

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries slumped on Monday following a stunning January jobs report that saw broad-based strength backed by NFP data of 517k and lower unemployment rate of 3.4%; coupled with the strong ISM Services Index that jumped above the 50-handle. The curve flattened as overall benchmark yields closed between 6-18bps higher across led by the front end. **The benchmark UST 2Y yield spiked the most by 18bps to 4.48% whilst the much-watched UST 10Y jumped 12bps higher to 3.64%.** The US 5Y breakeven inflation rate has risen to its highest YTD at ~2.38% levels from a low of 2.13% seen in mid-January. The US Treasuries market is expected to face a major test this week with ~\$96b in coupon offerings as investors were earlier deemed to have wagers on easing interest rates later this year. Implied Fed Fund Futures settled higher with OIS targeting a 52% probability of a 50bps rate hike at the March FOMC meeting with peak terminal rate of ~5.14% seen in June.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	4.48	18
5-yr UST	3.85	17
10-yr UST	3.64	12
30-yr UST	3.68	6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.33	-6	3.36	-3
5-yr	3.45	1	3.49	-3
7-yr	3.66	-4	3.76	-1
10-yr	3.76	-3	3.87	0
15-yr	3.98	-1	4.00	-1
20-yr	4.08	-10	4.21	1
30-yr	4.36	6	4.39	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.41	4
3-yr	3.28	-1
5-yr	3.40	-4
7-yr	3.54	-3
10-yr	3.64	-6

Source : Bloomberg

Note; MGS/ GII and IRS closing levels as at 3 Feb

Upcoming Government Bond Tender

Nil

MGS/GII

- Local govovies generally were better-bid (save for the long-ends) last Friday ahead of the long weekend break as IRS receivers overwhelmed; driving IRS yields sharply lower across most tenures. Overall benchmark MGS/GII yields settled mostly mixed-to-lower between -10 to +6bps across, amid a 32% pullback in market volume @ RM6.40b. **The benchmark 5Y MGS 11/27 edged 1bps higher at 3.45% whilst the 10Y MGS 7/32 eased 3bps lower to 3.76%.** Interest was mainly seen in off-the-run 23's and benchmark 3Y MGS/GII, 5Y MGS/GII, 7Y MGS, 10Y GII. GII transactions formed a higher percentage i.e. 43% of overall trades. The auction exercise consisting of re-issuance of 7Y benchmark MGS 4/30 saw strong participation with BTC ratio at 2.46x and awarded at 3.656%. Meanwhile, expect attention to shift to the December Industrial production numbers expected out today.

