

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries outperformed on Wednesday as markets took a placid view of the Fed's ability to control inflation whilst being concerned over the economy slowing and going into a recession. Comments from Fed Powell and ECB's Lagarde to ensure price stability over growth helped underpin strength in bonds. The curve shifted lower as overall benchmark yields declined between 6-9bps across the curve. **The UST 2Y yield closed 7bps lower at 3.04% whilst the much-watched UST 10Y rallied, to end 8bps lower at 3.09%.** Fed official Mester's comment that she will "push for a 75bps rise in rates" at the next FOMC meeting did little to dampen bond strength. Swaps traders have already discounted a 50bps rate hike this month and are looking at a 92% probability of a 75bps hike instead. Meanwhile, expect attention tonight to shift to the Fed's preferred inflation indicator i.e.; the PCE core for May followed by the ISM manufacturing for June come tomorrow.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	3.04	-7
5-yr UST	3.14	-9
10-yr UST	3.09	-8
30-yr UST	3.22	-6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.47	-2	3.56	1
5-yr	3.96	3	4.08	-2
7-yr	4.23	7	4.24	1
10-yr	4.23	-1	4.26	2
15-yr	4.62	-6	4.70	6
20-yr	4.64	0	4.80	0
30-yr	4.88	1	5.03	-2

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.05	4
3-yr	3.68	-1
5-yr	3.86	-2
7-yr	3.98	0
10-yr	4.09	0

Source : Bloomberg

MGS/GII

- Local govies traded mixed on Wednesday, on slightly better participation and appetite amid a steady MYR which was range-bound. The relatively strong reception for the 30Y MGS auction saw some confidence maintain in the local govies scene. Overall benchmark MGS/GII yields ended mixed between -6 to +7bps across the curve amid the 12% increase in secondary market volume @ RM3.75b. **The 5Y benchmark MGS 11/26 yield rose 3bps to 3.96% whilst the 10Y benchmark MGS 7/32 yield edged 1bps lower at 4.23%.** Interest was mainly seen in the off-the-run 23's, 28's, 29's, 48's, and also benchmark 7Y GII. GII transactions inched slightly higher to form 36% of overall trades. The RM2.5b 30Y MGS auction saw strong bidding metrics (despite the substantial private placement of another RM2.5b) with lifers and other investment institutions such as pension funds showing appetite for yield pick-up. Expect attention to shift to the release of June PMI manufacturing data tomorrow.

Corp Bonds/Sukuk

- Despite seeing wider array of names transacted, the Corporate Bonds/Sukuk space saw a dip in secondary market volume @ RM244m on Wednesday. Overall yields closed mostly mixed-to-higher with interest seen mainly along the GG-AA part of the curve. The longer-end govt-guaranteed DANA 10/28 and 11/33 spiked 68-79bps compared to previous-done levels to 4.38% and 4.68% respectively. AAA-rated DANGA saw a slew of 2027-2030 tranches exchange hands. The 5/27 tranche was well-bid with yields ending 3bps lower at 4.30% whereas the 5/30 tranche jumped 21bps instead to 4.70%. DANUM 6/29 recorded its maiden trade at 4.68%. AA-rated UMW 10/26 bonds moved 14bps higher to 4.33%. Meanwhile, the banking/finance space saw ALLIANCE 2117NC27 perps make its maiden trade at 5.16%.

