

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries held on to gains on Wednesday leaving yields richer especially in the belly, whilst swap spreads tightened with receiving flows providing support. With no de-escalation of the Ukraine war in sight, bonds were seen to catch a bid. Overall benchmark yields closed lower between 3-11bps across. **Both the UST 2Y and 5Y yields settled 5bps lower at 2.27% and 2.35% respectively.** Parts of the the curve continued to see inversion, mainly in the 5s30s spreads. Short-term yields have jumped on expectatons that the Fed will hike rates several times this year to combat persistently high inflation whilst growth concerns are seen weighing on the long-end. Meanwhile, the front-running for month and quarter-end demand may continue to provide support for bonds. Elsewhere, the Fed's reverse repo facility usage is on the verge of aother record high as investors seek to protect themselves from quicker rate hikes. Expect all eyes on the release of PCE inflation data for February tonight followed by March jobs data tomorrow.

| UST | | |
|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) |
| 2-yr UST | 2.27 | -5 |
| 5-yr UST | 2.44 | -11 |
| 10-yr UST | 2.35 | -5 |
| 30-yr UST | 2.48 | -3 |

| MGS | | GII* | | |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr | 2.87 | 0 | 3.00 | 4 |
| 5-yr | 3.47 | -6 | 3.49 | 0 |
| 7-yr | 3.82 | -4 | 3.56 | -6 |
| 10-yr | 3.90 | -4 | 3.96 | -3 |
| 15-yr | 4.32 | -3 | 4.40 | 0 |
| 20-yr | 4.49 | -3 | 4.48 | -3 |
| 30-yr | 4.50 | 0 | 4.59 | 1 |

* Market indicative levels

| MYR IRS Levels | | |
|----------------|-------------|-----------|
| IRS | Closing (%) | Chg (bps) |
| 1-yr | 2.29 | -9 |
| 3-yr | 3.13 | -10 |
| 5-yr | 3.43 | -15 |
| 7-yr | 3.62 | -15 |
| 10-yr | 3.84 | -15 |

Source : Bloomberg

MGS/GII

- Local govies continued to see improved bids on Tuesday due to a reality check as traders revised views of previous aggressive paying activity on IRS. This was based on BNM's economic and monetary review that showed bias towards slightly lower growth for 2022. Overall benchmark MGS/GII yields closed lower between 0-6bps (save for the 3Y and 30Y GII) amid a 16% rise in secondary market volume @ RM2.64b. **The 5Y benchmark MGS 11/26 rallied, pushing yields down 6bps to 3.47% whilst the 10Y MGS 7/32 yields closed 4bps lower at 3.90%.** Trades were mainly seen in the off-the-run 23's, 27's, 3Y GII, 5Y MGS, 7Y GII, and 10Y MGS. GII trades eased further to form ~23% of overall transactions. Despite the lower BTC ratio of 1.666x for the 3Y MGS auction, the sum of bids totaling ~RM9.2b was impressive; especially coming on the heels of a massive sell-off in global sovereign bonds due to fears of aggressive rate-hiking by the Fed going forward.

Corp Bonds/Sukuk

- On Wednesday, the Corporate Bonds/Sukuk space saw strong interest, taking cue from the steadier levels seen in local govies. Interest was seen mainly seen along GG followed by the AA-part of the curve. Overall yields closed mostly higher and spanned across 26 names amid the halving in secondary market volume to RM492m. The long end govt-guaranteed DANA 2047-2050 tranches registered a total of RM120m in nominal amounts; with yields rising 19-23bps compared to previous-done levels between 4.74-83% levels. AAA-rated PLUS 32 and 33 jumped 27-61bps to 4.33% and 4.39% each. The AA-sector saw energy-related bonds EDRA in the limelight again with the 2028 tranches closing 18-33bps higher between 4.33-38%. EDRA 24 and 25 too rose 13-18bps to close between 3.45-64% whereas the 2033 tranche edged 1bps up at 4.73%. Nevertheless, the banking/finance space was quiet.

