BOND+SUKUK INFORMATION EXCHANGE

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Bond + Sukuk Information Exchange

NEWS UPDATE

20 May 2022

MARKET SUMMARY

US Treasury	Yield 19 May 22	Daily Change bps	Yield 18 May 22	Weekly Change bps	Yield 12 May 22	Monthly Change bps	Yield 18 Apr 22	YTD Change bps	Yield 31 Dec 21
3 YEAR	2.78	-6	2.84	5	2.73	11	2.67	181	0.97
5 YEAR	2.84	-5	2.89	3	2.81	5	2.79	158	1.26
7 YEAR	2.87	-4	2.91	1	2.86	3	2.84	143	1.44
10 YEAR	2.84	-5	2.89	0	2.84	1	2.83	132	1.52

*Good Friday

MGS	Yield 19 May 22	Daily Change bps	Yield 18 May 22	Weekly Change bps	Yield 12 May 22	Monthly Change bps	Yield 15 Apr 22	YTD Change bps	Yield 31 Dec 21
3 YEAR	3.61	-6	3.67	-14	3.75	27	3.34	80	2.81
5 YEAR	3.86	-15	4.01	-17	4.03	29	3.57	70	3.16
7 YEAR	4.32	-11	4.43	-11	4.43	37	3.95	93	3.39
10 YEAR	4.40	2	4.38	-5	4.45	31	4.09	80	3.60

GII	Yield 19 May 22	Daily Change bps	Yield 18 May 22	Weekly Change bps	Yield 12 May 22	Monthly Change bps	Yield 15 Apr 22	YTD Change bps	Yield 31 Dec 21
3 YEAR	3.59	-5	3.64	-6	3.65	50	3.09	69	2.90
5 YEAR	4.16	-5	4.21	-5	4.21	43	3.73	95	3.21
7 YEAR	4.40	-4	4.44	-7	4.47	42	3.98	97	3.43
10 YEAR	4.58	0	4.58	0	4.58	38	4.20	96	3.62

AAA	Yield 19 May 22	Daily Change bps	Yield 18 May 22	Weekly Change bps	Yield 12 May 22	Monthly Change bps	Yield 15 Apr 22	YTD Change bps	Yield 31 Dec 21
3 YEAR	4.15	-2	4.17	-4	4.19	55	3.60	90	3.25
5 YEAR	4.43	-5	4.48	-6	4.49	40	4.03	83	3.60
7 YEAR	4.75	-5	4.80	-6	4.81	42	4.33	81	3.94
10 YEAR	4.86	-2	4.88	-4	4.90	34	4.52	92	3.94

- 1 bps = 0.01%
- Increase in Yield = Decrease in the bond price/value

Source: US Treasury, BNM & BIX Malaysia

NEWS UPDATE

Today's headlines of interest and summaries as extracted from the international and local media.

New Straits Times

IMF optimistic Malaysia's economy to expand 5.75pct in 2022

The International Monetary Fund (IMF) is optimistic that Malaysia's economy will expand by 5.75 per cent in 2022, driven by pent-up domestic demand and continued strong external demand.

This is in line with the government's growth projection of between 5.3 per cent and 6.3 per cent for 2022. The economy expanded by 3.1 per cent last year.

In providing an assessment of Malaysia's growth prospects, the IMF noted that the country's high vaccination rates and limited movement restrictions would also support economic expansion.

On the flipside, the Washington-based agency acknowledged that there were substantial downside risks, including from the COVID-19 pandemic and the war in Ukraine, a similar predicament faced by both developed and developing economies globally.

"Malaysia's growth is projected to be solid in the medium term, although risks of long-term economic scarring are real," the IMF's Executive Board said in its conclusions following consultations with Malaysian officials in an assessment report released last April.

NEWS UPDATE

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THE MALAYSIAN RESERVE

OPR hike amid high commodity prices

“The world central bank is trying to address the issue and BNM has responded but there is more to this story. We see more hikes to come and the market coming down. For the moment, there is a lot of pressure on inflation and energy cost, so we expect a few more hikes this year.

