



# NEWS UPDATE

1 August 2024

# MARKET SUMMARY

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

US Treasury	Yield 31 July 24	Daily Change bps	Yield 30 July 24	Weekly Change bps	Yield 24 July 24	Monthly Change bps	Yield 28 June 24	YTD Change bps	Yield 29 Dec 23
3 YEAR	4.10	-6	4.16	-14	4.24	-42	4.52	9	4.01
5 YEAR	3.97	-6	4.03	-15	4.12	-36	4.33	13	3.84
7 YEAR	4.00	-6	4.06	-20	4.20	-33	4.33	12	3.88
10 YEAR	4.09	-6	4.15	-19	4.28	-27	4.36	21	3.88

MGS	Yield 31 July 24	Daily Change bps	Yield 30 July 24	Weekly Change bps	Yield 24 July 24	Monthly Change bps	Yield 28 June 24	YTD Change bps	Yield 29 Dec 23
3 YEAR	3.35	-4	3.39	-10	3.45	-17	3.52	-14	3.49
5 YEAR	3.52	-2	3.54	-7	3.59	-12	3.64	-6	3.58
7 YEAR	3.67	-1	3.68	-7	3.74	-12	3.79	-4	3.71
10 YEAR	3.72	-2	3.74	-7	3.79	-14	3.86	-2	3.74

GII	Yield 31 July 24	Daily Change bps	Yield 30 July 24	Weekly Change bps	Yield 24 July 24	Monthly Change bps	Yield 28 June 24	YTD Change bps	Yield 29 Dec 23
3 YEAR	3.34	0	3.34	-6	3.40	-11	3.45	-15	3.49
5 YEAR	3.50	0	3.50	-7	3.57	-12	3.62	-11	3.61
7 YEAR	3.69	-2	3.71	-6	3.75	-10	3.79	-8	3.77
10 YEAR	3.73	-1	3.74	-7	3.80	-14	3.87	-4	3.77

AAA	Yield 31 July 24	Daily Change bps	Yield 30 July 24	Weekly Change bps	Yield 24 July 24	Monthly Change bps	Yield 28 June 24	YTD Change bps	Yield 29 Dec 23
3 YEAR	3.73	-1	3.74	-4	3.77	-7	3.80	-10	3.83
5 YEAR	3.82	-1	3.83	-3	3.85	-6	3.88	-8	3.90
7 YEAR	3.90	-1	3.91	-3	3.93	-6	3.96	-7	3.97
10 YEAR	3.97	-1	3.98	-4	4.01	-11	4.08	-8	4.05

Source: US Treasury, BNM & BIX Malaysia

# NEWS UPDATE

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

## **Cagamas issues trio of ESG financing offerings**

Cagamas, the National Mortgage Corporation of Malaysia, has concluded its first 50-million-ringgit (US\$10.77 million) three-month Social Repurchase Agreement (Social Repo) with a local financial institution.

The issuance of a 100-million-ringgit two-year Asean Sustainability Bond and 290 million ringgit of its three-month and six-month Islamic Commercial Papers (ICPs) with Asean Social SRI sukuk status, underscoring its commitment to sustainable financing and supporting industry-led sustainability initiatives.

The Social Repo is a bespoke arrangement for the company whereby proceeds raised from the transaction will be used to purchase small and medium enterprise (SME) loans, which qualifies as eligible assets under the Cagamas Sustainability Bond/Sukuk Framework.

The transaction represents another step forward in the company's efforts to anchor industry-led sustainability initiatives within the financial sector. A Social Repo provides the financial markets with a viable funding instrument alternative aligned with their sustainability goals. This alternative broadens the company's sustainability liquidity sources for the financial sector. – The Asset

Read full publication at <https://www.theasset.com/article-esg/52045/caqamas-issues-trio-of-esg-financing-offerings>

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

## **Inflation, economic growth forecasts not affected by targeted subsidy implementation - MoF**

The implementation of targeted diesel subsidies is not expected to have a significant impact on inflation and economic growth, as the government has taken into account the rate of increase in diesel retail price and the cash assistance provided, the Finance Ministry (MoF) said. Therefore, the official 2024 forecasts for inflation and gross domestic product (GDP) growth remain at 2.0-3.5 per cent and 4.0-5.0 per cent, respectively, the ministry said.

"In principle, the government takes the approach of subsidy rationalisation while continuing to provide subsidies to groups that are in need, especially those with low to medium incomes," MoF said in a written reply on the Parliament website.

It was responding to a query from Datuk Seri S. Vell Paari, who wanted to know problems that may arise from the implementation of targeted diesel subsidies, how to avoid burdening the people, and whether the government plans targeted subsidies for RON95.

MoF explained that the retargeting of subsidies is intended to reduce leakages to groups that are not eligible to receive them such as foreign citizens, large private companies and high-income individuals. – Astro Awani

Read full publication <https://www.astroawani.com/berita-malaysia/inflation-economic-growth-forecasts-not-affected-targeted-subsidy-implementation-mof-481442>

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

## Treasury yields slide as Powell says rate cut possible in September

U.S. Treasury yields fell Wednesday after Federal Reserve Chair Jerome Powell hinted at a potential rate cut in September. The yield on the 10-year Treasury was down nearly 5 basis points to 4.092%. The 2-year Treasury yield dropped 4 basis points to 4.315%.

The central bank kept rates unchanged at the conclusion of its policy meeting on Wednesday and pointed to “some further progress” toward bringing inflation down to the central bank's 2% goal. During a press conference following the decision, Powell also said that if data continues to boost the central bank's confidence in slowing inflation, it would act.


“If that test is met, a reduction in our policy rate could be on the table as soon as the next meeting in September,” he said. Questions linger over how many rate cuts could be implemented by the Fed this year. The CME Group's FedWatch tool shows traders are pricing in three more before year-end.

“Net, net, the Federal Reserve is as close as they can get to teeing up a first interest rate cut when they next meet in September as they say the risks are back to being two-sided,” said Chris Rupkey, chief economist at FWDBONDS. “Before today's meeting the risks they needed to be attentive to were all just inflation, inflation, inflation.” – CNBC

Read full publication at <https://www.cnbc.com/2024/07/31/us-treasurys-ahead-of-fed-rate-decision-policy-guidance.html>

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