

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs saw a turnaround last Friday on month-end portfolio adjustments/demand despite reports of higher y/y core consumer price growth in December; whilst personal spending however fell by 0.6% having risen by 0.4% in November. The curve shifted lower as overall benchmark yields ended richer between 2-5bps across. **The UST 2Y yield flirted near the 2-year high, easing 3bps to 1.16% whilst the much-watched UST 10Y eased similarly to close at 1.77%.** The decline in yields are deemed to be temporary as the Fed prepares to hike interest rates several times this year, beginning with the March FOMC meeting. Meanwhile, volatility is heading back upwards as was the case in the earlier part of 2020. Current Fed-dated OIS pricing sees up to ~30bps of rate hikes into the March meeting as investors continue to mull the possibility of even up to 50bps liftoff instead. Meanwhile, expect some attention to shift to the Treasury's refunding announcement on Wednesday followed by the all-important jobs data for December come Friday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.16	-3
5-yr UST	1.61	-5
10-yr UST	1.77	-3
30-yr UST	2.08	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.84	1	2.90	-150
5-yr	3.30	0	3.29	0
7-yr	3.53	2	3.40	-2
10-yr	3.68	-3	3.71	-6
15-yr	4.04	-2	4.17	7
20-yr	4.26	0	4.32	1
30-yr	4.26	3	4.45	-2

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.22	0
3-yr	2.90	-1
5-yr	3.17	-2
7-yr	3.35	-4
10-yr	3.57	-4

Source : Bloomberg

MGS/GII

- Last Friday saw local govies saw parts of the belly and mid-tenures well-bid; thus contributing overall to a slew of mixed levels across as the initial reaction to the earlier hawkish FOMC meeting fizzled out. Overall benchmark MGS/GII yields closed mixed between -6 to +7bps across the curve (save for the re-adjustment of prior day's skewed odd-lot trade in the 3Y GII), as secondary market volume jumped 42% to RM2.43b. **The 5Y benchmark 11/26 yield closed unchanged at 3.30% whilst the 10Y benchmark MGS 7/32 yield declined 3bps to 3.68%.** Interest was mainly seen in the 5Y MGS, 7Y, 10Y MGS/GII and 20Y MGS. GII rose to form 34% of overall trades. The 3rd auction for the year comprising the 15Y GII 7/36 reopening saw strong bidding metrics @ 2.547x (previous auction 3.056x) and awarded at 4.161% (previous auction: 3.982%). Expect activity to be subdued ahead of the long mid-week break for Chinese New Year celebrations.

Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space saw activity levels grind lower last Friday amid a sharp drop in secondary market volume to RM141m, ahead of the long Chinese New Year break and festivities that will commence this Tuesday. Transactions were seen across the the GG-AA part of the curve as overall yields closed mostly mixed-to-higher, spanning across a mere 11 names. Both the short-end govt-guaranteed KHAZANAH and PRASA 9/22's traded back-to-back again, moving between -1 to +2bps compared to previous-done levels at 2.17-18% area. AAA-rated MAHB which saw RM40m in transacted amounts, rallied 40bps to 4.00% whilst TNB 11/31 rose 5bps instead to 4.12%. AA-rated construction giant GAMUDA 3/23 eased 4bps to 2.71%. Meanwhile the banking/finance space was relatively quiet.

