

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

| UST | | |
|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) |
| 2-yr UST | 2.62 | 3 |
| 5-yr UST | 2.84 | 1 |
| 10-yr UST | 2.83 | 0 |
| 30-yr UST | 2.89 | -2 |

| MGS | | GII* | | |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr | 3.58 | 0 | 3.50 | 1 |
| 5-yr | 3.91 | 2 | 4.06 | -1 |
| 7-yr | 4.33 | -4 | 4.39 | 1 |
| 10-yr | 4.44 | 15 | 4.47 | 2 |
| 15-yr | 4.86 | 4 | 4.83 | 1 |
| 20-yr | 4.93 | 0 | 5.00 | 0 |
| 30-yr | 4.96 | -4 | 4.99 | 0 |

* Market indicative levels

| MYR IRS Levels | | |
|----------------|-------------|-----------|
| IRS | Closing (%) | Chg (bps) |
| 1-yr | 2.49 | 2 |
| 3-yr | 3.45 | 2 |
| 5-yr | 3.86 | 1 |
| 7-yr | 4.05 | -1 |
| 10-yr | 4.27 | -3 |

Source : Bloomberg

- Short-term US treasury yields rose overnight as the unexpected contraction in the country's first quarter GDP (-1.4% q/q annualized rate) would not deter the Federal Reserve from tightening its monetary policy next week. **The yield on the benchmark 2Y UST notes rose by 3bps to 2.62% while the benchmark 10Y UST yield was unchanged at 2.83%.** The US government's auction of \$44b worth of 7Y notes was met with decent demand with a BTC ratio at 2.41x (compared to 2.44x previously). The extended climb in yields cemented the view that the 10Y UST yield may soon reach 3.0% as the Fed begins to unwind its balance sheet and hike the fed funds rate next week. Elevated inflation and a looming global growth crunch resulting from China's Covid situation amid tighter monetary policy continue to shape the narratives for the global economic outlook and the direction of the bond market. The US will release its core PCE inflation reading and the related personal spending and income data next.

MGS/GII

- Local govvies traded on a mixed note on Thursday as the new issuance of the 7Y MGS 04/29 attracted solid demand in the wake of attractive valuations following the recent bond market rout. The overall benchmark MGS/GII yields moved by -4 to 15bps as the secondary market volume rose to RM3.6b, up from RM3.4b in the previous session. **The yield on the benchmark 5Y MGS 11/26 rose 2bps to 3.91% while the 10Y MGS 7/32 yield soared 15bps to 4.44% as the market sold the 10Y notes in favour of the newly issued 7Y tenure.** The auction of RM5.0b 7Y MGS 04/29, its first such exercise since Oct 2021 saw strong institutional participation and recorded a total bids submission of RM11b with a BTC of 2.196x. The paper recorded the highest transaction of RM940m subsequently, involving 46 trades. Interest was also seen in the off-the-run 10Y MGS 03/23 which registered a total trade of RM759m. Appetites for GII weakened as GII trade formed a mere 10% of overall trade, down further from 23% prior. Expect the local bond market to tread cautiously today ahead of the extended long holiday weekend. The market will reopen on 05 May, after the Fed announces its policy decision.

Corporate Bonds/Sukuk

- In the Corp/Sukuk market, total trade rose slightly to RM470m (from RM439m prior) and saw 18 papers changing hands on Thursday. Overall yields were pushed higher by the extended selling in corporate papers. Notably, the newly issued HONG LEONG Perpetual Green Capital Securities garnered the most attention with total trade done at RM190m. Nonetheless, trading of Govt-guaranteed papers continued to dominate the market as total volume made up 56% of the overall trade. DANA 11/34 rose 67bps to 4.82% while the PRASA 03/35 saw its yield balloon by 486bps to 4.86% on its debut. The AAA space was super quiet with SARAWAK ENERGY 04/36 being the only paper having changed hands.

