

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended mixed-to-weaker on Thursday (with the front-end bucking the trend), as investors and traders continued to absorb the Fed's message of "higher-for-longer narrative on interest rates. The curve steepened instead as overall benchmark yields jumped higher between 4-13bps across (save for the front-end), with yields seen at the highest levels since 2007. **The UST 2Y yield moved 3bps lower at 5.15% whilst the much-watched UST 10Y spiked 9bps to 4.50%.** Fed-dated OIS which saw heavy futures flows in the front-end, is now currently pricing a 27% probability of a 25bps rate hike in the next FOMC meeting in November with peak terminal rate expectations of ~5.46% in December. Meanwhile, expect some attention to shift to the release of September's preliminary data for manufacturing and services PMI tonight.

MGS/GII

- Local govies continued to trend weaker on Thursday from the lag-effect of weaker USTs post-FOMC meeting. The longer-ends were seen more pressured as overall benchmark MGS/GII yields ended higher again between 0-9bps across; amid a 41% drop in secondary market volume to RM1.85b. **The 5Y benchmark MGS 4/28 yield edged 2bps up at 3.71% whilst the 10Y benchmark MGS 11/33 rose 4bps to 3.98%.** Interest was mainly seen in the off-the-run 28's and benchmarks 3Y GII, 10Y MGS. GII transactions sustained to form 27% of overall trades. The 30Y MGS 3/53 auction saw muted demand on a BTC ratio of 1.897x and awarded at 4.454%~ with participation mainly from asset management companies, GLIC's and pension funds. Expect attention to shift to the August inflation data release at noon today.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	5.15	-3
5-yr UST	4.62	4
10-yr UST	4.50	9
30-yr UST	4.58	13

MGS			GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)	
3-yr	3.58	<div><div></div></div> 3	3.60	<div><div></div></div> 3	
5-yr	3.71	<div><div></div></div> 2	3.74	<div><div></div></div> 0	
7-yr	3.85	<div><div></div></div> 2	3.90	<div><div></div></div> 3	
10-yr	3.98	<div><div></div></div> 4	3.99	<div><div></div></div> 4	
15-yr	4.13	<div><div></div></div> 1	4.07	<div><div></div></div> 0	
20-yr	4.30	<div><div></div></div> 7	4.33	<div><div></div></div> 4	
30-yr	4.38	<div><div></div></div> 5	4.50	<div><div></div></div> 9	

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.69	0
3-yr	3.77	1
5-yr	3.89	1
7-yr	4.02	1
10-yr	4.13	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Corp Bonds/Sukuk

- On Thursday, the Corporate Bonds/Sukuk space again saw muted secondary market appetite with interest mainly seen across the AAA-AA part of the curve. Overall yields closed mostly mixed-to-lower on a higher print of 29 names; amid the sustained secondary market volume of RM286m. There were nil govt-guaranteed bond trades. AAA-rated PLUS 28 and 30 closed 18-22bps lower compared to previous-done levels whilst another 2028 tranche closed unchanged instead at 4.00%. The AA-space saw SPSETIA 6/26 edge 2bps lower at 4.06% whereas GAMUDA Land 10/27 plunged 93bps (since its last trade in November 2022) to 4.11%. Meanwhile, the banking/finance space saw MAYBANK 30NC25 move 3bps higher to 4.01%.

