Global Markets Research
Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	4.39	12
5-yr UST	3.78	13
10-yr UST	3.58	9
30-yr UST	3.59	4

	MGS		GII*	
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.66	-1	3.85	9
5-yr	3.87	-2	3.87	0
7-yr	3.96	-1	4.08	0
10-yr	4.05	3	4.14	1
15-yr	4.15	-2	4.16	0
20-yr	4.33	-1	4.34	-7
30-yr	4.41	-9	4.65	0

** Market indicative levels*

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.66	-4
3-yr	3.68	-4
5-yr	3.73	-6
7-yr	3.85	-9
10-yr	3.96	-7

Source : Bloomberg

Upcoming Government Bond Tender

RM4.5b of 10Y MGS 7/32 on Wednesday, 7th of December

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries fell on Monday as the stronger than expected US economic readings may arm the Fed with more bullets to accelerate interest rate hikes. The surprised uptick in ISM servces gauge for November coupled with factory orders data weighed on sentiment. The curve flattened as overall benchmark yields closed higher between 4-13bps across led by the front end. **The benchmark UST 2Y yield spiked 12bps to 4.39% whilst the much-watched UST 10Y note yield jumped 9bps higher to 3.58%.** Despite the present deeply inverted 2s10s spread of about -80bps; continued labor market tightness and elevated inflation may still prompt the Fed to raise rates higher than projected in the September dot plot. Fed-dated OIS contracts linked to Fed meetings are now reflecting a 67% probability of a 75bps rate hike to a range of 4.50-4.75% in the upcoming FOMC meeting on 14th Dec. Meanwhile the economic calendar is light for tonight save for trade balance data release for October.

MGS/GIII

- Local govvies were generally better-bid albeit resulting in smaller positive movements on Monday instead despite strong receiving interet in IRS. The curve inched slightly lower as overall benchmark MGS/GII yields closed generally lower between 0-9bps across (save for the short GII and 10Y MGS/GII), amid the halving of secondary market volume @ RM2.76b. **The benchmark 5Y MGS 11/27 yield edged 2bps lower to 3.87% whist the 10Y MGS 7/32 rose 3bps instead to 4.05%.** Interest was seen in the off-the-run 23's, 31's and benchmark 15Y MGS. GII transactions jumped higher to form 42% of overall trades. Meanwhile investors are mulling on whether there would be any revision in the 2023 National Budget which was unveiled recently in October by the previous government.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw investor interest subside on Monday with transactions seen across the GG-AA part of the curve, as yields closed mixed. Overall secondary market volume fell 41% to ~RM216m as total number of trades above RM500k dropped to 16. DANA dominated the govt-guaranteed space with 2/28 and 5/28 tranches closing 19-33bps lower compared to previous-done levels between 4.18-22%; whilst the 2028 tranches edged 2bps lower at 4.22% levels. AAA-rated DIGI 12/27 moved 24bps lower to 4.56%. In the AA-space, toll-operator KESTURI 12/25 jumped 15bps higher to 4.81%. Energy related bonds i.e.; BGSM 8/25 closed unchanged at 4.36% whilst EDRA 1/27 climbed 7bps to 4.75%. Meanwhile, the banking/finance space saw SME 7/25 decline 28bps to 4.28%.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/23	2.998	568	2.882	02/12/2022	12
MGS	08/23	3.239	14	3.182	02/12/2022	6
MGS	07/24	3.475	6	3.505	02/12/2022	-3
MGS	09/24	3.511	17	3.568	02/12/2022	-6
MGS	03/25	3.658	14	3.672	02/12/2022	-1
MGS	09/25	3.659	23	3.750	02/12/2022	-9
MGS	07/26	3.830	4	3.920	02/12/2022	-9
MGS	11/26	3.859	5	3.825	02/12/2022	3
MGS	05/27	3.857	2	3.829	02/12/2022	3
MGS	11/27	3.865	167	3.887	02/12/2022	-2
MGS	06/28	3.988	2	3.875	02/12/2022	11
MGS	04/29	3.955	15	3.970	02/12/2022	-2
MGS	04/30	3.975	1	3.984	01/12/2022	-1
MGS	04/31	4.052	327	3.994	02/12/2022	6
MGS	07/32	4.045	49	4.018	02/12/2022	3
MGS	04/33	4.097	4	4.149	02/12/2022	-5
MGS	07/34	4.153	4	4.174	02/12/2022	-2
MGS	05/35	4.197	34	4.182	02/12/2022	1
MGS	04/37	4.151	299	4.173	02/12/2022	-2
MGS	05/40	4.277	15	4.358	02/12/2022	-8
MGS	10/42	4.325	18	4.336	02/12/2022	-1
MGS	09/43	4.414	1	4.554	02/12/2022	-14
MGS	07/48	4.529	1	4.509	01/12/2022	2
MGS	06/50	4.413	22	4.508	02/12/2022	-9
GII	05/23	3.018	762	2.941	02/12/2022	8
GII	11/23	3.250	1	3.005	01/12/2022	25
GII	10/25	3.847	30	3.754	02/12/2022	9
GII	03/26	3.773	1	3.802	02/12/2022	-3
GII	09/27	3.870	75	3.870	02/12/2022	0
GII	10/28	4.070	1	4.108	02/12/2022	-4
GII	10/32	4.140	241	4.130	02/12/2022	1
GII	05/47	4.488	41	4.593	02/12/2022	-11
			2762			

