

13 March 2025

Global Economics & Market Strategy

GII 30YR Reopening

- ◆ **We expect today's 30YR reopening to be awarded around 4.175% with the balance of risk towards a lower print.** Today is auction day for the GII 4.28% 3/54 with a ticket size of MYR3.0bn and a MYR2bn private placement. Following the 30YR MGS auction last month which saw a bid-to-cover (BTC) ratio of 2.36, we think demand for long ends remain robust given the scarcity of ultra-long supply together with benign interest rate risks. In addition, the current market talk of a US recession could attract marginal buyers to the long end as well. The four 30YR auction seen in 2024 saw average bid-to-cover (BTC) of 2.38 as such, today's participation should see coverage at a range of 2.2 to 2.6. Bloomberg bid-ask quotes this morning is seen at 4.211%/4.164%. BPAM upper/mid/low MTM yield for today is quoted at 4.17/4.17/4.17.
- ◆ **Malaysia:** Total government securities volume stood at MYR8,456mn with the top traded stock **MGS 4.054% 4/39** with MYR822mn traded. The implied 10YR MGS yield movement today is +0.32bps, given the trailing 30-day beta of 0.10 against UST 10YR (+3.2bps). Bid-ask spreads were mostly lower (Figure 3). The 30-day 10YR MGS/UST correlation rose marginally to 0.84. Corporate Bonds volume traded was MYR1,046mn, with the top traded stock **Cagamas 3.81% 2/28** with a volume of MYR120mn. **Every 1 bps move in 10YR UST yield implies a 0.10bps move in 10YR MGS.*
- ◆ **US Treasuries (UST): Treasury yields flattened as swaps factored lower Fed Funds Rate cuts by Dec-25.** February CPI data printed lower at 0.2% MoM compared to 0.5% MoM in the previous month. Yields hit session lows after the data showed lower-than-expected inflation but quickly rebounded as stock futures gained, pressuring Treasuries. Swaps then priced in 67bps of rate cuts by year-end, down from 73bps on Tuesday. Swaps implied FFR cut by Dec-25 declined marginally to 2.8 times from 3.0. UST yields for the 2YR/10YR/20YR moved by +4.5bps/+3.2bps/+3.2bps.
- ◆ **Key Events - Thursday:** US Feb PPI | **Friday:** US Mar Consumer sentiment

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Fixed Income Return Snapshot

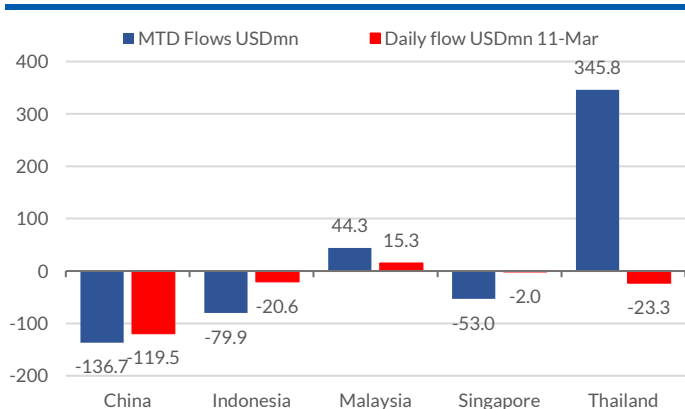
	1D Δ (%)	7D Δ (%)	1M Δ (%)
MGS 10YR	-	0.02	0.42
MYR Govt Bond	0.03	0.19	0.56
US Treasuries	-0.23	-0.11	1.25
Global Bond	-0.19	0.02	1.46
AxJ IG Bond	-0.16	-0.17	1.17

2YR and 10YR Yields (%)

	12-Mar	1D bps Δ	7D bps Δ
China 2YR	1.568	-1.5	16.2
China 10YR	1.834	-9.7	8.1
Indonesia 2YR	6.505	1.3	3.6
Indonesia 10YR	6.908	2.0	6.1
Japan 2YR	0.841	1.1	1.0
Japan 10YR	1.517	0.6	7.6
Malaysia 3YR	3.425	-0.1	-1.3
Malaysia 10YR	3.769	-0.2	-1.5
Singapore 2YR	2.417	-0.2	-14.3
Singapore 10YR	2.624	0.8	-8.1
Thailand 2YR	1.858	-2.1	-4.3
Thailand 10YR	2.139	-1.7	-5.2
US 2YR	3.990	4.5	-1.7
US 10YR	4.313	3.2	3.3
MYR AAA 10YR	4.032	-0.1	-0.2
MYR AA 10YR	4.200	-0.1	-0.5
MYR A 10YR	5.380	0.1	-1.3

