

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	3.05	-2
5-yr UST	2.79	-3
10-yr UST	2.69	-2
30-yr UST	2.97	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.50	-3	3.51	1
5-yr	3.80	6	3.85	3
7-yr	3.93	0	3.96	2
10-yr	3.95	1	4.02	1
15-yr	4.17	-2	4.24	0
20-yr	4.39	2	4.41	0
30-yr	4.56	-2	4.65	4

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.14	1
3-yr	3.46	0
5-yr	3.61	3
7-yr	3.68	2
10-yr	3.78	3

Source : Bloomberg

Upcoming Government Bond Tender

Nil

- US Treasuries plied narrow ranges on Thursday before closing notably stronger on relative safety of bonds ahead of the upcoming closely-watched monthly jobs data for July. Also the gloomy outlook from the BOE added to woes over economic outlook. Prior day, the initial jobless claims crept up higher, an increase of 6k from previous week's revised level of 254k. The curve bull-steened slightly as overall benchmark yields ended between 2-3bps lower, save for the long bond. **Both the UST 2Y and much-watched 10Y yields edged 2bps lower at 3.05% and 2.69% respectively.** The 2s10s yield curve inversion, a reliable recession indicator is now seen extending beyond a month. Despite the Fed's event stressing commitment to addressing inflation, traders and investors are mulling that policymakers may hold back on their hawkish rhetoric. Expect spotlight on tonight's NFP data that could determine the magnitude of Fed's tightening measures intended to stem inflation.

MGS/GII

- Local govies continued to trade cautiously on Thursday with MGS ending mixed whereas GII drifted weaker with action mainly centred on the new issuance of 5Y MGS 11/27 benchmark. Higher IRS yields were seen leading bond yields higher. Overall benchmark MGS/GII yields rose between -3 to +6bps across amid the 42% jump in secondary market volume @ RM3.06b. **The new 5y benchmark MGS 11/27 settled at 3.80% compared to the previous benchmark levels at 3.74%, whilst the 10Y MGS 7/32 edged 1bps higher at 3.95%.** Interest was mainly seen in the off-the-run 22-23's, 29's, 7Y MGS, 15Y MGS/GII and 30Y MGS. GII transactions reversed lower to form 31% of overall trades. The 5Y auction which notched a BTC ratio of 2.044x and awarded at 3.799%, saw strong participation from a myriad of investors that included pension funds, inter-banks, insurance companies and also GLIC's. Expect some attention to shift to the release of foreign reserves data as at 29th July.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk too saw slight improvement in appetite on Thursday amid a cautious backdrop as well with overall yields closing mostly mixed-to-higher as trades were seen mainly across the GG-AA part of the curve. Secondary market volume increased slightly by 14% to RM242m; with total number of trades maintaining at 24. There were no govt-guaranteed trades. AAA-rated SEB declined 9bps to 4.30% whilst TNB saw its 6/42 and 6/47 tranches well-bid, resulting in yields falling to 4.88% and 5.08% each. In the AA-rated space, COUNTRY Garden 3/27 closed unchanged at 6.63% whilst energy-related bonds EDRA 30 moved 3bps lower to 4.75%. Meanwhile, the banking space saw several odd-lot denominated trades done in SABAH Development Bank, AFFIN Bank and HLA bonds.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	08/22	2.345	258	2.294	03/08/2022	5
MGS	09/22	2.311	50	2.356	02/08/2022	-4
MGS	03/23	2.669	120	2.753	03/08/2022	-8
MGS	04/23	2.851	147	2.751	02/08/2022	10
MGS	08/23	2.914	3	2.960	03/08/2022	-5
MGS	06/24	3.364	1	3.364	03/08/2022	0
MGS	09/24	3.457	8	3.571	03/08/2022	-11
MGS	03/25	3.496	8	3.523	03/08/2022	-3
MGS	09/25	3.593	32	3.594	03/08/2022	0
MGS	07/26	3.700	67	3.700	02/08/2022	0
MGS	11/26	3.797	90	3.735	03/08/2022	6
MGS	05/27	3.779	33	3.760	03/08/2022	2
MGS	11/27	3.798	290	3.770	03/08/2022	3
MGS	06/28	3.925	89	3.873	03/08/2022	5
MGS	04/29	3.929	5	3.931	03/08/2022	0
MGS	08/29	3.936	89	3.901	03/08/2022	4
MGS	07/32	3.950	120	3.945	03/08/2022	1
MGS	04/33	4.147	9	4.070	03/08/2022	8
MGS	07/34	4.106	10	4.122	03/08/2022	-2
MGS	04/37	4.169	320	4.184	03/08/2022	-2
MGS	06/38	4.352	20	4.366	01/08/2022	-1
MGS	05/40	4.480	21	4.300	03/08/2022	18
MGS	10/42	4.387	13	4.365	03/08/2022	2
MGS	07/48	4.549	25	4.592	03/08/2022	-4
MGS	06/50	4.563	299	4.579	03/08/2022	-2
GII	07/23	2.892	20	2.947	03/08/2022	-6
GII	11/23	3.149	160	3.108	03/08/2022	4
GII	05/24	3.436	27	3.400	03/08/2022	4
GII	10/25	3.511	6	3.506	01/08/2022	1
GII	07/27	3.867	61	3.800	03/08/2022	7
GII	09/27	3.847	150	3.820	03/08/2022	3
GII	07/29	3.963	184	3.942	03/08/2022	2
GII	10/30	4.043	7	3.984	03/08/2022	6
GII	10/32	4.023	10	4.017	03/08/2022	1
GII	07/36	4.239	230	4.242	03/08/2022	0
GII	08/37	4.388	80	4.411	02/08/2022	-2
GII	05/52	4.652	1	4.611	03/08/2022	4
			3063			

