

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries continued to trend weaker on Tuesday amid elevated oil prices that may keep inflation elevated and the belief that a hawkish Fed may keep rates “higher-for-longer” in the upcoming FOMC meeting. The curve moved up as overall benchmark yields jumped higher between 4-6bps across with yields seen at the highest levels in 16 years. **The UST 2Y yield moved 4bps up to 5.09% whilst the much-watched UST 10Y jumped 6bps higher to 4.36%.** Treasury’s \$13b 20Y coupon offering via auction saw solid bidding metrics on a BTC ratio of 2.74X (previous six auction average: 2.64x), drawing a record yield at 4.592% (previous auction: 4.499%). Meanwhile, expect some attention to shift to the important FOMC announcement tonight.

MGS/GII

- Local govovies generally witnessed the belly and the longer-ends pressured on Tuesday shrugging-off the bigger-than-expected decline in August trade numbers. Overall benchmark MGS/GII yields ended mostly mixed-to-higher between -1 to +4bps across amid a further drop in secondary market volume by 31% to a mere RM1.21b. **The 5Y benchmark MGS 4/28 was untraded at 3.67% whilst the 10Y benchmark MGS 11/33 rose 3bps instead to 3.90%.** Some interest was seen mainly in the off-the-run 32’s. GII transactions rose sharply to form 40% of overall trades. Expect attention to shift to the interest rate decision by the Fed followed by the 30Y MGS auction on Thursday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	5.09	4
5-yr UST	4.51	6
10-yr UST	4.36	6
30-yr UST	4.43	4

MGS			GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)	
3-yr	3.52	0	3.55	0	
5-yr	3.67	0	3.71	2	
7-yr	3.80	-1	3.84	3	
10-yr	3.90	3	3.93	0	
15-yr	4.11	1	4.05	-1	
20-yr	4.20	-1	4.27	1	
30-yr	4.33	4	4.41	4	

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.69	0
3-yr	3.75	0
5-yr	3.84	0
7-yr	3.97	1
10-yr	4.09	1

Source : Bloomberg

Upcoming Government Bond Tender

Re-opening of RM3.5b + RM1.5b (private placement) of 30Y MGS 3/53 on Thursday, 21st of September 2023

Corp Bonds/Sukuk

- On Tuesday, the Corporate Bonds/Sukuk space saw secondary market appetite ramp-up again with interest seen across the GG to single-A part of the curve. Overall yields closed mostly mixed on a higher print of 46 names; amid secondary market volume above the RM1.0b handle. Govt-guaranteed KHAZANAH 9/32 bonds saw the largest volume of RM200m exchange hands as yields plunged 70bps compared to previous-done levels (last seen in 2016) to 4.03%. AAA-rated PLUS 36-37’s closed 0-12bps lower between 4.29-32% whilst SPETCHEM 28, 30 and 32 declined 5-7bps to 4.05%, 4.10% and 4.20% respectively. The AA-space saw DUKE 29, 36, 37 and 39 bonds dominate on RM105m worth of nominal trades. Energy-related KEV 7/25 bonds spiked 60bps instead to 3.94% whereas EDRA 24 fell 17bps to 3.80%. Meanwhile, in the banking/finance space, several odd-lot trades were seen in SABAH Development Bank, Hong Leong Bank, AFFIN Islamic and AFFIN Bank bonds.

