

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	4.52	-4
5-yr UST	3.86	-8
10-yr UST	3.72	-8
30-yr UST	3.89	-6

MGS			GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)	
3-yr	3.43	<div><div></div></div> 1	3.49	<div><div></div></div> 4	
5-yr	3.54	<div><div></div></div> 4	3.58	<div><div></div></div> 4	
7-yr	3.64	<div><div></div></div> 5	3.68	<div><div></div></div> 0	
10-yr	3.75	<div><div></div></div> 5	3.82	<div><div></div></div> 2	
15-yr	4.00	<div><div></div></div> 5	3.94	<div><div></div></div> 0	
20-yr	4.08	<div><div></div></div> 2	4.00	<div><div></div></div> -16	
30-yr	4.10	<div><div></div></div> 0	4.21	<div><div></div></div> 0	

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.54	7
3-yr	3.50	5
5-yr	3.55	7
7-yr	3.65	6
10-yr	3.77	6

Source : Bloomberg

Upcoming Government Bond Tender

Nil

- US Treasuries saw strong demand especially in the belly on Thursday, erasing earlier declines following the higher-than-expected surge in weekly jobless claims as at 3rd of June. Some dovish hedges by traders added to movements seen in underlying bonds as well as futures rallied on the back of lower oil prices. The curve shifted lower as overall benchmark yields declined between 4-8bps across. **The benchmark UST 2Y yield eased 4bps to 4.52% whilst the much-watched UST 10Y fell 8bps to 3.72%.** The yield curve denoted by 2s10s spread continues to be deeply inverted and is seen to have smoothened-out at 80bps levels. Fed-dated OIS pricing currently reveals a lower probability i.e.; 27% of a 25bps hike in next week's FOMC meeting on 14th June. Meanwhile, expect some attention to shift to the above-said FOMC meeting outcome and May inflation next week.

MGS/GII

- Local govies were pressured on Thursday following a tinge of hawkish-tone arising from a symposium organized by BNM. Meantime traders were seen bidding-up IRS on bond-hedging requirements with yields moving higher whilst tracking overnight rates movements abroad. Overall benchmark MGS/GII yields ended higher between 0-5bps (save for the small odd-lot transaction seen in the 20Y GII), amid the near-tripling jump in secondary market volume to RM3.90b. **The benchmark 5Y MGS 4/28 yield rose 4bps to 3.54% whilst the 10Y MGS 7/32 jumped 5bps higher to 3.75%.** Interest was mainly seen in the off-the-run 23-26's and benchmark 3Y, 10Y GII. GII transactions rose further to form 54% of overall trades. Meanwhile, expect some attention to shift to the release of April industrial production data today.

Corp Bonds/Sukuk

- On Thursday, the Corporate Bonds/Sukuk space saw activity taper off slightly with interest nevertheless still seen across the GG to single-A part of the curve. However, unlike govies; secondary market volume almost halved to RM349m as overall yields ended mostly mixed-to-lower across a sustained number of trades totaling 25. Government-guaranteed PRASA 35's declined 4-5bps compared to previous-done levels to close between 4.02-03%. AAA-rated toll-operator PLUS 2037-2038 bonds edged 0-1bps up between 4.46-51% area. In the AA-space, the short-tenured BGSM 9/23 traded again closing unchanged at 3.75% whereas YTL Power saw a total of RM75m worth of bonds exchange hands. The 5/27 tranche closed unchanged at 4.25% whilst the 3/33 tranche edged 1bps higher at 4.48%. Meanwhile, in the banking/finance space, SABAH Development Bank 4/26 plunged 30bps to 4.70%.

