

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US financial markets reopened on Tuesday with USTs generally a tad weaker on renewed concerns over the outlook of interest rates ahead of additional economic data later tonight. The 2s10s part of the curve ended steeper as overall benchmark yields closed between -3 to +2bps across. **The benchmark UST 2Y yield eased 3bps to 4.20% whilst the much-watched UST 10Y edged 2bps higher at 3.53%**. Elsewhere, The New York Fed's release of a sharp manufacturing decline in January and dovish-tone in the ECB report saw the front-ends well-bid. The decline is believed to be the result of the impact from earlier string of interest rate hikes. Expect attention to shift to the release of economic data encompassing retail sales, producer prices and industrial production later tonight.

MGS/GII

- Local govies mostly recovered from recent profit-taking activities on Tuesday to post gains mainly in the short-ends and belly. The bulk of IRS which were offered across most tenures helped sustain gains in underlying bonds whilst brushing aside concerns over media reports on the elevated government debt of ~RM1.2 trillion which is about 80% of GDP. Overall benchmark MGS/GII yields settled mostly lower between -4 to +2bps across (save for the odd-lot closing trade in the 30Y bond), amid an 80% spike in market volume @ RM3.97b. **The benchmark 5Y MGS 11/27 yield edged 1bps lower at 3.79% whilst the 10Y MGS 7/32 rose 2bps to 3.98% each.** Interest was mainly seen in off-the-run 23's (bulk of volume), 28's and also benchmark 3Y, 5Y and 7Y MGS/GII. Meanwhile, expect attention to shift to the release of trade data at noon today.

| UST | | |
|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) |
| 2-yr UST | 4.20 | -3 |
| 5-yr UST | 3.61 | 0 |
| 10-yr UST | 3.53 | 2 |
| 30-yr UST | 3.64 | 2 |

| MGS | | GII* | | |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr | 3.53 | -2 | 3.59 | -1 |
| 5-yr | 3.79 | -1 | 3.80 | -4 |
| 7-yr | 3.96 | -2 | 4.03 | 1 |
| 10-yr | 3.98 | 2 | 4.07 | 0 |
| 15-yr | 4.14 | 0 | 4.18 | 0 |
| 20-yr | 4.29 | -1 | 4.39 | 0 |
| 30-yr | 4.50 | 4 | 4.58 | 0 |

* Market indicative levels

| MYR IRS Levels | | |
|----------------|-------------|-----------|
| IRS | Closing (%) | Chg (bps) |
| 1-yr | 3.72 | -1 |
| 3-yr | 3.63 | -2 |
| 5-yr | 3.69 | -1 |
| 7-yr | 3.83 | -2 |
| 10-yr | 3.95 | -2 |

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Corp Bonds/Sukuk

- On Tuesday, Corporate Bonds/Sukuk saw no let-up in strong activity mainly across the GG-AA part of the curve. Overall secondary market volume rose 9% higher @ RM1.02b; with yields closing mostly mixed. However volume was boosted by RM210m worth of maiden trades in CAGAMAS, PLUS and PacLease bonds. Govt-guaranteed DANA declined 11bps compared to previous-done levels to 3.80%. AAA-rated PLUS 24 and 32 moved 5-8bps lower compared to their respective last trades a week ago, closing at 3.77% and 4.56% each. In the AA-space, UMW 10/26 rose 3bps instead to 4.17% whilst edotco 9/29 rallied with yields ending 31bps lower at 4.38%. Meanwhile, the banking/finance space was active with PUBLIC 29NC24 easing between 1-9bps to between 4.08-16% area. RHB Islamic 29NC24 ended 4bps lower at 4.08% whereas MAYBANK 2117NC26 perps similarly saw yields end lower at 4.47%.