Corp Bonds/Sukuk

- On Friday, Corporate Bonds/Sukuk saw activity taper-off, but yet maintain respectable volumes with interest mainly across the GG-AA part of the curve. Overall secondary market volume more than halved, ahead of the long weekend break to RM554m; as yields ended mostly lower across 56 various trades. Govt-guaranteed DANA 28-29's declined 5-13bps compared to previous-done levels between 3.71-82% area. AAA-rated toll-operator saw PLUS 27, 30 and 35 edge between -1 to +1bps to close at 4.10%, 4.35% and 4.63% each. TNB 32 and 40 however saw yields falling sharply to 4.27% and 4.40% respectively. In the AA-space, SERAI Dev 8/23 which last traded in April 2022, spiked 84bps to 3.84% whilst GAMUDA 3/23 spiked 56bps to 3.72%. Meanwhile, the banking/finance space saw PUBLIC Islamic 29NC24 close 3bps up at 4.05% whereas CIMB Group Holdings 32NC27 ended 7bps higher at 4.67%.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/23	2.746	593	2.686	02/02/2023	6
MGS	04/23	2.823	700	2.811	02/02/2023	1
MGS	08/23	2.870	91	2.831	02/02/2023	4
MGS	06/24	3.170	33	3.104	02/02/2023	7
MGS	07/24	3.140	74	3.152	02/02/2023	-1
MGS	09/24	3.251	17	3.163	02/02/2023	9
MGS	03/25	3.333	179	3.395	02/02/2023	-6
MGS	09/25	3.386	29	3.347	02/02/2023	4
MGS	04/26	3.421	10	3.389	02/02/2023	3
MGS	07/26	3.429	5	3.424	02/02/2023	0
MGS	11/26	3.425	16	3.449	02/02/2023	-2
MGS	03/27	3.476	1	3.559	31/01/2023	-8
MGS	05/27	3.450	21	3.495	02/02/2023	-4
MGS	11/27	3.447	227	3.440	02/02/2023	1
MGS	06/28	3.546	61	3.577	02/02/2023	-3
MGS	04/29	3.631	63	3.626	02/02/2023	0
MGS	08/29	3.718	30	3.711	02/02/2023	1
MGS	04/30	3.655	751	3.690	02/02/2023	-4
MGS	04/31	3.795	62	3.780	02/02/2023	2
MGS	07/32	3.759	96	3.785	02/02/2023	-3
MGS	04/33	3.885	19	3.884	02/02/2023	0
MGS	11/33	3.884	1	3.874	02/02/2023	1
MGS	07/34	3.960	46	3.943	02/02/2023	2
MGS	05/35	3.964	55	3.969	02/02/2023	0
MGS	04/37	4.060	59	4.069	02/02/2023	-1
MGS	06/38	3.984	149	3.993	02/02/2023	-1
MGS	05/40	4.123	15	4.123	02/02/2023	0
MGS	10/42	4.078	143	4.178	02/02/2023	-10
MGS	03/46	4.224	10	4.268	02/02/2023	-4
MGS	06/50	4.361	103	4.302	02/02/2023	6
GII	05/23	2.755	5	2.878	31/01/2023	-12
GII	11/23	3.127	281	3.017	02/02/2023	11
GII	10/24	3.314	155	3.346	02/02/2023	-3
GII	10/25	3.360	183	3.387	02/02/2023	-3
GII	09/26	3.421	5	3.422	02/02/2023	0
GII	09/27	3.494	82	3.523	02/02/2023	-3
GII	07/28	3.498	231	3.498	02/02/2023	0
GII	10/28	3.627	40	3.648	02/02/2023	-2
GII	07/29	3.755	782	3.767	02/02/2023	-1
GII	09/30	3.744	120	3.924	31/01/2023	-18
GII	10/30	3.790	131	3.820	02/02/2023	-3
GII	10/32	3.874	322	3.874	02/02/2023	0
GII	06/33	3.872	88	4.011	20/01/2023	-14
GII	08/33	3.872	40	3.990	31/01/2023	-12
GII	07/36	3.989	19	3.989	02/02/2023	0
GII	03/38	3.997	20	4.009	02/02/2023	-1
GII	09/41	4.206	240	4.199	02/02/2023	1
GII	11/49	4.354	3	4.354	02/02/2023	0
			<u>6404</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	10/23	GG	3.439	20	3.379	26/01/2023	6	-14
Lembaga Pembiayaan Perumahan Sektor Awam	04/27	GG	3.697	30	3.459	09/12/2021	24	30
DanaInfra Nasional Berhad	05/28	GG	3.705	5	3.777	02/02/2023	-7	26
DanaInfra Nasional Berhad	02/29	GG	3.799	10	3.848	31/01/2023	-5	65
DanaInfra Nasional Berhad	04/29	GG	3.820	30	3.950	02/02/2023	-13	67
Prasarana Malaysia Berhad	09/32	GG	4.030	20	4.049	30/01/2023	-2	88
DanaInfra Nasional Berhad	02/33	GG	4.030	20	4.250	11/01/2023	-22	88
Cagamas Berhad	10/23	AAA	3.719	10	3.508	02/09/2022	21	14
Zamarad Assets Berhad	03/24	AAA	4.072	10	4.149	16/01/2023	-8	62
Amanat Lebuhraya Rakyat Berhad	10/24	AAA	3.915	10	4.213	21/12/2022	-30	27
Telekom Malaysia Berhad	12/24	AAA	3.869	10	3.796	08/09/2022	7	42
Danum Capital Berhad	06/25	AAA	3.798	5	3.896	26/01/2023	-10	65
Sarawak Petchem Sdn Berhad	07/26	AAA	4.002	5	4.546	01/12/2022	-54	85
Amanat Lebuhraya Rakyat Berhad	10/26	AAA	4.120	10	4.477	20/12/2022	-36	97
Projek Lebuhraya Usahasama Berhad	01/27	AAA	4.098	20	4.090	02/02/2023	1	95
Cagamas Berhad	11/27	AAA	4.001	20	4.008	31/01/2023	-1	85
Projek Lebuhraya Usahasama Berhad	01/30	AAA	4.348	20	4.357	02/02/2023	-1	120
Projek Lebuhraya Usahasama Berhad	01/31	AAA	4.410	50	4.502	13/01/2023	-9	441
Tenaga Nasional Berhad	08/32	AAA	4.269	40	4.433	20/01/2023	-16	112
Projek Lebuhraya Usahasama Berhad	01/35	AAA	4.631	60	4.618	02/02/2023	1	148
Tenaga Nasional Berhad	08/40	AAA	4.499	20	4.790	09/01/2023	-29	135
Sabah Development Bank Berhad	07/24	AA1	5.047	1	5.046	02/02/2023	0	190
Public Islamic Bank Berhad	10/29	AA1	4.044	40	4.015	31/01/2023	3	64
CIMB Group Holdings Berhad	12/32	AA2	4.674	10	4.604	30/12/2022	7	152
RHB Bank Berhad	01/33	AA2	4.242	1	4.289	27/01/2023	-5	98
Guan Chong Berhad	01/28	AA-	4.660	1	4.683	02/02/2023	-2	126
Gamuda Berhad	03/23	AA3	3.716	10	3.161	24/06/2022	56	57
Bandar Serai Development Sdn Berhad	08/23	AA3	3.836	30	2.993	21/04/2022	84	69
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/23	AA-	4.092	23	4.153	10/01/2023	-6	-
MMC Corporation Berhad	11/27	AA-	4.718	10	4.765	27/01/2023	-5	127
Affin Islamic Bank Berhad	12/27	AA3	4.084	3	4.633	02/02/2023	-55	64
AmBank (M) Berhad	10/32	A1	4.551	1	4.669	02/02/2023	-12	129
LBS Bina Group Berhad	03/20	-	5.292	1	6.099	23/12/2022	-81	203
Cypark Renewable Energy Sdn Berhad	09/20	-	7.536	1	7.085	16/08/2022	45	420
				<u>554</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
SPR Energy (M) Sdn Bhd	Senior Sukuk Ijarah of RM580 mil	BBB2/Negative	Maintained and under monitoring for now

Source: RAM, MARC

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