

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US treasuries were sold off Friday amid a return of risk appetite that prompted rally in stocks globally. Fed Bullard downplayed recession risks while a University of Michigan report showed the final print of consumer inflation expectations have been revised lower – 1Y expectaions stabilised at 5.3% while 5-10Y expectations rose less than expected to 3.1% (earlier estimate 3.3%), matching the level last seen in January. UST yields rose 4-6bps across the curve with the benchmark 2Y UST yield picked up 5bps to 3.07% while the 10Y yield rose 4bps to 3.14%. UST is expected to be largely sentiment-driven as investors continued weighing ongoing Fed rhetoric as well as market expectations between recession and inflation risks. Focus this week will be on May core PCE, ISM manufacturing as well as final print of 1Q GDP for more clues on the US growth and inflationary outlook. In addition, the Fed will also be auctioning \$47bn 5Y notes and \$40bn 7Y bonds this week.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	3.07	5
5-yr UST	3.19	4
10-yr UST	3.14	4
30-yr UST	3.26	6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.49	1	3.59	0
5-yr	3.86	2	4.06	2
7-yr	4.12	-2	4.19	2
10-yr	4.21	1	4.25	0
15-yr	4.60	-2	4.67	-4
20-yr	4.64	-1	4.91	0
30-yr	4.92	-4	5.05	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.99	4
3-yr	3.62	3
5-yr	3.79	0
7-yr	3.89	-1
10-yr	3.96	-2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GII

- Local govies traded mixed last Friday amid sustained volume of RM2.24bn (prior RM2.14bn) as markets remained torn between external newsflows on rapid rate hikes and slowing growth prospects. Overall yields ended mixed between -4 to +2bps across the MGS and GII curves, with selloffs mainly concentrated in the front end whilst the long tenured bonds advanced. **The 5Y benchmark MGS 11/26 yield rose 2bps to 3.86% whilst the 10Y benchmark MGS 7/32 yield edged up just a bp to 4.21%.** Benchmark 10Y MGS and the benchmark 7Y GII continued to attract the bulk of the trading interests, with RM491m and RM474m changed hands respectively. GII transactions increased to form 32% of overall trades. Expect local govies to trade on a steadier trajectory this week as investors continued to weigh inflation and growth risks.

Corp Bonds/Sukuk

- Trading in the Corporate Bonds/Sukuk space continued to see thinning volume last Friday, with total transactions dwindling further to RM159m (prior RM218m). Trades were however scattered across 26 names (prior 18 names), amid mixed trading. Focus remained on the AAA-AA part of the curve, led by Inverfin '24 and Westport '25. The former saw RM25m dealt at 3.86% whilst the latter saw RM20m done, also at 3.86%. AA-rated KLK '29 also saw RM20m done at 4.71%. There were also numerous issuers with odd lot trades, including some utilities names (TNB '37, Pengurusan Air SPV '27) and banking issuances (SDB '23-'25, MBB '17, HLBB '17, HLFG '17, Affin Islamic '17).

Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 08/22	1.91	57	2.10	23/06/2022	-20
MGS 09/22	2.21	209	2.11	23/06/2022	10
MGS 03/23	2.91	126	2.87	23/06/2022	4
MGS 04/23	2.81	3	2.97	23/06/2022	-16
MGS 08/23	3.17	24	3.05	23/06/2022	11
MGS 06/24	3.35	1	3.32	23/06/2022	3
MGS 09/24	3.38	6	3.41	23/06/2022	-3
MGS 03/25	3.49	155	3.48	23/06/2022	1
MGS 09/25	3.64	118	3.67	23/06/2022	-3
MGS 04/26	3.82	3	3.79	23/06/2022	3
MGS 07/26	3.87	22	3.88	23/06/2022	-1
MGS 11/26	3.86	15	3.84	23/06/2022	2
MGS 05/27	3.98	5	3.92	23/06/2022	6
MGS 11/27	4.01	23	3.98	23/06/2022	3
MGS 06/28	4.13	21	4.12	23/06/2022	2
MGS 04/29	4.12	54	4.14	23/06/2022	-2
MGS 08/29	4.21	0	4.21	23/06/2022	0
MGS 04/30	4.23	1	4.24	23/06/2022	-1
MGS 04/31	4.24	11	4.28	23/06/2022	-4
MGS 06/31	4.26	5	4.32	23/06/2022	-6
MGS 07/32	4.21	491	4.20	23/06/2022	1
MGS 04/33	4.52	11	4.56	23/06/2022	-4
MGS 11/33	4.58	0	4.58	23/06/2022	0
MGS 07/34	4.61	6	4.59	23/06/2022	2
MGS 05/35	4.61	7	4.56	23/06/2022	5
MGS 04/37	4.60	101	4.62	23/06/2022	-2
MGS 06/38	4.69	1	4.85	22/06/2022	-16
MGS 05/40	4.71	13	4.75	23/06/2022	-4
MGS 10/42	4.64	0	4.65	23/06/2022	-1
MGS 06/50	4.92	44	4.96	23/06/2022	-4
GII 07/22	1.92	57	1.69	22/06/2022	23
GII 11/22	2.55	50	2.53	20/06/2022	2
GII 05/23	2.92	8	2.99	21/06/2022	-7
GII 08/25	3.56	10	3.62	20/06/2022	-5
GII 09/27	4.06	474	4.04	23/06/2022	2
GII 10/28	4.19	10	4.17	23/06/2022	2
GII 10/32	4.25	30	4.25	23/06/2022	0
GII 06/33	4.54	0	4.55	23/06/2022	-1
GII 07/36	4.67	70	4.71	22/06/2022	-4
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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*	
Jambatan Kedua Sdn Berhad	05/25	GG	3.82	10	4.08	18/05/2022	-26	36
Pengurusan Air SPV Berhad	06/25	GG	3.80	5	3.82	22/06/2022	-2	34
Inverfin Sdn Berhad	02/24	AAA	3.86	25	3.91	17/06/2022	-4	50
Westports Malaysia Sdn Berhad	04/25	AAA	3.86	20	2.87	02/08/2021	99	39
Pengurusan Air SPV Berhad	06/27	AAA	4.40	1			440	50
Projek Lebuhraya Usahasama Berhad	01/28	AAA	4.50	10	4.56	21/06/2022	-6	41
Malaysia Airport Holdings Berhad	11/30	AAA	4.73	2	4.66	02/06/2022	7	56
TNB Power Generation Sdn Berhad	06/37	AAA	4.79	1	4.79	21/06/2022	0	17
Sabah Development Bank Berhad	12/23	AA1	3.89	1	3.89	22/06/2022	0	99
Sabah Development Bank Berhad	07/24	AA1	4.14	1	4.55	22/06/2022	-41	78
Sabah Development Bank Berhad	05/25	AA1	4.01	1	4.01	23/06/2022	0	54
YTL Power International Berhad	06/28	AA1	5.15	10	4.88	15/02/2022	27	106
Malayan Banking Berhad	01/29	AA1	3.49	5	3.29	28/04/2022	20	-66
Kuala Lumpur Kepong Berhad	09/29	AA1	4.71	20	4.12	12/10/2021	59	57
Fortune Premiere Sdn Berhad	12/24	AA	4.35	10	3.69	16/11/2021	66	99
Gamuda Berhad	03/23	AA-	3.16	10	2.70	04/04/2022	46	26
MMC Corporation Berhad	03/28	AA-	4.87	10	4.76	10/06/2022	11	78
Perbadanan Kemajuan Negeri Selangor	06/23	AA3	3.90	10			390	100
Malayan Banking Berhad	02/17	AA3	4.26	0	4.27	22/06/2022	-1	-45
Tropicana Corporation Berhad	06/23	A+	5.60	1	5.55	23/06/2022	5	271
Hong Leong Bank Berhad	11/17	A1	4.28	2	4.28	23/06/2022	0	-43
Hong Leong Financial Group Berhad	11/17	A1	3.79	1	5.21	23/06/2022	-142	-93
Tropicana Corporation Berhad	09/19	A	7.05	1	6.18	10/06/2022	87	233
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	4.90	3	4.91	14/06/2022	-1	70
Affin Islamic Bank Berhad	10/17	A3	4.16	1	4.10	10/06/2022	6	-56
Eco World International Berhad	05/23	-	3.55	1	5.17	17/06/2022	-162	65
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*spread against nearest indicative tenured MGS (Source: BPAM)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Sepangar Bay Power Corporation Sdn Bhd	RM575 mil Nominal Value Sukuk Murabahah	AA1/Stable	Reaffirmed
reNIKOLA Solar Sdn Bhd	RM390 mil ASEAN Green SRI Sukuk	AA3/Stable	Reaffirmed
Projek Smart Holdings Sdn Bhd	RM330 mil Islamic MTN Facility (2015/2032)	A1/Stable	Reaffirmed

Source: RAM, MARC

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