Daily Trades : Government Bond

| Securities | | Closing | Vol | Previous | Previous | Chg |
|------------|-------|---------|-------------|----------|----------------------------|------|
| | | YTM | (RM mil) | YTM | Trade Date (dd/mm/yyyy) | (bp) |
| MGS | 03/23 | 3.033 | 1025 | 3.022 | 16/01/2023 | 1 |
| MGS | 08/23 | 3.033 | 66 | 3.271 | 16/01/2023 | -24 |
| MGS | 06/24 | 3.403 | 55 | 3.432 | 16/01/2023 | -3 |
| MGS | 07/24 | 3.410 | 28 | 3.497 | 16/01/2023 | -9 |
| MGS | 03/25 | 3.529 | 150 | 3.544 | 16/01/2023 | -2 |
| MGS | 07/25 | 3.579 | 50 | 3.569 | 13/01/2023 | 1 |
| MGS | 09/25 | 3.587 | 114 | 3.575 | 16/01/2023 | 1 |
| MGS | 04/26 | 3.637 | 32 | 3.622 | 16/01/2023 | 2 |
| MGS | 07/26 | 3.635 | 1 | 3.666 | 16/01/2023 | -3 |
| MGS | 11/26 | 3.656 | 3 | 3.704 | 16/01/2023 | -5 |
| MGS | 11/27 | 3.786 | 240 | 3.795 | 16/01/2023 | -1 |
| MGS | 06/28 | 3.888 | 154 | 3.886 | 16/01/2023 | 0 |
| MGS | 04/29 | 3.959 | 219 | 3.984 | 16/01/2023 | -2 |
| MGS | 08/29 | 3.989 | 25 | 3.972 | 16/01/2023 | 2 |
| MGS | 04/30 | 3.952 | 66 | 3.882 | 16/01/2023 | 7 |
| MGS | 04/31 | 4.043 | 46 | 4.034 | 16/01/2023 | 1 |
| MGS | 07/32 | 3.984 | 14 | 3.964 | 16/01/2023 | 2 |
| MGS | 05/35 | 4.201 | 70 | 4.197 | 16/01/2023 | 0 |
| MGS | 04/37 | 4.210 | 27 | 4.210 | 16/01/2023 | 0 |
| MGS | 06/38 | 4.144 | 140 | 4.149 | 16/01/2023 | 0 |
| MGS | 10/42 | 4.287 | 10 | 4.298 | 16/01/2023 | -1 |
| MGS | 06/50 | 4.496 | 45 | 4.459 | 16/01/2023 | 4 |
| GII | 05/23 | 3.133 | 30 | 3.075 | 12/01/2023 | 6 |
| GII | 11/23 | 3.082 | 20 | 3.178 | 11/01/2023 | -10 |
| GII | 05/24 | 3.463 | 40 | 3.484 | 12/01/2023 | -2 |
| GII | 10/25 | 3.594 | 160 | 3.606 | 16/01/2023 | -1 |
| GII | 03/26 | 3.608 | 50 | 3.655 | 16/01/2023 | -5 |
| GII | 09/27 | 3.800 | 160 | 3.838 | 16/01/2023 | -4 |
| GII | 10/28 | 3.919 | 340 | 3.910 | 13/01/2023 | 1 |
| GII | 07/29 | 4.033 | 244 | 4.024 | 16/01/2023 | 1 |
| GII | 09/30 | 4.001 | 44 | 4.032 | 04/01/2023 | -3 |
| GII | 10/30 | 4.049 | 10 | 4.059 | 16/01/2023 | -1 |
| GII | 10/32 | 4.074 | 115 | 4.079 | 16/01/2023 | 0 |
| GII | 06/33 | 4.099 | 20 | 4.087 | 13/01/2023 | 1 |
| GII | 08/33 | 4.090 | 70 | 4.069 | 13/01/2023 | 2 |
| GII | 09/41 | 4.393 | 90 | 4.394 | 16/01/2023 | 0 |
| | | | <u>3973</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* | |
|--|--------|----------------|-----------------|-----------------|--|-------------|---------------------------|-----|
| Lembaga Pembiayaan Perumahan Sektor Awam | 10/25 | GG | 3.831 | 5 | 3.843 | 16/01/2023 | -1 | 28 |
| DanaInfra Nasional Berhad | 11/25 | GG | 3.802 | 200 | 3.916 | 20/12/2022 | -11 | 26 |
| Lembaga Pembiayaan Perumahan Sektor Awam | 04/33 | GG | 4.219 | 80 | 4.219 | 16/01/2023 | 0 | 24 |
| Projek Lebuhraya Usahasama Berhad | 01/24 | AAA | 3.773 | 20 | 3.850 | 10/01/2023 | -8 | 51 |
| Telekom Malaysia Berhad | 03/24 | AAA | 3.846 | 10 | 3.516 | 10/06/2022 | 33 | 58 |