Daily Trades: Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	07/24	3.261	37	3.262	18/09/2023	0
MGS	07/26	3.517	66	3.517	18/09/2023	0
MGS	11/26	3.522	4	3.527	13/09/2023	-1
MGS	11/27	3.623	2	3.622	18/09/2023	0
MGS	06/28	3.720	4	3.721	18/09/2023	0
MGS	08/29	3.799	3	3.770	18/09/2023	3
MGS	04/30	3.798	20	3.810	18/09/2023	-1
MGS	04/31	3.909	21	3.942	18/09/2023	-3
MGS	06/31	3.898	12	3.901	18/09/2023	0
MGS	07/32	3.917	349	3.909	18/09/2023	1
MGS	11/33	3.904	92	3.872	18/09/2023	3
MGS	07/34	4.006	41	3.977	18/09/2023	3
MGS	05/35	4.030	7	4.037	18/09/2023	-1
MGS	04/37	4.084	1	4.075	14/09/2023	1
MGS	06/38	4.108	6	4.099	18/09/2023	1
MGS	05/40	4.186	8	4.195	18/09/2023	-1
MGS	10/42	4.201	1	4.208	18/09/2023	-1
MGS	09/43	4.275	7	4.276	18/09/2023	0
MGS	03/46	4.330	50	4.320	18/09/2023	1
MGS	06/50	4.220	1	4.368	18/09/2023	-15
GII	11/23	3.030	18	3.028	15/09/2023	0
GII	08/25	3.420	4	3.469	18/09/2023	-5
GII	10/25	3.405	7	3.399	15/09/2023	1
GII	03/26	3.536	5	3.517	18/09/2023	2
GII	09/26	3.553	94	3.553	18/09/2023	0
GII	07/28	3.712	80	3.689	15/09/2023	2
GII	10/28	3.718	15	3.698	18/09/2023	2
GII	12/28	3.728	1	3.706	13/09/2023	2
GII	09/30	3.844	30	3.812	14/09/2023	3
GII	10/30	3.851	50	3.875	18/09/2023	-2
GII	10/32	3.931	40	3.935	18/09/2023	0
GII	10/35	3.996	30	3.993	15/09/2023	0
GII	03/38	4.045	36	4.056	18/09/2023	-1
GII	09/41	4.233	40	4.241	15/09/2023	-1
GII	08/43	4.272	20	4.260	15/09/2023	1
GII	05/52	4.411	13	4.372	12/09/2023	4
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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*
DanaInfra Nasional Berhad	04/26	GG	3.576	15	3.536	28/08/2023	4	7
Prasarana Malaysia Berhad	07/29	GG	3.845	15	3.789	04/09/2023	6	11
Khazanah Nasional Berhad	09/32	GG	4.027	200	4.729	12/05/2016	-70	17
DanaInfra Nasional Berhad	04/37	GG	4.148	10	4.148	18/09/2023	0	5
Prasarana Malaysia Berhad	09/37	GG	4.160	10	4.133	15/09/2023	3	6
DanaInfra Nasional Berhad	04/38	GG	4.187	90	4.134	25/07/2023	5	9
Lembaga Pembiayaan Perumahan Sektor Awam	04/39	GG	4.217	155	4.187	14/09/2023	3	12
Prasarana Malaysia Berhad	08/39	GG	4.221	10	4.209	04/08/2023	1	12
Prasarana Malaysia Berhad	02/50	GG	4.390	10	4.826	30/03/2022	-44	19
Projek Lebuhraya Usahasama Berhad	01/25	AAA	3.810	42	4.056	05/04/2023	-25	54
Sarawak Energy Berhad	01/27	AAA	3.805	10	3.811	12/09/2023	-1	30
Malaysia Airport Holdings Berhad	11/27	AAA	3.950	10	3.949	05/09/2023	0	37
Sarawak Petchem Sdn Berhad	07/28	AAA	3.999	20	4.051	11/08/2023	-5	34
Amanat Lebuhraya Rakyat Berhad	10/29	AAA	4.088	21	4.075	13/09/2023	1	35
Sarawak Petchem Sdn Berhad	07/30	AAA	4.098	10	4.167	26/07/2023	-7	30
Sarawak Petchem Sdn Berhad	07/32	AAA	4.199	10	4.271	13/07/2023	-7	34
Amanat Lebuhraya Rakyat Berhad	10/32	AAA	4.248	33	4.238	25/08/2023	1	39
Pengerang LNG (Two) Sdn Berhad	10/33	AAA	4.168	10	4.267	24/05/2023	-10	27
Projek Lebuhraya Usahasama Berhad	01/36	AAA	4.290	20	4.289	18/09/2023	0	39
Projek Lebuhraya Usahasama Berhad	01/37	AAA	4.320	20	4.441	11/07/2023	-12	22
Sarawak Petchem Sdn Berhad	07/37	AAA	4.389	50	4.420	04/08/2023	-3	29
Johor Corporation	07/38	AAA	4.369	30	4.358	29/08/2023	1	27
Pengurusan Air Selangor Sdn Berhad	09/42	AAA	4.702	60	4.689	18/09/2023	1	50
Sabah Development Bank Berhad	07/24	AA1	5.192	3	5.185	15/09/2023	1	192
Sabah Development Bank Berhad	05/25	AA1	5.244	1	4.170	06/09/2023	107	186
Sabah Development Bank Berhad	07/26	AA1	5.227	1	5.226	18/09/2023	0	172
YTL Power International Berhad	08/38	AA1	4.469	10	4.469	15/09/2023	0	37
Kapar Energy Ventures Sdn Berhad	07/25	AA+	3.936	10	3.339	17/06/2021	60	55
Press Metal Aluminium Holdings Berhad	10/24	AA2	3.934	15	3.948	05/09/2023	-1	66
Press Metal Aluminium Holdings Berhad	10/29	AA2	4.277	30	4.279	06/09/2023	0	54
Edra Energy Sdn Berhad	01/24	AA3	3.802	10	3.971	27/06/2023	-17	53
IJM Corporation Berhad	04/25	AA3	3.943	5	4.091	06/04/2023	-15	56
Affin Islamic Bank Berhad	12/27	AA3	4.414	3	4.365	06/09/2023	5	83
Malaysian Reinsurance Berhad	10/32	AA3	4.804	1	4.803	08/09/2023	0	95
MY E.G. Services Berhad	08/26	AA-	5.129	1	4.841	18/09/2023	29	162
Eco World Capital Berhad	10/27	AA-	4.426	60	4.478	21/08/2023	-5	84
Point Zone (M) Sdn Berhad	03/29	AA-	4.081	10	4.151	10/08/2023	-7	42
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/29	AA-	4.962	15	5.668	26/05/2022	-71	122
Johor Port Berhad	10/32	AA-	4.389	40	4.415	17/08/2023	-3	53
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/36	AA-	5.446	30	5.528	11/03/2022	-8	135
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/37	AA-	5.505	30	5.489	18/09/2023	2	141
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/39	AA-	5.626	30	5.670	26/07/2023	-4	153
Yinson Holdings Berhad	12/26	A1	5.100	10	5.883	24/03/2023	-78	160
Hong Leong Bank Berhad	11/17	A1	4.160	3	4.564	11/09/2023	-40	-4
Tan Chong Motor Holdings Berhad	03/27	A+	5.798	4	5.574	06/10/2022	22	229
Affin Bank Berhad	06/18	A3	5.198	2	5.048	15/09/2023	15	100
				1180				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Malaysian Resources Corporation Berhad (MRCB)	Islamic Medium-Term Notes Programme of up to RM5.0 billion (Sukuk Murabahah)	AA IS/Stable	Affirmed

Source: RAM, MARC

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