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	08/22	2.053	18	2.004	28/06/2022	5
MGS	09/22	2.307	10	2.053	28/06/2022	25
MGS	03/23	2.973	437	2.923	28/06/2022	5
MGS	04/23	2.950	145	2.937	28/06/2022	1
MGS	08/23	3.162	24	3.050	28/06/2022	11
MGS	09/24	3.336	3	3.309	28/06/2022	3
MGS	03/25	3.471	10	3.490	28/06/2022	-2
MGS	07/25	3.585	1	3.483	20/04/2022	10
MGS	09/25	3.676	6	3.687	28/06/2022	-1
MGS	07/26	3.938	19	3.960	28/06/2022	-2
MGS	11/26	3.962	95	3.937	28/06/2022	3
MGS	03/27	3.950	15	3.992	28/06/2022	-4
MGS	05/27	4.004	11	3.982	28/06/2022	2
MGS	11/27	4.108	31	4.003	28/06/2022	11
MGS	06/28	4.231	288	4.153	28/06/2022	8
MGS	04/29	4.231	52	4.164	28/06/2022	7
MGS	08/29	4.250	240	4.254	28/06/2022	0
MGS	04/30	4.246	10	4.231	27/06/2022	2
MGS	04/31	4.329	25	4.293	27/06/2022	4
MGS	06/31	4.327	14	4.339	28/06/2022	-1
MGS	07/32	4.229	69	4.235	28/06/2022	-1
MGS	04/33	4.541	130	4.523	28/06/2022	2
MGS	07/34	4.624	9	4.615	28/06/2022	1
MGS	05/35	4.663	31	4.660	28/06/2022	0
MGS	04/37	4.616	27	4.673	28/06/2022	-6
MGS	06/38	4.793	153	4.691	24/06/2022	10
MGS	05/40	4.843	18	4.840	28/06/2022	0
MGS	09/43	4.896	53	4.872	23/06/2022	2
MGS	07/48	5.000	221	4.935	27/06/2022	7
MGS	06/50	4.875	235	4.865	28/06/2022	1
GII	05/23	2.938	240	2.950	28/06/2022	-1
GII	11/23	3.110	111	3.139	28/06/2022	-3
GII	10/24	3.423	4	3.475	28/06/2022	-5
GII	10/25	3.556	50	3.543	28/06/2022	1
GII	03/26	3.957	59	3.913	27/06/2022	4
GII	09/26	4.017	10	4.004	27/06/2022	1
GII	07/27	4.122	4	4.136	27/06/2022	-1
GII	09/27	4.081	214	4.105	28/06/2022	-2
GII	10/28	4.241	194	4.232	28/06/2022	1
GII	07/29	4.250	5	4.188	28/06/2022	6
GII	10/30	4.312	105	4.281	28/06/2022	3
GII	10/32	4.259	70	4.241	28/06/2022	2
GII	07/36	4.698	73	4.634	28/06/2022	6
GII	09/39	4.927	158	4.720	28/06/2022	21
GII	11/49	5.050	43	4.932	28/06/2022	12
GII	05/52	5.032	10	5.050	28/06/2022	-2
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Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)			
Lembaga Pembiayaan Perumahan Sektor Awam	11/27	GG	4.272	5	3.172	25/05/2021	110	34
DanaInfra Nasional Berhad	10/28	GG	4.381	5	3.699	05/01/2022	68	28
DanaInfra Nasional Berhad	11/33	GG	4.680	10	3.889	10/05/2021	79	45
Aman Sukuk Berhad	05/24	AAA	3.750	20	3.707	22/06/2022	4	39
Aman Sukuk Berhad	07/24	AAA	3.750	5	2.969	18/02/2022	78	39
Cagamas Berhad	01/25	AAA	3.900	5	3.750	27/06/2022	15	41
Putrajaya Holdings Sdn Berhad	04/25	AAA	3.946	2	3.979	23/06/2022	-3	46
Westports Malaysia Sdn Berhad	05/25	AAA	3.886	10	2.909	12/07/2021	98	40
Danum Capital Berhad	02/26	AAA	4.101	10	3.829	21/04/2022	27	32
Bank Pembangunan Malaysia Berhad	11/26	AAA	4.295	10	4.189	13/06/2022	11	52
Danum Capital Berhad	05/27	AAA	4.301	10	4.331	28/06/2022	-3	37
Danum Capital Berhad	06/29	AAA	4.680	20	-	-	-	52
Danum Capital Berhad	05/30	AAA	4.701	15	4.489	25/04/2022	21	50
Tenaga Nasional Berhad	08/38	AAA	5.007	5	4.994	26/05/2022	1	38
TNB Power Generation Sdn Berhad	06/42	AAA	5.129	10	5.190	17/06/2022	-6	41
Sabah Development Bank Berhad	05/25	AA1	4.078	1	4.078	28/06/2022	0	59
Danajamin Nasional Berhad	10/27	AA1	3.144	30	3.121	27/06/2022	2	-78
UMW Holdings Berhad	10/26	AA+	4.327	10	4.187	31/05/2022	14	55
Tanjung Bin Power Sdn Berhad	08/24	AA2	3.999	5	3.361	18/03/2022	64	64
Dialog Group Berhad	01/32	AA2	4.969	15	4.959	27/04/2022	1	74
Quantum Solar Park (Semenanjung) Sdn Berhad	04/31	AA-	5.133	9	5.227	14/06/2022	-9	92
Quantum Solar Park (Semenanjung) Sdn Berhad	04/32	AA-	5.172	10	5.248	14/06/2022	-8	94
TG Excellence Berhad	02/20	AA-	4.880	1	4.799	23/06/2022	8	16
Tropicana Corporation Berhad	04/26	A+	6.211	1	5.210	30/05/2022	100	243
Tropicana Corporation Berhad	09/19	A	6.721	1	6.671	23/06/2022	5	200
LBS Bina Group Berhad	03/20	-	6.399	1	7.501	16/06/2022	-110	168
Alliance Bank Malaysia Berhad	11/17	BBB1	5.160	20	-	-	-	44
				<u>244</u>				

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

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

Source: RAM, MARC

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