

Global Markets Research














Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries saw the front-ends pressured last Friday following April core PCE inflation data that boosted the chances for the Fed to hike rates again in June. Fed official Mester's comments that progress on fighting inflation was slow "added fuel to the fire." The curve flattened as overall benchmark yields closed mixed between -3 to +3bps across. **The UST 2Y yield rose the most by 3bps to 4.56%; the highest level not seen since mid-March whilst the much-watched UST 10Y edged 2bps lower instead to 3.80%.** Elsewhere, the US government is expected to run out of money to meet its payment obligations come 5th of June if Congress fails to raise the debt ceiling. Nevertheless, negotiators are in the midst to agreeing a tentative deal over the weekend to avert a default, confident that tough terms are within days of being met. Elsewhere, Fed-dated OIS pricing currently reflect between 58% probability of a 25bps rate hike in June.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	4.56	3
5-yr UST	3.93	1
10-yr UST	3.80	-2
30-yr UST	3.96	-3

MGS			GII*		
Tenure	Closing (%)	Chg (bps)		Closing (%)	Chg (bps)
3-yr	3.45	 1	3.38	 0	
5-yr	3.47	 -5	3.55	 -2	
7-yr	3.68	 -3	3.73	 -7	
10-yr	3.76	 -5	3.86	 -2	
15-yr	4.03	 -3	4.01	 2	
20-yr	4.13	 0	4.17	 -3	
30-yr	4.22	 -1	4.30	 0	

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.56	3
3-yr	3.54	2
5-yr	3.59	-2
7-yr	3.73	0
10-yr	3.85	0

Source : Bloomberg

Upcoming Government Bond Tender

Re-opening of RM 3.0b+ RM1.5b private placement of 15Y MGS 6/38 on Tuesday, 30th May, 2023

MGS/GII

- Local govies mostly recovered to post gains last Friday with the belly seeing strong buying support amid MYR rebound seen for the first time in a week against the greenback. Overall benchmark MGS/GII yields ended lower between 0-7bps across (save for the 3Y MGS and 15Y GII), on the back of a 61% spike in secondary market volume to RM4.54b. **Both the benchmarks 5Y MGS 4/28 and 10Y MGS 7/32 declined 5bps each to 3.47% and 3.76% respectively.** Interest was mainly seen in the off-the-run 27's, 29's, 37's and benchmarks 3Y MGS, 7Y, 10Y GII. GII transactions sustained to form 45% of overall trades. Meanwhile, expect attention to shift to the 15Y MGS auction tomorrow.

Corp Bonds/Sukuk

- Last Friday, the Corporate Bonds/Sukuk space saw investor activity taper-off with some interest seen across the AAA to single A part of the curve. Secondary market volume dropped more than half to RM248m, as overall yields ended mostly mixed-to-lower across a sharply lower number of trades totaling a mere 20. There were no govt-guaranteed bonds trades. AAA-rated PLUS 32-33's eased 5bps to between 4.29-33% area whereas SEB 8/35 fell 43bps to 4.42%. In the AA-space, plantation giant KLK 3/32 and 9/34 declined 11-21bps to end at 4.31% and 4.45% each. Meanwhile, the banking/finance space was relatively quiet with several odd-lot transactions seen in Affin Bank, Affin Islamic and Alliance Islamic bank bonds.