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	02/28	GG	4.180	10	4.371	03/11/2022	-19	30
DanaInfra Nasional Berhad	05/28	GG	4.216	35	4.548	11/05/2022	-33	34
Prasarana Malaysia Berhad	08/28	GG	4.220	20	4.244	01/12/2022	-2	28
Prasarana Malaysia Berhad	11/28	GG	4.218	20	4.239	01/12/2022	-2	28
Small Medium Enterprise Development Bank Malaysia	07/26	AAA	4.280	15	4.561	26/10/2022	-28	48
Johor Corporation	06/27	AAA	4.850	5	5.014	30/11/2022	-16	97
DiGi Telecommunications Sdn Berhad	12/27	AAA	4.560	5	4.800	30/11/2022	-24	68
AZRB Capital Sdn Berhad	12/22	AA-	4.001	62	4.051	04/11/2022	-5	80
Leader Energy Sdn Berhad	07/25	AA-	5.068	10	3.715	06/01/2021	135	140
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/25	AA-	4.812	10	4.662	01/07/2022	15	115
Eco World Capital Berhad	10/27	AA-	5.629	1	5.613	30/11/2022	2	175
BGSM Management Sdn Berhad	08/25	AA3	4.356	10	4.351	02/12/2022	0	69
Edra Energy Sdn Berhad	01/27	AA3	4.748	10	4.677	11/10/2022	7	94
Malaysian Reinsurance Berhad	10/32	AA3	4.770	2	4.768	02/12/2022	0	73
Eco World International Berhad	04/23	-	4.943	1	5.141	01/12/2022	-20	175
YNH Property Berhad	08/19	-	6.012	1	6.013	02/12/2022	0	168
				216				

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

Rating Action			
Issuer	**PDS Description**	**Rating/Outlook**	**Action**
Impian Ekspresi Sdn Bhd	RM450 mil Guaranteed Medium-Term Notes (MTN) Programme (2013/2024) as follows:		
	MTN (fg) program size RM300m	AAA(FG)/Stable	Reaffirmed
	MTN (bg) program size RM150m	AAA(BG)/Stable	Reaffirmed
Hong Leong Assurance	Insurer financial strength (IFS) ratings	AA2/Stable/P1	Reaffirmed
	RM2.0 billion Subordinated Notes Programme (2020/-)	AA3/Stable	Reaffirmed

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@hlbb.hongleong.com.my