Upcoming Government Bond Tender

Daily Trades : Government Bond

| Securities | | Closing | Vol | Previous | Previous | Chg |
|------------|-------|---------|-------------|----------|----------------------------|------|
| | | YTM | (RM mil) | YTM | Trade Date (dd/mm/yyyy) | (bp) |
| MGS | 03/23 | 2.211 | 168 | 2.152 | 29/03/2022 | 6 |
| MGS | 04/23 | 2.019 | 42 | 2.037 | 29/03/2022 | -2 |
| MGS | 06/24 | 2.871 | 80 | 2.874 | 29/03/2022 | 0 |
| MGS | 07/24 | 2.943 | 30 | 2.720 | 29/03/2022 | 22 |
| MGS | 09/24 | 2.917 | 22 | 2.902 | 29/03/2022 | 1 |
| MGS | 03/25 | 3.220 | 444 | 3.200 | 29/03/2022 | 2 |
| MGS | 09/25 | 3.259 | 43 | 3.270 | 29/03/2022 | -1 |
| MGS | 04/26 | 3.390 | 7 | 3.289 | 24/03/2022 | 10 |
| MGS | 11/26 | 3.468 | 486 | 3.527 | 29/03/2022 | -6 |
| MGS | 05/27 | 3.587 | 31 | 3.587 | 29/03/2022 | 0 |
| MGS | 11/27 | 3.670 | 189 | 3.609 | 29/03/2022 | 6 |
| MGS | 06/28 | 3.824 | 98 | 3.860 | 29/03/2022 | -4 |
| MGS | 08/29 | 3.948 | 70 | 3.948 | 29/03/2022 | 0 |
| MGS | 04/30 | 3.978 | 1 | 3.828 | 24/03/2022 | 15 |
| MGS | 04/31 | 3.949 | 20 | 4.015 | 29/03/2022 | -7 |
| MGS | 07/32 | 3.903 | 154 | 3.939 | 29/03/2022 | -4 |
| MGS | 04/33 | 4.244 | 20 | 4.262 | 29/03/2022 | -2 |
| MGS | 07/34 | 4.260 | 2 | 4.363 | 29/03/2022 | -10 |
| MGS | 05/35 | 4.344 | 22 | 4.374 | 29/03/2022 | -3 |
| MGS | 04/37 | 4.317 | 36 | 4.346 | 29/03/2022 | -3 |
| MGS | 06/38 | 4.457 | 21 | 4.500 | 29/03/2022 | -4 |
| MGS | 05/40 | 4.487 | 31 | 4.513 | 29/03/2022 | -3 |
| MGS | 07/48 | 4.592 | 1 | 4.680 | 29/03/2022 | -9 |
| MGS | 06/50 | 4.499 | 4 | 4.499 | 29/03/2022 | 0 |
| GII | 04/22 | 1.813 | 41 | 1.757 | 29/03/2022 | 6 |
| GII | 05/24 | 2.905 | 20 | 2.850 | 29/03/2022 | 5 |
| GII | 10/24 | 2.995 | 172 | 2.960 | 29/03/2022 | 4 |
| GII | 07/27 | 3.649 | 5 | 3.501 | 24/03/2022 | 15 |
| GII | 09/27 | 3.563 | 60 | 3.624 | 29/03/2022 | -6 |
| GII | 10/28 | 3.831 | 240 | 3.840 | 29/03/2022 | -1 |
| GII | 07/29 | 3.864 | 1 | 3.938 | 29/03/2022 | -7 |
| GII | 09/41 | 4.475 | 49 | 4.503 | 29/03/2022 | -3 |
| GII | 11/49 | 4.590 | 33 | 4.580 | 29/03/2022 | 1 |
| | | | <u>2644</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* |
|--|-------|--------|----------------|-----------------|-----------------|--|-------------|---------------------------|
| Prasarana Malaysia Berhad | 11/28 | GG | 3.982 | 20 | 3.782 | 18/02/2022 | 20 | 15 |
