

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries sold off in trading on Monday, with yields heading to the highest level since July, as market participants continue to dial back future rate cut expectations. Fed fund futures were pricing in only 40bps of cuts for the final two FOMC meetings for the year, down from the 44bps priced at the end of last week. Benchmark yields rose by between 8 to 11 bps for the day. **The benchmark 2yr UST yield rose 8bps for the session to 4.03%, while the benchmark 10yr UST yield was 11bps higher at 4.20%.** Tonight sees the release of regional Fed activity surveys out of Richmond and Philadelphia, and the Fed's Harker will be on the wires too.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	4.03	8
5-yr UST	3.99	11
10-yr UST	4.20	11
30-yr UST	4.50	11

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.42	0	3.35	0
5-yr	3.56	0	3.56	0
7-yr	3.75	1	3.76	1
10-yr	3.79	2	3.85	2
15-yr	3.95	1	3.94	0
20-yr	4.14	5	4.10	1
30-yr	4.04	-15	4.06	-15

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.54	0
3-yr	3.50	3
5-yr	3.54	2
7-yr	3.62	2
10-yr	3.72	2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GII

- Local govvnies were softer in trading on Monday, amidst Malaysian advanced 3Q GDP coming in higher than expected at 5.3% versus the consensus expectation of 5.1%. Secondary market volume for the day inched lower by 2% to RM3.06bn compared to the RM3.11bn that changed hands on Friday. Benchmark yields closed higher between 0 and 5 bps for the day, except for the 30Y MGS/GII which were skewed by late off-market odd-lot trades. **The benchmark 5Y MGS 8/29 saw its yield little changed for the day at 3.56% while the yield on the benchmark 10Y MGS 7/34 was 2bps higher for the session at 3.79%.** Trading interest was led by the off-the-run MGS 3/25, while interest was also seen in the benchmark 10Y MGS/GII and 20Y MGS/GII, as well as in the off-the-run MGS 9/25 and GII 10/25. Trading in GIIs as a proportion of total govvnies trading plunged to 25% versus the 49% share seen the previous session. The reopening auction of RM3bn of the benchmark 20Y MGS 5/44 saw decent demand and cleared with a BTC of just over 2x. There are no scheduled economic releases locally for the day ahead.

Corp Bonds/Sukuk

- The corporate bond/sukuk market was better offered in trading on Monday in a light session to start the week, with secondary market volume plunging by 60% to RM292m versus the RM729m that traded on Friday. Trading for the day was led by the AAA-rated segment of the market. In the GG universe, LPPSA 8/27 was the only bond traded and closed at 3.48%, 31bps lower versus its last print. Over in AAA space, interest was led by SEB 6/35, which settled for the day at 3.98%, 6bps higher versus where the bond last traded. Meanwhile in the AA-rated territory, activity was seen in DRBH 8/30 and RHB 4/31, which closed at 4.10% and 3.80% respectively, both little changed from where the bonds last traded. In the A-rated territory, trading was led by the recently issued Sunreit 4.68% Perps and Sunreit 4.51% Perps, which settled the day at 4.51% and 4.29% respectively in their secondary market debuts.

Daily Trades: Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/25	3.172	1004	3.126	10/18/2024	5
MGS	09/25	3.249	392	3.246	10/18/2024	0
MGS	07/26	3.319	14	3.341	10/18/2024	-2
MGS	11/26	3.342	1	3.336	10/18/2024	1
MGS	04/28	3.491	1	3.487	10/18/2024	0
MGS	06/28	3.512	17	3.520	10/18/2024	-1
MGS	08/29	3.564	65	3.561	10/18/2024	0
MGS	04/30	3.638	15	3.628	10/18/2024	1
MGS	04/31	3.754	34	3.743	10/18/2024	1
MGS	06/31	3.766	30	3.746	10/18/2024	2
MGS	07/32	3.782	16	3.780	10/17/2024	0
MGS	11/33	3.803	85	3.808	10/18/2024	0
MGS	07/34	3.785	126	3.768	10/18/2024	2
MGS	05/35	3.861	8	3.858	10/18/2024	0
MGS	06/38	3.978	18	3.964	10/18/2024	1
MGS	04/39	3.954	1	3.945	10/17/2024	1
MGS	10/42	3.999	4	4.052	10/18/2024	-5
MGS	05/44	4.140	475	4.090	10/18/2024	5
MGS	03/46	4.153	2	4.107	10/17/2024	5
MGS	06/50	4.046	3	4.155	10/18/2024	-11
GII	10/25	3.256	160	3.256	10/18/2024	0
GII	03/26	3.308	20	3.295	10/18/2024	1
GII	09/26	3.351	61	3.350	10/18/2024	0
GII	09/27	3.407	20	3.403	10/18/2024	0
GII	07/29	3.560	70	3.543	10/18/2024	2
GII	09/30	3.670	20	3.662	10/18/2024	1
GII	10/31	3.758	80	3.745	10/18/2024	1
GII	11/34	3.854	190	3.834	10/18/2024	2
GII	08/37	3.790	3	3.927	10/18/2024	-14
GII	03/38	3.908	5	3.919	10/18/2024	-1
GII	09/39	3.944	4	3.939	10/18/2024	0
GII	08/43	4.101	100	4.086	10/18/2024	1
GII	11/49	4.178	15	4.175	10/14/2024	0
GII	05/52	4.113	2	4.175	10/18/2024	-6
			3059			

