

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries fell in trading on Wednesday, amidst a poor auction of 20yr USTs, and minutes from the recent FOMC meeting which suggests that Fed members flagged concerns over reducing interest rates too quickly. Benchmark yields finished higher between 3 to 5 bps for the day, as the UST curve bear flattened. **The benchmark 2yr UST rose 5 bps to close at 4.67% for the day, while the benchmark 10yr UST was 4bps higher for the session at 4.32%.** Next up for the markets today is the release of the preliminary February PMI data, existing home sales for January and the weekly jobless claims report from the BLS.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	4.67	5
5-yr UST	4.31	5
10-yr UST	4.32	4
30-yr UST	4.48	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.44	4	3.45	2
5-yr	3.58	4	3.60	4
7-yr	3.73	0	3.77	0
10-yr	3.87	1	3.88	3
15-yr	4.01	0	4.02	3
20-yr	4.08	-1	4.16	3
30-yr	4.22	-11	4.30	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.58	3
3-yr	3.53	1
5-yr	3.67	2
7-yr	3.79	3
10-yr	3.92	2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GII

- Local govvnies traded lower on Wednesday, driven by concerns over the MYR as it traded above the psychological 4.80 level on the market open. A poor reopening auction of MGS 5/27 added to the offerish tone for the day, and the IRS market also finished the day higher across the curve. Secondary market volume surged by 68% to RM3.74bn versus the RM2.22bn that traded on Tuesday. Benchmark yields settled mixed between -1 to +4 bps, except for the 30Y MGS which declined 11 bps in yield, as it corrected from a late odd-lot trade the day before. **The benchmark 5Y MGS 4/28 saw its yield rise by 4bps to 3.58% while the benchmark 10Y MGS 11/33 was 1bp higher in yield to close the day at 3.87%.** Trading interest was seen in the reopened MGS 5/27, the benchmark 3Y MGS/GII and 10Y MGS/GII, as well as the off-the-run MGS 3/25, 9/25 and GII 7/29. Trading in GIIs as a proportion of total govvy trading decreased to 29% from the 37% share the day before. The next key release for the markets in the January CPI numbers on Friday.

Corp Bonds/Sukuk

- In contrast to the govvy markets, the Corporate Bonds/Sukuk markets were better bid in trading on Wednesday, with secondary market volume rising further by 67% to RM1.26bn versus the RM753m that exchanged hands on Tuesday. Trading was spread across the GG, AAA and AA segments of the market. LPPSA 7/28 led trading in the GG market, a secondary market debut for the bond, settling at 3.60%. Over in the AAA space, trading interest was led by CAGA 8/28 and 1/28, which closed the day at 3.84% (unchanged versus last print) and 3.80% (-3bps) respectively. In AA territory, GENTING 6/27 saw decent interest, and closed the day at 4.55%, 21bps lower in yield versus its last trade. Over in banks/financials, PBB 4/32 garnered decent interest and settled the day at 3.82%, 1bp lower than its last trade on Monday.