Daily Trades: Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	06/24	3.246	7	3.305	20/09/2023	-6
MGS	09/24	3.300	76	3.287	18/09/2023	1
MGS	03/25	3.364	53	3.389	20/09/2023	-2
MGS	09/25	3.481	2	3.436	20/09/2023	4
MGS	07/26	3.581	3	3.547	20/09/2023	3
MGS	11/26	3.564	1	3.548	20/09/2023	2
MGS	05/27	3.633	6	3.603	15/09/2023	3
MGS	11/27	3.675	2	3.649	20/09/2023	3
MGS	04/28	3.711	85	3.686	20/09/2023	2
MGS	06/28	3.767	310	3.730	20/09/2023	4
MGS	04/29	3.852	75	3.824	20/09/2023	3
MGS	08/29	3.910	7	3.856	20/09/2023	5
MGS	04/30	3.846	1	3.829	20/09/2023	2
MGS	04/31	3.967	23	3.933	20/09/2023	3
MGS	06/31	3.960	40	3.908	20/09/2023	5
MGS	07/32	3.989	44	3.968	20/09/2023	2
MGS	04/33	4.009	35	3.943	20/09/2023	7
MGS	11/33	3.976	327	3.935	20/09/2023	4
MGS	07/34	4.070	4	4.010	20/09/2023	6
MGS	06/38	4.130	110	4.124	20/09/2023	1
MGS	05/40	4.185	1	4.250	20/09/2023	-7
MGS	10/42	4.301	52	4.234	20/09/2023	7
MGS	03/46	4.367	8	4.374	20/09/2023	-1
MGS	06/50	4.423	2	4.270	20/09/2023	15
MGS	03/53	4.384	71	4.332	19/09/2023	5
GII	08/24	3.351	5	3.303	07/09/2023	5
GII	03/26	3.525	2	3.536	19/09/2023	-1
GII	09/26	3.597	177	3.570	20/09/2023	3
GII	09/30	3.901	70	3.868	20/09/2023	3
GII	10/30	3.948	10	3.956	20/09/2023	-1
GII	10/32	3.987	60	3.948	20/09/2023	4
GII	09/39	4.211	1	4.136	06/09/2023	8
GII	08/43	4.328	87	4.291	20/09/2023	4
GII	05/52	4.501	90	4.411	19/09/2023	9
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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*
Johor Corporation	06/27	AAA	4.423	10	4.408	11/09/2023	79
Projek Lebuhraya Usahasama Berhad	01/28	AAA	3.996	40	3.999	01/09/2023	36
Projek Lebuhraya Usahasama Berhad	01/28	AAA	4.018	30	4.197	16/02/2023	38
DiGi Telecommunications Sdn Berhad	09/29	AAA	4.038	10	3.998	29/08/2023	25
Projek Lebuhraya Usahasama Berhad	01/30	AAA	4.140	20	4.358	17/01/2023	36
TNB Power Generation Sdn Berhad	03/33	AAA	4.138	20	4.129	05/09/2023	16
Tenaga Nasional Berhad	08/40	AAA	4.393	1	4.399	30/08/2023	24
Sabah Development Bank Berhad	07/24	AA1	5.195	1	5.192	19/09/2023	191
Sabah Development Bank Berhad	02/25	AA1	4.588	2	4.598	11/09/2023	130
Sabah Development Bank Berhad	03/25	AA1	5.143	1	4.037	15/09/2023	186
Sabah Development Bank Berhad	07/26	AA1	4.522	1	5.227	19/09/2023	95
GENM Capital Berhad	07/28	AA1	4.939	1	4.712	13/09/2023	122
Malayan Banking Berhad	10/30	AA1	4.014	40	3.985	23/08/2023	17
Fortune Premiere Sdn Berhad	09/25	AA	4.103	10	4.098	18/08/2023	67
SP Setia Berhad	06/26	AA	4.057	20	4.076	13/09/2023	49
OSK Rated Bond Sdn Berhad	04/28	AA	4.353	10	4.377	13/09/2023	63
Gamuda Land (T12) Sdn Berhad	10/27	AA3	4.107	20	5.037	08/11/2022	47
MY E.G. Services Berhad	08/26	AA-	5.136	1	5.136	20/09/2023	157
MMC Port Holdings Sdn Berhad	04/27	AA-	4.224	10	4.217	15/09/2023	59
Eco World Capital Berhad	10/27	AA-	4.415	10	4.426	19/09/2023	78
MMC Port Holdings Sdn Berhad	04/29	AA-	4.289	10	4.309	24/08/2023	50
Malakoff Power Berhad	12/30	AA-	5.058	15	5.139	24/07/2023	121
DRB-Hicom Berhad	08/25	A+	5.312	1	4.520	01/08/2023	188
MCIS Insurance Berhad	12/31	A2	4.455	1	5.116	18/09/2023	57
Affin Bank Berhad	06/18	A3	4.716	1	5.198	19/09/2023	45
DRB-Hicom Berhad	12/14	A-	5.957	1	5.956	19/09/2023	169
YNH Property Berhad	08/19	-	5.291	1	5.517	19/09/2023	102
Cypark Renewable Energy Sdn Berhad	09/20	-	6.630	1	6.761	30/08/2023	236
Cypark Renewable Energy Sdn Berhad	09/20	-	6.630	1	7.553	06/03/2023	236
			<u>286</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
UiTM Solar Power Dua Sdn Bhd	Outstanding RM92.0 million Green Sustainable and Responsible Investment (SRI) sukuk	AA IS/Stable	Rating upgraded

Source: RAM, MARC

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