| DanalInfra Nasional Berhad | 02/39 | GG | 4.569 | 10 | 4.430 | 14/02/2022 | 14 | 23 |
| DanalInfra Nasional Berhad | 05/42 | GG | 4.638 | 20 | 4.456 | 10/06/2021 | 18 | 15 |
| Lembaga Pembiayaan Perumahan Sektor Awam | 03/46 | GG | 4.698 | 40 | 4.427 | 15/12/2021 | 27 | 21 |
| DanalInfra Nasional Berhad | 11/47 | GG | 4.744 | 40 | 4.509 | 28/12/2021 | 23 | 26 |
| DanalInfra Nasional Berhad | 11/48 | GG | 4.755 | 20 | 4.579 | 23/02/2022 | 18 | 27 |
| DanalInfra Nasional Berhad | 02/49 | GG | 4.761 | 50 | 4.589 | 15/03/2022 | 17 | 27 |
| Prasarana Malaysia Berhad | 02/50 | GG | 4.826 | 10 | 4.640 | 11/03/2022 | 19 | 34 |
| DanalInfra Nasional Berhad | 05/51 | GG | 4.797 | 40 | - | - | - | 31 |
| Lembaga Pembiayaan Perumahan Sektor Awam | 09/51 | GG | 4.779 | 60 | 4.490 | 07/01/2022 | 29 | 29 |
| Projek Lebuhraya Usahasama Berhad | 01/32 | AAA | 4.325 | 10 | 3.717 | 26/08/2021 | 61 | 41 |
| Projek Lebuhraya Usahasama Berhad | 01/33 | AAA | 4.392 | 10 | 4.118 | 21/01/2022 | 27 | 48 |
| Sabah Development Bank Berhad | 07/26 | AA1 | 4.601 | 1 | 4.149 | 09/03/2022 | 45 | 128 |
| Perbadanan Kemajuan Negeri Selangor | 03/24 | AA3 | 3.731 | 9 | 3.731 | 29/03/2022 | 0 | 102 |
| Edra Energy Sdn Berhad | 07/24 | AA3 | 3.447 | 40 | 3.318 | 16/02/2022 | 13 | 73 |
| Edra Energy Sdn Berhad | 01/25 | AA3 | 3.636 | 20 | 3.456 | 19/11/2021 | 18 | 44 |
| Pelabuhan Tanjung Pelepas Sdn Berhad | 08/25 | AA- | 3.760 | 10 | 3.656 | 25/11/2021 | 10 | 57 |
| Lebuhraya DUKE Fasa 3 Sdn Berhad | 08/35 | AA- | 5.617 | 4 | 5.469 | 11/03/2022 | 15 | 128 |
| Edra Energy Sdn Berhad | 01/28 | AA3 | 4.330 | 15 | 3.999 | 14/12/2021 | 33 | 68 |
| Edra Energy Sdn Berhad | 07/28 | AA3 | 4.382 | 20 | 4.202 | 02/11/2021 | 18 | 73 |
| IJM Corporation Berhad | 08/28 | AA3 | 4.359 | 20 | 4.258 | 07/02/2022 | 10 | 71 |
| Edra Energy Sdn Berhad | 01/33 | AA3 | 4.730 | 20 | 4.719 | 29/03/2022 | 1 | 82 |
| Tropicana Corporation Berhad | 10/25 | A+ | 5.038 | 1 | 4.751 | 18/03/2022 | 29 | 172 |
| Eco World International Berhad | 05/23 | - | 4.631 | 1 | 3.917 | 28/03/2022 | 71 | 259 |
| AEON Credit Service (M) Berhad | 12/14 | - | 4.136 | 0 | 4.053 | 16/03/2022 | 8 | -35 |
| LBS Bina Group Berhad | 03/20 | - | 5.945 | 1 | 6.450 | 29/03/2022 | -51 | 146 |
| | | | | <u>492</u> | | | | |

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

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

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.