Daily Trades: Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	08/23	3.118	765	2.713	07/06/2023	41
MGS	06/24	3.253	134	3.275	07/06/2023	-2
MGS	07/24	3.192	1	3.245	07/06/2023	-5
MGS	09/24	3.209	13	3.270	07/06/2023	-6
MGS	03/25	3.332	1	3.316	06/06/2023	2
MGS	09/25	3.364	16	3.307	07/06/2023	6
MGS	04/26	3.386	10	3.381	07/06/2023	1
MGS	07/26	3.431	113	3.418	07/06/2023	1
MGS	11/26	3.473	7	3.435	07/06/2023	4
MGS	05/27	3.515	3	3.520	07/06/2023	0
MGS	11/27	3.554	102	3.518	07/06/2023	4
MGS	04/28	3.543	105	3.507	07/06/2023	4
MGS	06/28	3.590	40	3.542	07/06/2023	5
MGS	04/29	3.619	2	3.602	07/06/2023	2
MGS	08/29	3.647	5	3.630	07/06/2023	2
MGS	04/30	3.640	72	3.592	07/06/2023	5
MGS	04/31	3.790	17	3.751	07/06/2023	4
MGS	06/31	3.760	15	3.727	07/06/2023	3
MGS	07/32	3.745	65	3.699	07/06/2023	5
MGS	04/33	3.797	60	3.776	07/06/2023	2
MGS	11/33	3.791	30	3.770	07/06/2023	2
MGS	07/34	3.963	20	3.918	07/06/2023	4
MGS	05/35	3.911	27	3.933	07/06/2023	-2
MGS	06/38	4.000	111	3.951	07/06/2023	5
MGS	05/40	4.082	12	4.057	07/06/2023	2
MGS	10/42	4.075	14	4.053	07/06/2023	2
MGS	03/46	4.036	2	4.114	06/06/2023	-8
MGS	06/50	4.177	14	4.136	07/06/2023	4
GII	11/23	3.194	210	3.133	31/05/2023	6
GII	05/24	3.270	20	3.184	01/06/2023	9
GII	08/25	3.290	1	3.281	01/06/2023	1
GII	10/25	3.326	458	3.342	07/06/2023	-2
GII	03/26	3.423	270	3.368	07/06/2023	6
GII	09/26	3.486	705	3.447	07/06/2023	4
GII	07/28	3.577	20	3.538	06/06/2023	4
GII	10/32	3.820	395	3.795	07/06/2023	2
GII	09/39	3.934	1	4.060	07/06/2023	-13
GII	09/41	4.104	40	4.091	06/06/2023	1
GII	05/47	4.078	2	4.192	30/05/2023	-11
			<u>3895</u>			

Daily Trades: Corp Bonds/ Sukuk

Securities		Rating	Closing	Vol	Previous	Previous	Chg	Spread
			YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*
Jambatan Kedua Sdn Berhad	07/31	GG	3.960	15	4.160	27/03/2023	-20	29
Prasarana Malaysia Berhad	03/35	GG	4.019	50	4.059	08/05/2023	-4	30
Prasarana Malaysia Berhad	12/35	GG	4.030	15	4.078	09/05/2023	-5	4
Prasarana Malaysia Berhad	08/39	GG	4.169	10	4.210	31/05/2023	-4	18
UniTapah Sdn Berhad	06/29	AAA	4.249	4	4.850	13/04/2018	-60	68
Sarawak Energy Berhad	06/30	AAA	4.119	15	4.088	02/06/2023	3	49
Amanat Lebuhraya Rakyat Berhad	10/32	AAA	4.328	10	4.350	29/05/2023	-2	63
Sarawak Energy Berhad	12/32	AAA	4.210	10	4.279	14/04/2023	-7	51
Petroleum Sarawak Exploration & Production Sdn Bert	02/33	AAA	4.475	10	4.511	29/05/2023	-4	75
Projek Lebuhraya Usahasama Berhad	01/37	AAA	4.460	30	4.450	07/06/2023	1	47
Projek Lebuhraya Usahasama Berhad	01/38	AAA	4.510	2	4.509	06/06/2023	0	52
Sabah Development Bank Berhad	02/25	AA1	4.698	1	4.700	06/06/2023	0	139
Sabah Development Bank Berhad	04/26	AA1	4.695	20	4.998	17/05/2023	-30	126
Sabah Development Bank Berhad	07/26	AA1	4.681	1	4.812	20/04/2023	-13	124
YTL Power International Berhad	05/27	AA1	4.248	35	4.249	07/06/2023	0	77
YTL Power International Berhad	03/33	AA1	4.480	40	4.475	18/05/2023	1	76
CIMB Group Holdings Berhad	12/31	AA2	4.151	1	4.359	02/09/2022	-21	46
BGSM Management Sdn Berhad	09/23	AA3	3.750	15	3.750	07/06/2023	0	55
Golden Assets International Finance Limited	04/27	AA3	4.267	10	4.554	19/01/2023	-29	79
PONSB Capital Berhad	12/28	AA3	4.289	10	4.479	14/03/2023	-19	72
DRB-Hicom Berhad	12/24	A+	4.341	40	4.679	29/05/2023	-34	103
DRB-Hicom Berhad	12/29	A+	5.100	4	5.404	01/06/2023	-30	147
CIMB Group Holdings Berhad	05/16	A1	4.996	1	5.046	23/05/2023	-5	92
MCIS Insurance Berhad	12/31	A2	4.702	1	4.534	02/06/2023	17	101
YNH Property Berhad	08/19	-	7.084	1	6.456	06/06/2023	63	301
				349				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
S P Setia Berhad	RM3.0 billion Islamic Medium-Term Notes (IMTN) Programme	AA IS/Stable	Affirmed
Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank)	Financial Institution ratings	AAA/Stable	Affirmed
	Islamic Medium-Term Notes (IMTN) Programme of up to RM3.0 billion and Islamic Commercial Papers (ICP) Programme of up to RM1.0 billion	AAAIS /MARC-1 IS	Affirmed
Cagamas MBS Berhad	CMBS 2005-2, CMBS 2007-1-I, CMBS 2007-2	AAA/Stable	Affirmed

Source: RAM, MARC

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