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*
Pengurusan Air SPV Berhad	02/26	AAA	4.080	20	4.067	29/04/2022	1	39
Sarawak Energy Berhad	07/29	AAA	4.298	10	4.391	20/04/2022	-9	37
Pengurusan Air Selangor Sdn Berhad	07/29	AAA	4.377	15	4.394	02/08/2022	-2	45
Pengurusan Air Selangor Sdn Berhad	07/37	AAA	4.830	6	5.135	03/08/2022	-31	64
Tenaga Nasional Berhad	06/42	AAA	4.879	10	4.929	01/08/2022	-5	51
Pengurusan Air Selangor Sdn Berhad	07/42	AAA	5.020	5	5.210	27/07/2022	-19	65
Tenaga Nasional Berhad	06/47	AAA	5.080	105	5.515	01/07/2022	-44	72
Sabah Development Bank Berhad	06/23	AA1	3.977	1	3.979	01/08/2022	0	97
UMW Holdings Berhad	11/26	AA+	4.151	5	4.259	21/07/2022	-11	47
Zamarad Assets Berhad	01/30	AA2	5.549	1	5.550	03/08/2022	0	162
Country Garden Real Estate Sdn Berhad	03/27	AA3	6.629	10	6.631	03/08/2022	0	284
Quantum Solar Park (Semenanjung) Sdn Berhad	04/28	AA-	4.781	5	4.783	03/08/2022	0	92
Edra Energy Sdn Berhad	01/30	AA3	4.748	10	4.781	02/08/2022	-3	82
Hong Leong Assurance Berhad	01/30	AA3	4.690	2	4.378	09/06/2022	31	76
Cypark Ref Sdn Berhad	06/39	AA3	5.943	4	5.944	03/08/2022	0	175
MMC Corporation Berhad	03/28	AA-	4.773	1	4.657	03/08/2022	12	91
Sinar Kamiri Sdn Berhad	01/31	AA-	5.888	5	5.890	03/08/2022	0	195
UiTM Solar Power Dua Sdn Berhad	03/31	AA-	5.403	5	5.404	03/08/2022	0	145
Affin Bank Berhad	07/32	A1	4.658	1	4.658	03/08/2022	0	70
Tropicana Corporation Berhad	06/23	A+	4.147	1	4.159	03/08/2022	-1	114
Tropicana Corporation Berhad	05/27	A+	6.259	10	6.261	03/08/2022	0	247
WCT Holdings Berhad	03/19	A	6.285	10	6.287	03/08/2022	0	192
Eco World International Berhad	04/23	-	3.315	1	5.284	03/08/2022	-197	31
Eco World International Berhad	05/23	-	4.568	1	5.250	03/08/2022	-68	156
				242				

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

Rating Action

Issuer	PDS Description	Rating/Outlook	Action
Malaysian Resources Corporation Berhad	Islamic Medium-Term Notes (IMTN) Programme up to RM5.0 billion	AA-IS/Stable	Affirmed
Islamic Development Bank (IsDB)	Financial institution (FI) rating	AAA/MARC-1/Stable	Affirmed

Source: RAM, MARC

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