

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US treasuries saw extended selloff on Monday following the rare and weak back-to-back debt auctions within hours, as well as the pleasant surprise from durable goods orders and pending home sales which somewhat soothed growth fear for now. The 5Y bond sale attracted the highest yield in more than a decade, at a high yield of 3.271% (prior 2.736%) on a weak BTC of 2.28x (prior 2.44x). Hours earlier, the \$46b 2Y note sale also received soft demand, at a higher than expected yield of 3.084% (prior 2.519%) on a BTC of 2.51x (prior 2.61x). We expect the UST markets to continue trade cautiously ahead of the all important PCE inflation print on Thursday, as markets remain fixated on recessionary and inflationary fear. Before that, weaker than expected Conference Board consumer confidence/ expectations as well as Richmond Fed manufacturing may reignite growth fear and spurred haven flows into safer government securities again.

MGS/GII

- Local govies continued to trade on a mixed note on Monday as markets continued its search for fresh catalysts, which finally materialized when S&P announced that it has upgraded Malaysia's sovereign outlook from Negative to Stable whilst reaffirming its long term foreign currency debt rating at A-. S&P commented that the upgrade reflects Malaysia's strong recovery from the pandemic, and expects the Malaysian economy to expand 6.1% and 5.0% this and next year, supported by strong exports, high commodity prices and pick-up in domestic demand following economic reopening. Total transactions retreated to RM1.67bn with overall yields ended mixed between -11 to +9bps across the curve. The bulk of the interest was centered on off-the-run '22, benchmark 15Y MGS and 5Y GII. **The 5Y benchmark MGS 11/26 yield rose 5bps to 3.91% whilst the 10Y benchmark MGS 7/32 yield edged up 3bps to 4.24%.** GII transactions dwindled to form 21% (prior 32%) of overall trades. Expect local govies to trade on a a more biddish note today following the positive vibes from S&P's upgrade.

Corp Bonds/Sukuk

- Trading in the Corporate Bonds/Sukuk space picked up again, with RM220m transactions done over 21 names (prior RM159m) on a mixed note. The AAA-AA part of the curve continued to attract the most interests, accounting for almost three quarters of total trade. DANA '27 and Northport '24 led with RM40m and RM20m, last dealt at 3.12% and 4.07% respectively. Meanwhile in the GG segment, Turus Pesawat '22 was dealt 4bps lower at 2.71% with RM40m changed hands. In the AAA-segment, CAGA '24-25 saw a combined RM30m done between 3.69-3.95% (-16 to +4bps). Among the finance issuers, PBB '29 was last dealt 3bps inner at 3.97% with RM10m changed hands.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	3.12	6
5-yr UST	3.26	7
10-yr UST	3.20	7
30-yr UST	3.31	5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.49	0	3.54	-5
5-yr	3.91	5	4.08	2
7-yr	4.11	-1	4.21	3
10-yr	4.24	3	4.25	0
15-yr	4.65	5	4.64	-3
20-yr	4.64	0	4.80	-11
30-yr	5.02	9	5.05	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.99	0
3-yr	3.66	4
5-yr	3.87	8
7-yr	3.95	7
10-yr	4.01	5

Source : Bloomberg

Upcoming Government Bond Tender

Reopening of RM2.5bn 30Y MGS06/50 on 29th June (Wednesday)