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

| Securities | | Closing | Vol | Previous | Previous | Chg |
|------------|-------|---------|-------------|----------|-------------------------|------|
| | | YTM | (RM mil) | YTM | Trade Date (dd/mm/yyyy) | (bp) |
| MGS | 09/22 | 1.748 | 103 | 1.782 | 27/04/22 | -3 |
| MGS | 03/23 | 2.498 | 759 | 2.481 | 27/04/22 | 2 |
| MGS | 04/23 | 2.465 | 60 | 2.514 | 27/04/22 | -5 |
| MGS | 08/23 | 2.587 | 20 | 2.639 | 27/04/22 | -5 |
| MGS | 06/24 | 3.477 | 212 | 3.467 | 27/04/22 | 1 |
| MGS | 07/24 | 3.494 | 45 | 3.471 | 27/04/22 | 2 |
| MGS | 09/24 | 3.518 | 12 | 3.523 | 27/04/22 | -1 |
| MGS | 03/25 | 3.582 | 20 | 3.586 | 27/04/22 | 0 |
| MGS | 09/25 | 3.781 | 7 | 3.742 | 27/04/22 | 4 |
| MGS | 04/26 | 3.885 | 15 | 3.870 | 27/04/22 | 1 |
| MGS | 07/26 | 3.938 | 10 | 3.884 | 27/04/22 | 5 |
| MGS | 11/26 | 3.914 | 67 | 3.896 | 27/04/22 | 2 |
| MGS | 03/27 | 4.086 | 1 | 4.042 | 26/04/22 | 4 |
| MGS | 05/27 | 4.195 | 30 | 4.110 | 27/04/22 | 9 |
| MGS | 11/27 | 4.128 | 8 | 4.071 | 27/04/22 | 6 |
| MGS | 06/28 | 4.333 | 116 | 4.371 | 27/04/22 | -4 |
| MGS | 04/29 | 4.444 | 940 | - | - | 444 |
| MGS | 08/29 | 4.526 | 210 | 4.501 | 27/04/22 | 2 |
| MGS | 04/30 | 4.460 | 1 | 4.525 | 27/04/22 | -7 |
| MGS | 04/31 | 4.537 | 185 | 4.559 | 27/04/22 | -2 |
| MGS | 06/31 | 4.610 | 40 | 4.534 | 27/04/22 | 8 |
| MGS | 07/32 | 4.443 | 96 | 4.289 | 27/04/22 | 15 |
| MGS | 07/34 | 4.808 | 48 | 4.709 | 27/04/22 | 10 |
| MGS | 05/35 | 4.892 | 125 | 4.835 | 27/04/22 | 6 |
| MGS | 04/37 | 4.861 | 5 | 4.819 | 27/04/22 | 4 |
| MGS | 06/38 | 4.930 | 2 | 4.776 | 27/04/22 | 15 |
| MGS | 05/40 | 4.981 | 35 | 4.965 | 27/04/22 | 2 |
| MGS | 10/42 | 4.926 | 54 | 4.922 | 27/04/22 | 0 |
| MGS | 03/46 | 5.044 | 1 | 5.046 | 27/04/22 | 0 |
| MGS | 07/48 | 4.922 | 8 | 5.019 | 26/04/22 | -10 |
| MGS | 06/50 | 4.962 | 5 | 5.001 | 27/04/22 | -4 |
| GII | 07/22 | 1.802 | 78 | 1.799 | 27/04/22 | 0 |
| GII | 08/24 | 3.496 | 200 | 3.500 | 27/04/22 | 0 |
| GII | 10/24 | 3.501 | 20 | 3.492 | 27/04/22 | 1 |
| GII | 09/27 | 4.058 | 2 | 4.069 | 27/04/22 | -1 |
| GII | 10/28 | 4.387 | 25 | 4.373 | 27/04/22 | 1 |
| GII | 12/28 | 4.457 | 1 | 3.909 | 11/04/22 | 55 |
| GII | 10/30 | 4.542 | 1 | 4.481 | 27/04/22 | 6 |
| GII | 10/32 | 4.471 | 5 | 4.452 | 27/04/22 | 2 |
| GII | 08/33 | 4.731 | 1 | 4.702 | 27/04/22 | 3 |
| GII | 07/36 | 4.830 | 20 | 4.818 | 27/04/22 | 1 |
| GII | 09/39 | 4.994 | 15 | 4.987 | 27/04/22 | 1 |
| | | | <u>3608</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* |
|--|-----------|----------------|--------------------|-----------------|--|-------------|---------------------------|
| DanaInfra Nasional Berhad | 11/34 GG | 4.819 | 50 | 4.147 | 11/11/21 | 67 | -4 |
| Prasarana Malaysia Berhad | 03/35 GG | 4.860 | 45 | - | - | 486 | 0 |
| Lembaga Pembiayaan Perumahan Sektor Awam | 10/38 GG | 5.141 | 10 | 4.425 | 21/03/22 | 72 | 29 |
| Lembaga Pembiayaan Perumahan Sektor Awam | 04/39 GG | 5.150 | 10 | 5.149 | 26/04/22 | 0 | 30 |
| Malaysia Rail Link Sdn Berhad | 09/40 GG | 5.198 | 10 | - | 00/01/00 | 520 | 25 |
| DanaInfra Nasional Berhad | 02/44 GG | 5.196 | 10 | 4.419 | 29/07/21 | 78 | 25 |
| Malaysia Rail Link Sdn Berhad | 07/45 GG | 5.241 | 3 | 3.841 | 15/09/20 | 140 | 29 |
| DanaInfra Nasional Berhad | 09/45 GG | 5.220 | 10 | 4.719 | 25/03/21 | 50 | 27 |
| DanaInfra Nasional Berhad | 05/46 GG | 5.249 | 35 | 4.549 | 21/03/22 | 70 | 30 |
| Lembaga Pembiayaan Perumahan Sektor Awam | 09/46 GG | 5.250 | 20 | 5.230 | 27/04/22 | 2 | 30 |
| DanaInfra Nasional Berhad | 10/46 GG | 5.250 | 30 | 4.030 | 28/09/20 | 122 | 30 |
| Prasarana Malaysia Berhad | 09/47 GG | 5.331 | 20 | 4.547 | 16/02/22 | 78 | 38 |
| DanaInfra Nasional Berhad | 04/48 GG | 5.270 | 12 | 4.690 | 31/03/22 | 58 | 32 |
| Sarawak Energy Berhad | 04/36 AAA | 5.044 | 2 | 4.310 | 08/02/22 | 73 | 19 |
| MMC Corporation Berhad | 04/23 AA- | 3.164 | 1 | 2.964 | 13/04/22 | 20 | 73 |
| UEM Sunrise Berhad | 03/24 AA- | 4.204 | 4 | 3.921 | 21/01/22 | 28 | 82 |
| Lebuhraya DUKE Fasa 3 Sdn Berhad | 08/38 AA- | 6.272 | 8 | 5.493 | 27/07/21 | 78 | 142 |
| Hong Leong Bank Berhad | 11/17 A1 | 4.450 | 190 | - | - | 445 | -50 |
| | | | <u>470</u> | | | | |

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

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

Source: RAM, MARC Ratings

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