Daily Trades: Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	06/24	3.276	48	3.293	02/20/2024	-2
MGS	07/24	3.009	49	3.296	02/20/2024	-29
MGS	09/24	3.074	5	3.296	02/20/2024	-22
MGS	03/25	3.326	258	3.301	02/20/2024	2
MGS	09/25	3.336	219	3.357	02/20/2024	-2
MGS	07/26	3.435	304	3.400	02/20/2024	4
MGS	11/26	3.393	5	3.404	02/20/2024	-1
MGS	03/27	3.412	0	3.406	02/19/2024	1
MGS	05/27	3.485	628	3.448	02/20/2024	4
MGS	11/27	3.537	73	3.495	02/20/2024	4
MGS	04/28	3.583	126	3.547	02/20/2024	4
MGS	06/28	3.593	11	3.578	02/20/2024	2
MGS	04/29	3.642	0	3.629	02/20/2024	1
MGS	08/29	3.661	55	3.631	02/20/2024	3
MGS	04/30	3.730	45	3.726	02/20/2024	0
MGS	04/31	3.809	10	3.790	02/20/2024	2
MGS	06/31	3.838	60	3.799	02/20/2024	4
MGS	07/32	3.849	33	3.837	02/20/2024	1
MGS	04/33	3.883	21	3.889	02/20/2024	-1
MGS	11/33	3.867	510	3.859	02/20/2024	1
MGS	07/34	3.845	52	3.856	02/20/2024	-1
MGS	05/35	3.900	4	3.908	02/20/2024	-1
MGS	04/37	3.978	6	3.983	02/20/2024	0
MGS	06/38	4.006	101	4.010	02/20/2024	0
MGS	10/42	4.082	10	4.089	02/20/2024	-1
MGS	09/43	4.126	1	4.133	02/20/2024	-1
MGS	03/46	4.157	0	4.138	02/20/2024	2
MGS	07/48	4.079	1	4.175	02/20/2024	-10
MGS	06/50	4.199	22	4.065	02/20/2024	13
MGS	03/53	4.223	14	4.335	02/20/2024	-11
GII	10/25	3.351	30	3.333	02/20/2024	2
GII	03/26	3.401	1	3.427	02/20/2024	-3
GII	09/26	3.453	263	3.429	02/20/2024	2
GII	07/28	3.599	80	3.559	02/20/2024	4
GII	07/29	3.650	183	3.644	02/20/2024	1
GII	09/30	3.774	10	3.770	02/20/2024	0
GII	10/32	3.890	10	3.856	02/15/2024	3
GII	06/33	3.882	0	3.879	02/20/2024	0
GII	08/33	3.879	210	3.851	02/20/2024	3
GII	07/36	3.988	5	3.936	02/13/2024	5
GII	03/38	4.015	28	3.980	02/20/2024	3
GII	09/41	4.089	6	4.107	02/20/2024	-2
GII	08/43	4.155	61	4.129	02/20/2024	3
GII	05/47	4.215	1	4.202	02/15/2024	1
GII	11/49	4.267	40	4.255	02/20/2024	1
GII	05/52	4.302	140	4.296	02/20/2024	1
			3741			