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	03/22	1.680	48	1.699	27/01/2022	-2
MGS	03/23	2.110	27	2.115	27/01/2022	-1
MGS	04/23	2.121	95	2.134	27/01/2022	-1
MGS	08/23	2.256	48	2.350	24/01/2022	-9
MGS	06/24	2.837	44	2.833	27/01/2022	0
MGS	07/24	2.870	10	2.931	27/01/2022	-6
MGS	09/24	2.914	15	2.852	26/01/2022	6
MGS	03/25	2.999	20	3.001	27/01/2022	0
MGS	09/25	3.047	25	3.095	27/01/2022	-5
MGS	07/26	3.261	1	3.298	27/01/2022	-4
MGS	11/26	3.301	261	3.302	27/01/2022	0
MGS	05/27	3.381	40	3.419	27/01/2022	-4
MGS	11/27	3.484	38	3.434	27/01/2022	5
MGS	06/28	3.527	169	3.507	27/01/2022	2
MGS	08/29	3.670	69	3.663	27/01/2022	1
MGS	04/30	3.727	24	3.720	27/01/2022	1
MGS	04/31	3.705	88	3.752	27/01/2022	-5
MGS	06/31	3.806	1	3.731	27/01/2022	8
MGS	07/32	3.675	220	3.704	27/01/2022	-3
MGS	04/33	3.944	21	3.966	27/01/2022	-2
MGS	07/34	4.037	62	4.055	27/01/2022	-2
MGS	05/35	4.043	29	4.068	27/01/2022	-2
MGS	04/37	4.063	31	4.100	27/01/2022	-4
MGS	06/38	4.227	26	4.203	27/01/2022	2
MGS	05/40	4.260	167	4.256	27/01/2022	0
MGS	07/48	4.467	4	4.455	26/01/2022	1
MGS	06/50	4.260	15	4.229	26/01/2022	3
GII	03/22	1.687	134	1.740	27/01/2022	-5
GII	04/22	1.648	42	1.761	27/01/2022	-11
GII	07/22	2.001	100	1.933	03/08/2021	7
GII	07/23	2.176	24	2.221	24/01/2022	-4
GII	10/23	2.241	2	2.351	19/01/2022	-11
GII	11/23	2.279	1	2.319	26/01/2022	-4
GII	08/24	2.850	10	2.857	26/01/2022	-1
GII	10/24	2.898	81	4.400	26/01/2022	-150
GII	08/25	3.113	3	3.081	24/01/2022	3
GII	03/26	3.294	14	3.290	27/01/2022	0
GII	06/27	3.435	30	3.437	25/01/2022	0
GII	07/27	3.431	9	3.451	27/01/2022	-2
GII	09/27	3.403	2	3.427	27/01/2022	-2
GII	10/28	3.552	19	3.562	27/01/2022	-1
GII	07/29	3.620	2	3.602	24/01/2022	2
GII	10/30	3.709	206	3.770	27/01/2022	-6
GII	06/33	3.985	41	3.917	24/01/2022	7
GII	11/34	4.043	26	4.031	24/01/2022	1
GII	07/36	4.171	80	4.103	26/01/2022	7
GII	09/41	4.322	2	4.311	26/01/2022	1
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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*
Khazanah Nasional Berhad	09/22	GG	2.172	30	2.183	27/01/2022	-1	18
Prasarana Malaysia Berhad	09/22	GG	2.180	30	2.164	27/01/2022	2	19
DanInfra Nasional Berhad	11/22	GG	2.103	10	2.094	01/09/2021	1	12
Projek Lebuhraya Usahasama Berhad	01/24	AAA	2.996	5	2.945	21/01/2022	5	60
Malaysia Airport Holdings Berhad	11/27	AAA	4.004	40	4.404	03/11/2021	-40	60
Tenaga Nasional Berhad	11/31	AAA	4.118	10	4.070	24/01/2022	5	44
GENM Capital Berhad	08/25	AA1	4.129	1	4.129	19/01/2022	0	104
Gamuda Berhad	03/23	AA3	2.714	10	2.752	20/01/2022	-4	73
Tropicana Corporation Berhad	06/25	A+	4.694	1	5.164	19/01/2022	-47	185
DRB-Hicom Berhad	12/26	A+	4.698	3	4.699	27/01/2022	0	140
Cypark Renewable Energy Sdn Berhad	09/20	-	6.705	2	6.701	27/12/2021	0	245
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*spread against nearest indicative tenured MGS (Source: BPAM)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
UiTM Solar Power Sdn Bhd	RM202.3 million Green SRI Sukuk	From AA-IS/Stable to AA-IS/Negative	Outlook Revised
Kuala Lumpur Kepong Berhad	Proposed 30-year Islamic Medium-Term Notes (IMTN) Programme of up to RM2.0 bil	AA1/Stable	Assigned
	RM2.0 bil IMTN Programme (2019/2039)	AA1/Stable	Reaffirmed
	RM1.6 bil Multi-Currency IMTN Programme (2015/2027)	AA1/Stable	Reaffirmed
	RM1.0 bil Multi-Currency IMTN Programme (2012/2022)	AA1/Stable	Reaffirmed
	Global Corporate Credit Ratings	gA3/Stable/gP2	Reaffirmed

Source: RAM, MARC

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