“We have had good low growth for the first quarter, with the OPR hikes we expect the low growth to taper off because it will be more expensive for borrowers. We always look for ways to optimise our net interest margin (NIM) with the biggest strategy to optimise NIM is through current account and savings account,” he said at the launch of Affin Bank’s collaboration with GAX MD Sdn Bhd (MYTHEO) today.

Meanwhile, Wan Razly said the bank’s loaf roof target is 12% compared to 11% for the previous year.

Furthermore, on the ringgit performance, he said the local note is determined by exports, imports and business opportunities in the country.

“The inflation is very driven by high energy cost and high cost of commodities, the ringgit will normalise once the central bank has taken action to address the high inflation and to cool down the economy,” he added.

NEWS UPDATE

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CNBC

Treasury yields fall, prices climb as investors seek shelter from stock sell-off

Treasury yields fell Thursday, pushing prices higher, as investors continued to seek shelter in bonds after a steep sell-off in equities.

The yield on the benchmark 10-year Treasury note fell 3 basis points to 2.851% at 4:11 p.m. ET. The yield on the 30-year Treasury bond moved 2 basis points lower to 3.05%. Yields move inversely to prices, and 1 basis point is equal to 0.01%.

The move in bonds comes as the S&P 500 came under pressure in another downbeat session on Wall Street, falling 0.6%. The Dow Jones Industrial Average fell 237 points, or 0.8%. The Nasdaq also fell 0.3%.

Traders also bolstered their bond holdings Wednesday, as the Dow experienced its worst one-day drop since 2020. Earnings updates from big-box retailers showed rising inflation was dragging on corporate profits.

ulian Howard, head of multi-asset solutions at GAM, told CNBC's "Squawk Box Europe" that he believed hiking interest rates by central banks was not going to fix the "inflation problem anytime soon."

"And I think we're starting to see evidence in U.S. earnings in what's been reported amongst retail stocks, that actually ramping up rates is starting to affect consumer demand," he explained.

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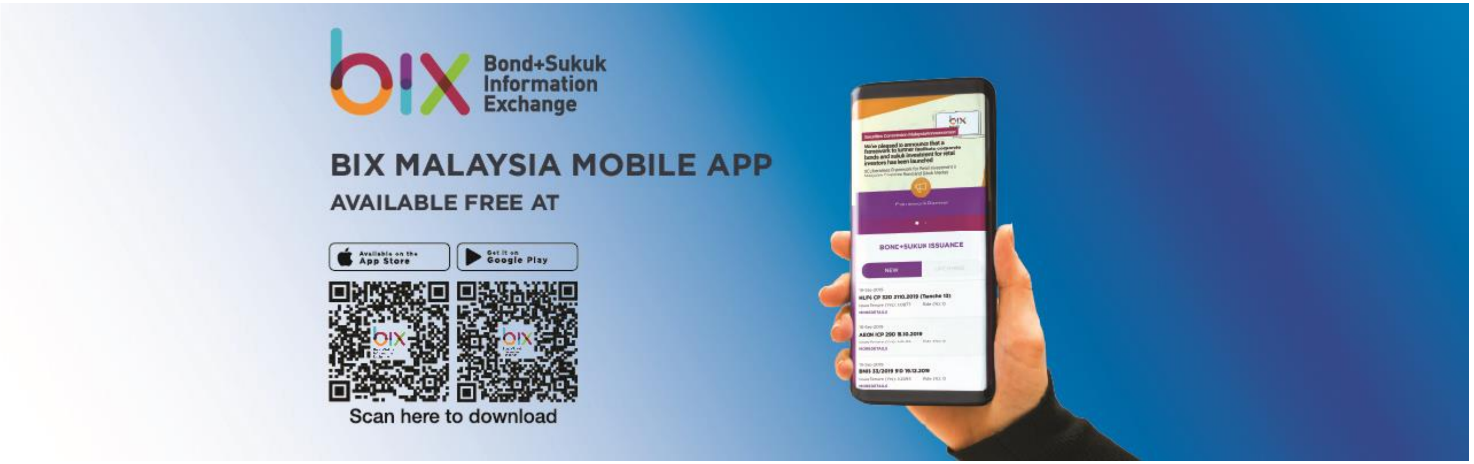

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