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	07/28	GG	3.597	200	n/a	n/a	360	9
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	3.936	40	3.925	15/2/2024	1	8
Projek Lebuhraya Usahasama Berhad	12/38	GG	4.050	20	4.039	31/1/2024	1	5
DanaInfra Nasional Berhad	04/52	GG	4.269	100	4.690	9/10/2023	-42	18
Lembaga Pembiayaan Perumahan Sektor Awam	08/52	GG	4.289	100	4.470	14/9/2023	-18	20
Suria KLCC Sdn Berhad	12/24	AAA	3.560	20	3.595	6/2/2024	-4	26
Cagamas Berhad	08/26	AAA	3.716	5	3.707	15/1/2024	1	25
Malaysia Airport Holdings Berhad	12/26	AAA	3.656	20	3.663	20/2/2024	-1	19
Johor Corporation	06/27	AAA	4.145	1	4.156	16/2/2024	-1	68
Cagamas Berhad	12/27	AAA	3.796	25	3.739	31/1/2024	6	29
Cagamas Berhad	01/28	AAA	3.797	70	3.832	7/2/2024	-3	29
Cagamas Berhad	08/28	AAA	3.844	100	3.845	7/2/2024	0	28
Pengurusan Air SPV Berhad	01/30	AAA	3.920	10	3.973	6/2/2024	-5	24
Petroleum Sarawak Exploration & Production Sdr	02/30	AAA	4.081	5	4.041	14/12/2023	4	40
Tenaga Nasional Berhad	08/32	AAA	3.908	10	4.149	5/12/2023	-24	10
Petroleum Sarawak Exploration & Production Sdr	02/33	AAA	4.038	10	4.069	29/1/2024	-3	21
Sarawak Energy Berhad	06/35	AAA	4.079	10	4.109	20/2/2024	-3	22
Sarawak Energy Berhad	08/35	AAA	4.120	4	4.259	12/12/2023	-14	26
Projek Lebuhraya Usahasama Berhad	01/36	AAA	3.999	10	4.029	20/2/2024	-3	14
Tenaga Nasional Berhad	11/36	AAA	4.067	10	4.070	16/2/2024	0	6
Projek Lebuhraya Usahasama Berhad	01/37	AAA	4.058	10	4.149	18/12/2023	-9	5
Pengurusan Air Selangor Sdn Berhad	07/37	AAA	4.320	1	4.099	14/2/2024	22	32
Johor Corporation	07/38	AAA	4.120	40	4.154	29/1/2024	-3	12
TNB Power Generation Sdn Berhad	03/43	AAA	4.179	20	4.181	20/2/2024	0	9
Tenaga Nasional Berhad	06/47	AAA	4.239	10	4.290	7/2/2024	-5	15
Sabah Development Bank Berhad	07/24	AA1	5.158	2	5.281	12/12/2023	-12	186
Sabah Development Bank Berhad	02/25	AA1	4.165	10	4.384	9/1/2024	-22	86
GENM Capital Berhad	03/27	AA1	4.540	10	4.574	16/2/2024	-3	108
Genting Capital Berhad	06/27	AA1	4.550	80	4.756	9/1/2024	-21	109
GENM Capital Berhad	07/28	AA1	4.640	50	4.677	20/2/2024	-4	113
United Overseas Bank (Malaysia) Berhad	08/30	AA1	3.784	20	4.297	13/2/2024	-51	11
Kuala Lumpur Kepong Berhad	03/32	AA1	3.970	10	3.999	20/2/2024	-3	16
Public Bank Berhad	04/32	AA1	3.820	70	3.826	19/2/2024	-1	1
Kuala Lumpur Kepong Berhad	09/34	AA1	4.079	10	4.177	20/12/2023	-10	22
YTL Power International Berhad	08/38	AA1	4.075	10	4.101	16/2/2024	-3	7
Press Metal Aluminium Holdings Berhad	08/25	AA2	3.810	40	3.815	16/2/2024	0	51
OSK Rated Bond Sdn Berhad	09/30	AA	4.029	30	4.139	15/2/2024	-11	25
Edra Energy Sdn Berhad	01/25	AA3	3.798	10	3.847	17/1/2024	-5	50
Affin Islamic Bank Berhad	12/25	AA3	3.884	10	4.148	2/11/2023	-26	53
AmBank Islamic Berhad	03/33	AA3	4.047	10	4.136	29/12/2023	-9	22
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/34	AA-	5.020	20	5.089	20/2/2024	-7	116
UMW Holdings Berhad	04/18	AA-	4.902	1	4.414	8/2/2024	49	82
Bank Islam Malaysia Berhad	10/30	A1	4.095	10	4.097	7/2/2024	0	32
DRB-Hicom Berhad	08/28	A+	4.829	1	4.699	19/2/2024	13	132
MCIS Insurance Berhad	12/31	A2	4.876	3	4.898	20/2/2024	-2	107
Tropicana Corporation Berhad	10/25	A	8.464	1	8.662	16/2/2024	-20	511
Affin Islamic Bank Berhad	10/18	A3	4.554	1	4.436	19/2/2024	12	47
Tropicana Corporation Berhad	09/19	A-	10.567	1	10.571	6/2/2024	0	648
Tropicana Corporation Berhad	09/19	A-	12.093	1	12.343	6/2/2024	-25	801
Cypark Renewable Energy	09/20	NR(LT)	6.649	1	6.776	30/6/2023	-13	256
				1259				

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

Rating Action

Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hbb.hongleong.com.my**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.