII 10/28	4.34	306	4.20	09/22/2022	14
GII 07/29	4.23	75	4.26	09/22/2022	-3
GII 10/30	4.38	4	4.30	09/22/2022	8
GII 10/32	4.38	1	4.35	09/22/2022	3
GII 09/39	4.52	1	4.49	09/21/2022	2
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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	11/25	GG	3.85	40	3.69	09/08/2022	16	19
TNB Northern Energy Berhad	11/23	AAA	3.55	2	3.30	02/09/2022	25	50
Encorp Systembilt Sdn Berhad	05/23	AA1	3.63	20	2.62	06/17/2021	101	58
Sabah Development Bank Berhad	06/23	AA1	4.58	1	4.47	09/02/2022	11	153
Sabah Development Bank Berhad	12/23	AA1	4.54	0	4.67	09/20/2022	-13	149
CIMB Group Holdings Berhad	09/32	AA2	4.38	3	4.31	09/21/2022	7	5
UEM Sunrise Berhad	09/23	AA-	4.23	10	4.13	08/26/2022	10	118
Quantum Solar Park (Semenanjung) Sdn Berhad	10/29	AA-	4.95	2	4.40	03/25/2022	55	65
Tanjung Bin Energy Sdn Berhad	03/24	AA3	4.76	4	4.71	09/15/2022	5	171
BGSM Management Sdn Berhad	03/26	AA3	4.33	20	4.16	09/06/2022	17	67
Tropicana Corporation Berhad	06/23	A+	5.62	1	5.45	09/22/2022	18	257
Tropicana Corporation Berhad	10/23	A+	5.55	1	4.39	08/15/2022	116	250
Affin Bank Berhad	07/32	A1	4.27	3	4.27	09/19/2022	0	-6
Hong Leong Financial Group Berhad	11/17	A1	4.29	2	4.29	08/08/2022	1	-37
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	4.76	6	4.47	09/20/2022	30	43
Affin Bank Berhad	07/18	A3	3.70	3	4.33	09/14/2022	-63	-96
YNH Property Berhad	08/19	-	5.68	1	6.61	09/21/2022	-93	102
Cypark Renewable Energy Sdn Berhad	09/20	-	7.74	7			774	308
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*spread against nearest indicative tenured MGS (Source: BPAM)

FIXED INCOME

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

Source: RAM, MARC

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