

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs saw the mid-longer ends recover lost ground on Thursday following large block-buying in the 10Y futures and also a well-subscribed 7Y auction. Nevertheless, the short-end ended cheaper as investors and traders ramped up rate hike expectations. The curve extended its post-FOMC flattening trend as overall benchmark yields closed between -7 to +4bps across. **The UST 2Y yield rose 4bps further to 1.19% whilst the much-watched UST 10Y declined 7bps to 1.80%.** There was little reaction to the stronger 4Q2021 GDP report and lower jobless claims data. Treasury's \$53b 7Y note auction drew strong demand with a BTC ratio of 2.36x (previous six auction average: 2.28x) and yielded 1.769% (previous auction: 1.48%). Post-FOMC, the Fed-dated OIS were pricing ~30bps of rate hikes into the March meeting as investors continue to mull the possibility of up to 50bps liftoff instead. Meanwhile, expect some attention to shift to the Fed's preferred inflation indicator i.e. PCE data release later tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.19	4
5-yr UST	1.66	-3
10-yr UST	1.80	-7
30-yr UST	2.09	-7

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.83	4	4.40	0
5-yr	3.30	3	3.29	4
7-yr	3.51	2	3.43	3
10-yr	3.70	4	3.77	3
15-yr	4.07	1	4.10	0
20-yr	4.26	1	4.31	0
30-yr	4.23	0	4.45	-2

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.23	2
3-yr	2.91	2
5-yr	3.19	4
7-yr	3.39	2
10-yr	3.61	5

Source : Bloomberg

MGS/GII

- On Thursday, local govies were mostly pressured and reacted to the hawkish comments arising from the just-concluded FOMC meeting earlier yesterday morning. Overall benchmark MGS/GII yields closed higher between 0-4bps across the curve (save for the odd-lot trade in the 30Y GII), as overall secondary market volume slid to RM1.71b. **The 5Y benchmark 11/26 yield moved 3bps higher at 3.30% whilst the 10Y benchmark MGS 7/32 yield rose 4bps to 3.70%.** Interest was mainly seen in the off-the-run 25's and also 3Y, 10Y MGS. GII eased to form 22% of overall trades. The higher US rate outlook may sap some demand for risk assets going forward. Meanwhile, expect attention to shift to the 3rd auction of the year consisting of 15Y GII later this morning.

Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space saw decreased activity on Thursday amid a 30% drop in secondary market volume to RM465m. Transactions were however seen across the the GG to single-A part of the curve as overall yields closed mostly higher, spanning across 25 names. The short-end gov-guaranteed KHAZANAH and PRASA 22's jumped 20-21 bps compared to previous-done levels between 2.16-18%. The long-end DANA 49's too saw yields move higher to 4.59-60% area. AAA-rated SEB notched RM40m of trades, rising 8bps to 4.18%. AA-rated port operator PTP 8/30 ballooned by 115bps to 4.52% whereas highway operator KESTURI 12/26 traded again; edging 1bps lower at 4.53%. Meanwhile the banking/finance space saw MAYBANK 2116NC26 perps rally 7bps to 3.67% whilst Bank ISLAM spiked 39bps to 3.88%.