Daily Trades: Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	08/23	3.075	100	3.166	25/05/2023	-9
MGS	06/24	3.230	10	3.182	25/05/2023	5
MGS	07/24	3.256	6	3.229	25/05/2023	3
MGS	09/24	3.276	14	3.287	25/05/2023	-1
MGS	03/25	3.329	37	3.329	25/05/2023	0
MGS	09/25	3.350	92	3.355	25/05/2023	0
MGS	04/26	3.409	15	3.344	18/05/2023	6
MGS	07/26	3.446	441	3.432	25/05/2023	1
MGS	09/26	3.502	10	3.477	25/05/2023	2
MGS	11/26	3.487	136	3.457	25/05/2023	3
MGS	11/27	3.520	335	3.540	25/05/2023	-2
MGS	04/28	3.474	108	3.524	25/05/2023	-5
MGS	06/28	3.599	52	3.580	25/05/2023	2
MGS	04/29	3.688	8	3.674	25/05/2023	1
MGS	08/29	3.730	446	3.739	25/05/2023	-1
MGS	04/30	3.680	22	3.709	25/05/2023	-3
MGS	04/31	3.787	13	3.790	25/05/2023	0
MGS	06/31	3.806	7	3.804	25/05/2023	0
MGS	07/32	3.758	136	3.810	25/05/2023	-5
MGS	11/33	3.845	30	3.834	25/05/2023	1
MGS	07/34	3.927	3	3.929	25/05/2023	0
MGS	05/35	4.000	3	4.000	25/05/2023	0
MGS	04/37	4.026	221	4.015	25/05/2023	1
MGS	06/38	4.030	75	4.056	25/05/2023	-3
MGS	05/40	4.145	12	4.120	25/05/2023	2
MGS	10/42	4.130	28	4.130	25/05/2023	0
MGS	09/43	4.161	8	4.164	25/05/2023	0
MGS	07/48	4.197	55	4.180	25/05/2023	2
MGS	06/50	4.158	50	4.234	25/05/2023	-8
MGS	03/53	4.218	48	4.231	25/05/2023	-1
GII	11/23	3.160	31	3.102	24/05/2023	6
GII	05/24	3.187	26	3.198	25/05/2023	-1
GII	08/24	3.262	30	3.269	25/05/2023	-1
GII	10/24	3.331	50	3.267	25/05/2023	6
GII	03/26	3.397	6	3.410	25/05/2023	-1
GII	09/26	3.397	2	3.376	18/05/2023	2
GII	09/27	3.501	260	3.597	25/05/2023	-10
GII	07/28	3.553	346	3.577	25/05/2023	-2
GII	10/28	3.641	100	3.640	24/05/2023	0
GII	07/29	3.797	10	3.775	25/05/2023	2
GII	09/30	3.726	410	3.795	25/05/2023	-7
GII	10/30	3.817	40	3.828	24/05/2023	-1
GII	10/32	3.864	610	3.884	25/05/2023	-2
GII	08/33	3.900	2	3.959	25/05/2023	-6
GII	03/38	4.009	20	3.987	25/05/2023	2
GII	08/43	4.173	67	4.206	25/05/2023	-3
GII	11/49	4.164	7	4.132	25/05/2023	3
GII	05/52	4.301	1	4.298	25/05/2023	0
			4538			

Daily Trades: Corp Bonds/ Sukuk

Securities		Rating	Closing	Vol	Previous	Previous	Chg	Spread
			YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)		
Pengurusan Air SPV Berhad	06/24	AAA	3.736	5	3.952	17/11/2022	-22	55
Malaysia Airport Holdings Berhad	11/27	AAA	4.028	5	3.952	25/05/2023	8	55
Pengurusan Air Selangor Sdn Berhad	12/27	AAA	4.058	10	4.062	16/05/2023	0	53
Cagamas Berhad	12/27	AAA	3.952	30	3.922	25/04/2023	3	42
Projek Lebuhraya Usahasama Berhad	01/32	AAA	4.289	40	4.342	22/05/2023	-5	51
Projek Lebuhraya Usahasama Berhad	01/33	AAA	4.327	25	4.379	12/05/2023	-5	52
Pengurusan Air Selangor Sdn Berhad	04/33	AAA	4.200	41	4.259	17/05/2023	-6	39
Sarawak Energy Berhad	08/35	AAA	4.419	10	4.849	02/12/2022	-43	61
Sabah Development Bank Berhad	04/24	AA1	5.133	2	5.630	15/05/2023	-50	195
Kuala Lumpur Kepong Berhad	03/32	AA1	4.308	10	4.520	10/01/2023	-21	53
Kuala Lumpur Kepong Berhad	09/34	AA1	4.449	10	4.560	03/03/2023	-11	64
Affin Islamic Bank Berhad	12/27	AA3	4.409	1	4.409	25/05/2023	0	88
Dialog Group Berhad	11/20	A1	4.799	50	4.803	25/05/2023	0	66
MCIS Insurance Berhad	12/31	A2	5.261	1	5.261	25/05/2023	0	148
Tropicana Corporation Berhad	06/24	A	6.967	1	6.955	25/05/2023	1	378
Affin Bank Berhad	07/18	A3	5.465	1	5.699	19/05/2023	-23	132
YNH Property Berhad	08/19	-	5.775	2	5.777	25/05/2023	0	163
UEM Sunrise Berhad	04/25	AA-	4.549	1	4.195	25/05/2023	35	126
Johor Port Berhad	10/27	AA-	4.228	2	4.284	17/05/2023	-6	75
Alliance Islamic Bank Berhad	03/19	BBB1	4.678	2	5.938	25/05/2023	-126	53
				248				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Sasaran Etika Sdn Bhd	RM220 mil Fixed-Rate Serial Bonds (2012/2027)	AA1/Stable	Affirmed
Solar Management (Seremban) Sdn Bhd	RM260 mil ASEAN Green SRI Sukuk (2020/2038)	AA3/Stable	Affirmed

Source: RAM, MARC

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