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	08/22	1.85	150	1.91	24/06/2022	-5
MGS	09/22	2.15	342	2.21	24/06/2022	-5
MGS	03/23	2.83	39	2.91	24/06/2022	-8
MGS	04/23	2.97	2	2.81	24/06/2022	17
MGS	06/24	3.25	113	3.35	24/06/2022	-10
MGS	07/24	3.31	10	3.37	23/06/2022	-5
MGS	09/24	3.28	1	3.38	24/06/2022	-11
MGS	03/25	3.49	91	3.49	24/06/2022	0
MGS	09/25	3.67	11	3.64	24/06/2022	3
MGS	04/26	3.83	16	3.82	24/06/2022	1
MGS	07/26	3.87	1	3.87	24/06/2022	0
MGS	11/26	3.91	1	3.86	24/06/2022	5
MGS	05/27	3.92	2	3.98	24/06/2022	-5
MGS	11/27	4.02	1	4.01	24/06/2022	2
MGS	06/28	4.14	6	4.13	24/06/2022	1
MGS	04/29	4.11	0	4.12	24/06/2022	-1
MGS	08/29	4.23	15	4.21	24/06/2022	2
MGS	04/30	4.23	1	4.23	24/06/2022	0
MGS	04/31	4.29	2	4.24	24/06/2022	5
MGS	06/31	4.35	2	4.26	24/06/2022	10
MGS	07/32	4.24	125	4.21	24/06/2022	3
MGS	04/33	4.49	0	4.52	24/06/2022	-3
MGS	11/33	4.58	11	4.58	24/06/2022	0
MGS	07/34	4.63	5	4.61	24/06/2022	2
MGS	05/35	4.64	58	4.61	24/06/2022	3
MGS	04/37	4.65	297	4.60	24/06/2022	5
MGS	05/40	4.85	23	4.71	24/06/2022	14
MGS	03/46	4.92	1	4.94	23/06/2022	-2
MGS	07/48	4.94	0	5.04	22/06/2022	-10
MGS	06/50	5.02	3	4.92	24/06/2022	9
GII	07/22	2.00	20	1.92	24/06/2022	9
GII	05/23	2.92	46	2.92	24/06/2022	0
GII	11/23	3.15	1	3.16	21/06/2022	-1
GII	10/25	3.54	26	3.59	22/06/2022	-5
GII	03/26	3.91	10	3.93	21/06/2022	-1
GII	09/26	4.00	20	3.95	17/06/2022	6
GII	06/27	4.08	1	4.24	17/06/2022	-16
GII	07/27	4.14	10	4.08	23/06/2022	6
GII	09/27	4.08	133	4.06	24/06/2022	2
GII	10/28	4.21	33	4.19	24/06/2022	3
GII	07/29	4.13	3	4.28	22/06/2022	-15
GII	10/30	4.20	3	4.33	22/06/2022	-14
GII	07/36	4.64	33	4.67	24/06/2022	-3
GII	09/41	4.80	5	4.91	20/06/2022	-11
			1673			

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*	
Turus Pesawat Sdn Berhad	11/22	GG	2.71	40	2.76	02/06/2022	-4	-20
DanaInfra Nasional Berhad	11/32	GG	4.66	10	4.08	25/03/2022	58	43
Lembaga Pembiayaan Perumahan Sektor Awam	04/37	GG	4.85	10	3.75	27/01/2021	111	23
Cagamas Berhad	11/24	AAA	3.69	10	3.85	13/06/2022	-16	33
Cagamas Berhad	01/25	AAA	3.75	10	3.90	16/06/2022	-15	26
Cagamas Berhad	04/25	AAA	3.95	10	3.90	01/06/2022	4	46
Danga Capital Berhad	01/30	AAA	4.73	10	4.06	26/01/2022	67	53
Sabah Development Bank Berhad	12/23	AA1	3.34	2	3.89	24/06/2022	-55	43
Sabah Development Bank Berhad	07/24	AA1	4.14	1	4.14	24/06/2022	0	78
Danajamin Nasional Berhad	10/27	AA1	3.12	40	3.15	20/05/2022	-3	-81
Public Bank Berhad	12/29	AA1	3.97	10	4.00	16/06/2022	-3	-19
Kuala Lumpur Kepong Berhad	03/32	AA1	4.85	10	4.76	26/04/2022	9	62
Quantum Solar Park (Semenanjung) Sdn Berhad	10/22	AA-	3.20	10	3.36	09/03/2021	-16	29
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/24	AA-	4.30	10	4.31	23/06/2022	-1	94
Northport (Malaysia) Berhad	12/24	AA-	4.07	20	3.83	26/04/2022	25	71
Sinar Kamiri Sdn Berhad	01/30	AA-	6.07	6	5.26	16/04/2020	81	187
IJM Corporation Berhad	04/29	AA3	4.94	10	4.69	21/04/2022	25	78
Tropicana Corporation Berhad	06/24	A+	5.44	1	5.11	03/03/2022	33	208
Tropicana Corporation Berhad	09/19	A	6.22	0	7.05	24/06/2022	-83	150
YNH Property Berhad	08/19	-	5.69	0	6.60	22/06/2022	-91	98
Alliance Bank Malaysia Berhad	11/17	BBB1	5.11	1	3.75	10/02/2022	136	39
				<u>220</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Bank Islam Malaysia Berhad	Proposed RM5 bil Additional Tier-1 Capital Sukuk Wakalah (AT-1 Sukuk)	A3/Stable	Assigned
	RM1 bil Subordinated Sukuk Murabahah Programme (2015/2045)	A1/ Stable	Assigned
	RM10 bil Sukuk Murabahah Programme (2018/ -) -Senior Sukuk Murabahah -Subordinaated Sukuk Murabahah	AA3/ Stable A1/ Stable	Assigned Assigned
Kuwait Finance House (Malaysia) Berhad	Long- and short-term financial institution (FI) ratings	AA+/MARC-1/ Stable	Affirmed
Senai-Desaru Expressway Berhad	RM1.89 billion Islamic Medium-Term Notes Programme (Restructured Sukuk)	B+ _{IS} / Negative	Downgraded

Source: RAM, MARC

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