| Putrajaya Holdings Sdn Berhad | 04/24 | AAA | 3.865 | 20 | 3.974 | 16/12/2022 | -11 | 60 |
| Putrajaya Holdings Sdn Berhad | 05/25 | AAA | 4.049 | 13 | 3.230 | 04/03/2022 | 82 | 57 |
| Sarawak Energy Berhad | 06/26 | AAA | 4.006 | 20 | 4.067 | 10/01/2023 | -6 | 46 |
| Cagamas Berhad | 12/27 | AAA | 4.137 | 150 | - | - | - | 35 |
| Projek Lebuhraya Usahasama Berhad | 01/28 | AAA | 4.211 | 10 | - | - | - | 42 |
| Sarawak Petchem Sdn Berhad | 07/29 | AAA | 4.328 | 10 | 4.359 | 11/01/2023 | -3 | 37 |
| Projek Lebuhraya Usahasama Berhad | 01/30 | AAA | 4.430 | 10 | 4.485 | 10/01/2023 | -6 | 47 |
| Projek Lebuhraya Usahasama Berhad | 01/30 | AAA | 4.358 | 10 | - | - | - | 40 |
| Projek Lebuhraya Usahasama Berhad | 01/32 | AAA | 4.560 | 130 | 4.607 | 10/01/2023 | -5 | 58 |
| Tenaga Nasional Berhad | 08/32 | AAA | 4.834 | 1 | 4.834 | 05/01/2023 | 0 | 85 |
| GENM Capital Berhad | 07/28 | AA1 | 5.439 | 1 | 5.406 | 16/01/2023 | 3 | 165 |
| Public Bank Berhad | 07/29 | AA1 | 4.077 | 30 | 4.088 | 10/01/2023 | -1 | 12 |
| Public Bank Berhad | 12/29 | AA1 | 4.158 | 46 | 4.248 | 08/12/2022 | -9 | 20 |
| Fortune Premiere Sdn Berhad | 09/25 | AA | 4.518 | 40 | 4.852 | 19/10/2022 | -33 | 97 |
| RHB Islamic Bank Berhad | 05/29 | AA2 | 4.076 | 60 | 4.115 | 06/01/2023 | -4 | 19 |
| BGSM Management Sdn Berhad | 09/23 | AA3 | 3.798 | 10 | 3.485 | 15/07/2022 | 31 | 53 |
| Pac Lease Berhad | 02/24 | AA3 | 4.386 | 40 | - | - | - | 112 |
| BGSM Management Sdn Berhad | 08/25 | AA3 | 4.216 | 10 | 4.356 | 05/12/2022 | -14 | 67 |
| Affin Islamic Bank Berhad | 12/27 | AA3 | 4.474 | 15 | 4.742 | 09/01/2023 | -27 | 69 |
| Malayan Banking Berhad | 02/17 | AA3 | 4.470 | 20 | 4.540 | 09/01/2023 | -7 | 18 |
| AmBank (M) Berhad | 10/32 | A1 | 4.792 | 1 | 4.557 | 16/01/2023 | 23 | 81 |
| YNH Property Berhad | 08/19 | - | 7.137 | 2 | 6.599 | 16/01/2023 | 54 | 285 |
| UTM Solar Power Sdn Berhad | 04/31 | A+ | 6.382 | 5 | 4.549 | 09/12/2020 | 183 | 241 |
| UTM Solar Power Sdn Berhad | 04/32 | A+ | 6.459 | 4 | 4.609 | 25/01/2021 | 185 | 248 |
| Sunway Treasury Sukuk Sdn Berhad | 07/23 | AA- | 4.315 | 10 | 3.232 | 08/03/2021 | 108 | 105 |
| Pelabuhan Tanjung Pelepas Sdn Berhad | 08/27 | AA- | 4.580 | 10 | 4.689 | 04/01/2023 | -11 | 79 |
| UMW Holdings Berhad | 10/26 | AA+ | 4.167 | 10 | 4.137 | 09/09/2022 | 3 | 48 |
| edotco Malaysia Sdn Berhad | 09/29 | AA+ | 4.378 | 20 | 4.692 | 07/10/2022 | -31 | 42 |
| | | | | <u>1022</u> | | | | |

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

| ting Action | | | |
|------------------|--|------------------|----------|
| Issuer | PDS Description | Rating/Outlook | Action |
| Pac Lease Berhad | Medium-Term Notes and Commercial Papers programme with a combined aggregate limit of RM1.5 billion | AA/MARC-1/Stable | Assigned |

Source: RAM, MARC

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