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	08/27	GG	3.478	20	3.792	26/9/2023	-31	6
Danum Capital Berhad	05/27	AAA	3.715	5	3.675	2/9/2024	4	29
Bakun Hydro Power Generation Sdn Berhad (fka S	08/27	AAA	3.713	5	3.780	14/5/2024	-7	29
Danga Capital Berhad	09/27	AAA	3.717	15	3.680	11/9/2024	4	30
Cagamas Berhad	12/27	AAA	3.724	5	3.792	22/7/2024	-7	30
Danga Capital Berhad	01/28	AAA	3.783	10	3.701	6/9/2024	8	36
Cagamas Berhad	10/28	AAA	3.795	5	3.804	3/10/2024	-1	31
Sarawak Energy Berhad	07/29	AAA	3.794	5	3.764	19/9/2024	3	24
Amanat Lebuhraya Rakyat Berhad	10/29	AAA	3.842	20	3.789	10/10/2024	5	29
Sarawak Petchem Sdn Berhad	07/30	AAA	3.788	10	3.789	4/10/2024	0	14
Sarawak Petchem Sdn Berhad	07/32	AAA	3.879	10	3.867	21/8/2024	1	12
Petroleum Sarawak Exploration & Production Sdr	02/33	AAA	3.948	10	3.969	9/10/2024	-2	19
Sarawak Energy Berhad	11/33	AAA	3.949	10	3.959	9/10/2024	-1	17
Sarawak Energy Berhad	06/35	AAA	3.979	80	3.918	9/8/2024	6	20
Sarawak Energy Berhad	08/35	AAA	3.979	20	3.988	9/10/2024	-1	20
GENM Capital Berhad	05/30	AA1	4.589	1	4.681	2/10/2024	-9	94
Hong Leong Bank Berhad	06/33	AA1	3.909	10	4.052	4/10/2024	-14	13
RHB Bank Berhad	04/31	AA2	3.801	10	3.799	14/10/2024	0	5
BGSM Management Sdn Berhad	08/28	AA3	3.881	10	3.847	13/9/2024	3	39
DRB-Hicom Berhad	12/29	AA-	4.478	1	4.193	18/10/2024	29	93
DRB-Hicom Berhad	08/30	AA-	4.099	10	4.097	17/10/2024	0	45
Sunreit Perpetual Bond	04/19	A1	4.512	13	n/a	n/a	451	40
Sunreit Perpetual Bond	04/19	A1	4.286	8	n/a	n/a	429	17
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	4.172	1	4.044	16/10/2024	13	42
				292				

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

Rating Action

Issuer	PDS Description	Rating/Outlook	Action
Kenanga Investment Bank Berhad	Financial Institution Ratings	A+/Positive/MARC-1	Outlook Upgraded
ORIX Leasing Malaysia Berhad	RM500m Medium-Term Notes (MTN) Programme (2016/2031)	AA2/Stable	Affirmed
ORIX Credit Malaysia Sdn. Bhd	RM1.5bn MTN Programme (2021/2051) RM500m Commercial Papers Programme (2020/2027)	AA2/Stable P1	Affirmed Affirmed
Sepangar Bay Power Corporation Sdn Bhd	RM575m Nominal Value Sukuk Murabahah	AA1/Negative	Placed on Rating Watch Negative

Source: RAM, MARC

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