

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- USTs sold-off aggressively on Wednesday following the conclusion of FOMC meeting which saw Fed Chair Powell signalling that the central bank is set to raise interest rates in March and may shrink its balance sheet faster than the previous cycle. The curve shifted sharply higher as overall benchmark yields rose 5-15bps across. **The UST 2Y yield spiked 13bps to a 1-year high at 1.15% whilst the much-watched UST 10Y jumped 10bps higher to 1.87%.** Comments from the Fed chief were deemed hawkish as he said that inflation remained well above the Fed's target and assured that the strong labor market will not be rattled by the pullback in pandemic-related stimulus. The lack of specific details surrounding the balance sheet runoff denotes that Fed officials and policy-makers are still working out the mechanics. The FOMC meeting details however did reveal that principles in the abovementioned reduction would encompass lower reinvestment in maturing bonds as opposed to selling holdings outright. Meanwhile, expect some attention to shift to the jobless claims data as at 22<sup>nd</sup> January.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.15	13
5-yr UST	1.69	13
10-yr UST	1.87	10
30-yr UST	2.17	5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.79	-3	4.40	150
5-yr	3.27	1	3.26	-3
7-yr	3.48	-1	3.39	-1
10-yr	3.67	-2	3.74	0
15-yr	4.06	0	4.10	-2
20-yr	4.25	-3	4.31	1
30-yr	4.23	-12	4.45	-2

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.21	0
3-yr	2.88	2
5-yr	3.15	2
7-yr	3.36	1
10-yr	3.56	1

Source : Bloomberg

#### Upcoming Government Bond Tender

Re-opening of RM3.0b 15Y GII 7/36 on Friday, 28<sup>th</sup> January, 2022

##### MGS/GII

- On Wednesday, local govies generally closed better on stronger support compared to prior day closing. Overall benchmark MGS/GII yields closed mixed-to-higher between -3 to +1bps across the curve (save for the skewed odd-lot trades in both the 3Y GII and the 30Y MGS), amid a 9.4% rise in overall secondary market volume @ RM2.09b. **The 5Y benchmark 11/26 yield edged 1bps up at 3.27% whilst the 10Y benchmark MGS 7/32 yield settled 2bps lower at 3.67%.** Interest was mainly seen in the off-the-run 22's and also 5Y, 10Y MGS. GII fell to form 29% of overall trades. Meanwhile, on the data front we have the trade numbers for December expected out today followed by the 15Y GII auction on Friday. Expect the bond market to stabilize eventually following the initial negative reaction to the US FOMC outcome and UST performance.

##### Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space saw improved investor appetite on Wednesday amid a 9.3% increase in secondary market volume @ RM664m. Transactions were seen across the the GG-AA part of the curve as overall yields closed mostly mixed-to-higher again, spanning across 43 names. Govt-guaranteed PTPTN 3/24 declined 12bps to 2.84% whilst the 10/28 tranche made its debut trade closing at 3.74%; a whopping 97bps above its coupon of 2.77%. AAA-rated powerhouse TNB saw a total RM85 in nominal amounts transacted; with the 8/30, 8/32 and 8/38 tranches closing 4-47bps higher at 3.99%, 4.13% and 4.43% each. AA-rated highway operator ANIH 11/27 spiked 45bps to 4.15% whereas KESTURI 12/26 closed unchanged at 4.54%. Meanwhile the banking/finance space saw Hong Leong Assurance 12/25 edge 2bps lower at 4.13%.

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/22	1.629	400	1.630	25/01/2022	0
MGS	09/22	1.582	5	1.667	24/01/2022	-9
MGS	03/23	2.110	20	2.093	25/01/2022	2
MGS	04/23	2.130	85	2.139	25/01/2022	-1
MGS	06/24	2.790	167	2.821	25/01/2022	-3
MGS	09/24	2.852	60	2.923	24/01/2022	-7
MGS	03/25	2.973	31	2.961	25/01/2022	1
MGS	09/25	3.040	11	3.030	24/01/2022	1
MGS	07/26	3.251	19	3.227	24/01/2022	2
MGS	11/26	3.270	148	3.261	25/01/2022	1
MGS	05/27	3.380	27	3.378	25/01/2022	0
MGS	11/27	3.421	111	3.438	25/01/2022	-2
MGS	06/28	3.484	28	3.495	25/01/2022	-1
MGS	08/29	3.610	72	3.618	25/01/2022	-1
MGS	04/30	3.682	22	3.711	24/01/2022	-3
MGS	04/31	3.711	10	3.730	25/01/2022	-2
MGS	06/31	3.743	4	3.718	25/01/2022	2
MGS	07/32	3.669	140	3.692	25/01/2022	-2
MGS	04/33	3.926	5	3.920	24/01/2022	1
MGS	07/34	4.013	4	4.044	25/01/2022	-3
MGS	05/35	4.058	51	4.053	25/01/2022	0
MGS	04/37	4.066	5	4.051	25/01/2022	1
MGS	05/40	4.247	8	4.276	25/01/2022	-3
MGS	03/46	4.443	20	4.443	25/01/2022	0
MGS	07/48	4.455	31	4.462	25/01/2022	-1
MGS	06/50	4.229	7	4.344	25/01/2022	-12
GII	04/22	1.580	42	1.629	25/01/2022	-5
GII	07/22	1.754	350	1.771	25/01/2022	-2
GII	05/23	2.156	7	2.176	25/01/2022	-2
GII	08/24	2.857	30	2.873	24/01/2022	-2
GII	10/24	4.400	26	2.898	25/01/2022	150
GII	03/26	3.255	30	3.281	25/01/2022	-3
GII	07/27	3.443	5	3.443	25/01/2022	0
GII	09/27	3.391	20	3.403	25/01/2022	-1
GII	10/30	3.736	3	3.741	25/01/2022	0
GII	07/36	4.103	13	4.120	25/01/2022	-2
GII	08/37	4.220	10	4.194	25/01/2022	3
GII	09/41	4.311	2	4.300	20/01/2022	1
GII	11/49	4.449	60	4.514	25/01/2022	-7
			2088			

## Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*	
				YTM				
Lembaga Pembiayaan Perumahan Sektor Awam	04/22	GG	1.980	60	1.910	24/11/2021	7	-1
DanaInfra Nasional Berhad	05/22	GG	2.000	25	2.045	13/10/2021	-4	1
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	2.836	40	2.955	10/11/2021	-12	44
Perbadanan Tabung Pendidikan Tinggi Nasional	10/28	GG	3.742	30	-	-	-	25
Prasarana Malaysia Berhad	03/29	GG	3.832	10	3.740	10/11/2021	9	34
DanaInfra Nasional Berhad	11/30	GG	3.922	20	3.860	12/11/2021	6	26
Perbadanan Tabung Pendidikan Tinggi Nasional	07/31	GG	3.972	10	3.489	02/08/2021	48	31
DanaInfra Nasional Berhad	11/48	GG	4.580	20	4.511	05/01/2022	7	31
Cagamas Berhad	09/24	AAA	3.129	10	2.930	14/12/2021	20	30
Projek Lebuhraya Usahasama Berhad	01/27	AAA	3.600	10	3.100	11/08/2021	50	32
DiGi Telecommunications Sdn Berhad	09/29	AAA	4.008	30	3.389	12/08/2021	62	41
Danga Capital Berhad	01/30	AAA	4.059	30	3.998	29/11/2021	6	46
Tenaga Nasional Berhad	08/30	AAA	3.988	5	3.515	24/08/2021	47	33
Tenaga Nasional Berhad	08/32	AAA	4.128	10	4.089	30/11/2021	4	45
Tenaga Nasional Berhad	08/38	AAA	4.428	70	4.340	21/01/2022	9	37
Sabah Development Bank Berhad	07/26	AA1	4.179	1	4.057	19/01/2022	12	90
YTL Power International Berhad	05/27	AA1	4.698	2	4.704	21/01/2022	-1	142
Genting Capital Berhad	06/27	AA1	4.659	1	4.659	25/01/2022	0	138
UMW Holdings Berhad	06/22	AA+	2.225	3	2.313	25/11/2021	-9	24
Edra Solar Sdn Berhad	10/22	AA2	2.532	6	2.557	14/01/2022	-2	54
Fortune Premiere Sdn Berhad	12/22	AA	3.034	5	2.806	01/12/2021	23	105
Fortune Premiere Sdn Berhad	03/23	AA	3.146	54	3.086	23/12/2021	6	116
Anih Berhad	11/27	AA	4.147	10	3.694	15/09/2021	45	76
Jimah Energy Ventures Sdn Berhad	11/22	AA3	2.600	2	2.703	15/11/2021	-10	61
BGSM Management Sdn Berhad	08/25	AA3	3.610	45	3.569	12/01/2022	4	53
Hong Leong Assurance Berhad	12/25	AA3	4.132	10	4.148	04/01/2022	-2	105
AZRB Capital Sdn Berhad	12/22	AA-	3.424	5	3.456	10/01/2022	-3	144
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/25	AA-	4.377	20	4.398	20/01/2022	-2	130
WCT Holdings Berhad	04/26	AA-	4.977	4	4.909	15/12/2021	7	190
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/26	AA-	4.537	20	4.538	24/01/2022	0	126
MMC Corporation Berhad	11/27	AA-	4.247	10	4.219	15/12/2021	3	86
MMC Corporation Berhad	03/28	AA-	4.308	10	4.386	25/01/2022	-8	92
Southern Power Generation Sdn Berhad	10/29	AA-	4.351	10	4.276	01/12/2021	8	75
Southern Power Generation Sdn Berhad	04/31	AA-	4.478	20	4.399	29/11/2021	8	82
Quantum Solar Park (Semenanjung) Sdn Berhad	04/34	AA-	4.771	10	4.758	25/11/2021	1	109
Quantum Solar Park (Semenanjung) Sdn Berhad	10/34	AA-	4.799	10	4.808	25/11/2021	-1	74
UMW Holdings Berhad	04/18	AA-	4.367	8	4.834	25/01/2022	-47	10
Dialog Group Berhad	01/32	A1	4.330	4	-	-	-	65
Dialog Group Berhad	11/20	A1	4.163	5	4.163	21/01/2022	0	-11
Tropicana Corporation Berhad	06/23	A+	4.035	3	4.388	21/01/2022	-35	205
IJM Land Berhad	03/19	A2	4.867	3	4.341	21/01/2022	53	60
Tropicana Corporation Berhad	09/19	A	5.418	1	5.412	25/01/2022	1	115
PESTECH International Berhad	10/20	-	6.300	3	-	-	-	203
				<u>664</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Kedah Cement Sdn Bhd	RM500 mil Sukuk Wakalah Programme (2017/2024)	AA3/Stable/P1	Reaffirmed
YTL Power International Berhad	RM5 bil Medium-Term Notes Programme (2011/2036) and RM2.5 bil Sukuk Murabahah facility (2017/2027).	AA1/Negative	Reaffirmed
YTL Corporation Berhad	RM2 bil Medium-Term Notes (MTN) Programme (2013/2038) and RM5 bil Commercial Papers Programme and MTN Programme (2019/2044)	AA1/Negative/P1	Reaffirmed
BGSM Management Sdn Bhd	IMTN Programme of up to RM10 bil in nominal value (2013/2043).	AA3/Stable	Reaffirmed

Source: RAM, MARC

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