Upcoming Government Bond Tender

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

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/22	1.699	21	1.629	26/01/2022	7
MGS	03/23	2.115	32	2.110	26/01/2022	1
MGS	04/23	2.134	60	2.130	26/01/2022	0
MGS	06/24	2.833	276	2.790	26/01/2022	4
MGS	07/24	2.931	20	2.786	24/01/2022	15
MGS	03/25	3.001	150	2.973	26/01/2022	3
MGS	09/25	3.095	44	3.040	26/01/2022	6
MGS	11/26	3.302	140	3.270	26/01/2022	3
MGS	05/27	3.419	30	3.380	26/01/2022	4
MGS	11/27	3.434	14	3.421	26/01/2022	1
MGS	06/28	3.507	10	3.484	26/01/2022	2
MGS	08/29	3.663	12	3.610	26/01/2022	5
MGS	04/30	3.720	50	3.682	26/01/2022	4
MGS	04/31	3.752	127	3.711	26/01/2022	4
MGS	06/31	3.731	20	3.743	26/01/2022	-1
MGS	04/32	3.874	5	3.830	07/01/2022	4
MGS	07/32	3.704	143	3.669	26/01/2022	4
MGS	04/33	3.966	10	3.926	26/01/2022	4
MGS	11/33	3.992	5	3.967	24/01/2022	2
MGS	07/34	4.055	21	4.013	26/01/2022	4
MGS	04/37	4.100	4	4.066	26/01/2022	3
MGS	06/38	4.203	14	4.195	25/01/2022	1
MGS	05/40	4.256	104	4.247	26/01/2022	1
MGS	09/43	4.398	20	4.411	24/01/2022	-1
MGS	03/46	4.457	13	4.443	26/01/2022	1
GII	03/22	1.740	168	1.601	25/01/2022	14
GII	04/22	1.761	84	1.580	26/01/2022	18
GII	05/23	2.228	20	2.156	26/01/2022	7
GII	03/26	3.290	40	3.255	26/01/2022	4
GII	07/27	3.451	20	3.443	25/01/2022	1
GII	09/27	3.427	21	3.391	26/01/2022	4
GII	10/28	3.562	6	3.518	24/01/2022	4
GII	10/30	3.770	10	3.736	26/01/2022	3
			<u>1712</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*
Khazanah Nasional Berhad	09/22	GG	2.183	105	1.971	02/12/2021	21	20
Prasarana Malaysia Berhad	09/22	GG	2.164	65	1.965	28/12/2021	20	18
DanaInfra Nasional Berhad	10/26	GG	3.520	40	2.997	21/06/2021	52	21
DanaInfra Nasional Berhad	02/49	GG	4.589	10	4.521	05/01/2022	7	32
DanaInfra Nasional Berhad	09/49	GG	4.600	10	4.089	26/09/2019	51	33
Putrajaya Holdings Sdn Berhad	07/22	AAA	2.254	20	2.236	01/07/2021	2	27
Putrajaya Holdings Sdn Berhad	10/22	AAA	2.247	20	2.234	02/09/2021	1	26
Malaysia Airports Capital Berhad	12/22	AAA	2.581	20	3.000	23/09/2021	-42	60
Sarawak Energy Berhad	11/33	AAA	4.179	40	4.097	09/12/2021	8	48
Pengurusan Air Selangor Sdn Berhad	10/36	AAA	4.530	5	4.460	28/12/2021	7	46
Pengurusan Air Selangor Sdn Berhad	10/41	AAA	4.749	5	-	-	-	48
Imtiaz Sukuk II Berhad	04/26	AA2	3.779	2	3.759	05/01/2022	2	69
OSK Rated Bond Sdn Berhad	04/28	AA	4.398	20	4.369	21/12/2021	3	100
Malayan Banking Berhad	02/17	AA3	3.674	10	3.748	20/01/2022	-7	-59
UEM Sunrise Berhad	05/23	AA-	3.527	10	3.524	25/01/2022	0	154
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/26	AA-	4.528	10	4.537	26/01/2022	-1	122
Leader Energy Sdn Berhad	07/28	AA-	4.837	10	-	-	-	144
Leader Energy Sdn Berhad	07/29	AA-	4.968	10	-	-	-	146
Pelabuhan Tanjung Pelepas Sdn Berhad	08/30	AA-	4.518	10	3.370	22/09/2020	115	84
TG Excellence Berhad	02/20	AA-	4.142	6	4.152	25/01/2022	-1	-13
DRB-Hicom Berhad	12/24	A+	4.148	2	4.135	25/11/2021	1	130
DRB-Hicom Berhad	12/26	A+	4.699	3	4.689	24/11/2021	1	139
Bank Islam Malaysia Berhad	10/30	A1	3.878	30	3.486	07/09/2021	39	20
Tropicana Corporation Berhad	09/19	A	6.552	1	6.552	25/01/2022	0	228
Cypark Renewable Energy Sdn Berhad	09/20	-	6.209	1	6.604	23/12/2021	-40	194
				<u>465</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Manjung Island Energy Berhad	RM3.86 bil Islamic Securities (2011/2030) (Series 1) and RM990 mil Islamic Securities (2011/2031) (Series 2)	AA3/Stable/P1	Reaffirmed
Gulf Investment Corporation G.S.C.'s (GIC or the Corporation)	Corporate credit rating	AAA/Stable/P1	Reaffirmed

Source: RAM, MARC

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