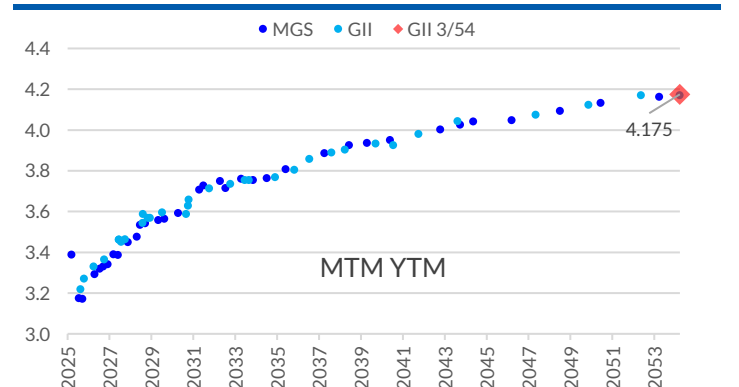
Source: Bloomberg, RHB Economics & Market Strategy.

Figure 1: Regional MTD/Daily Bond Fund Flows (USDmn)



Source: EPFR, RHB Economics & Market Strategy.

Figure 2: GII 30YR auction to close around 4.175%



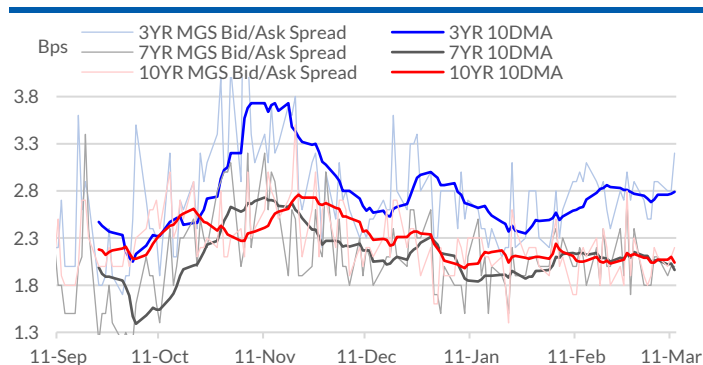
Source: BPAM, RHB Economics & Market Strategy.

See important disclosures at the end of this report

Market Dateline / PP 19489/05/2019 (035080)

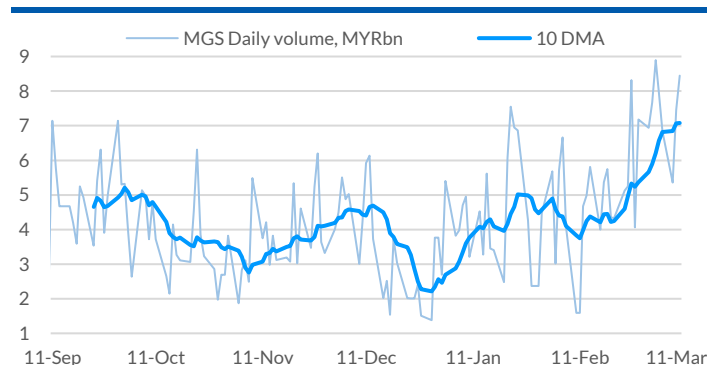
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Figure 3: Bid-ask spreads of key benchmarks



Source: Bloomberg, RHB Economics & Market Strategy.

Figure 4: Daily MGS/GII Volume



Source: Bloomberg, RHB Economics & Market Strategy.

Trading Ideas

- ◆ **MYR Bond: (12/3/25) We are Outperform all tranches in Affin Bank Bhd (AA3) within the double-A banking space.** Its papers offer attractive relative value as well as decent liquidity across its tranches. The bank grew its loan book at 8% in 2024, above the industry's rate of 5.6%. Given the decent asset quality, high liquidity (LCR of 165%) and stable capital ratio, we perceive non-call risks for subordinated and perpetual tranches to remain low ([Read here](#)).
- ◆ **MYR Bond: (10/3/25) We have a Stable credit outlook on the banking sector.** The banking system's liquidity and capitalization remains robust and well above regulatory minimum levels. We think there are value in **Affin Bank** (All tranches), **Alliance Bank** (All tranches), **CIMB Group** (subordinated), and **UOB Malaysia** (Senior), offering attractive relative value as well as decent liquidity ([Read here](#)).
- ◆ **MYR Bond: (28/2/25) We keep Market Perform on Aeon Co. (M) Bhd given its fairly priced bonds, well established operations and robust consumer spending.** In FY24, debt-to-equity rose to 1.19x from 1.10x in Dec-23 while CFO/interest expense and EBITDA/interest expense improved to 5.8x and 3.0x respectively. The higher minimum wage, hike in government worker salaries and resilient consumer spending should be supportive of retail spending ([Read here](#)).
- ◆ Read the complete list of our bond coverage [here](#).

MGS/GII

- ◆ Our expectations of an unchanged OPR of 3.00% in 2025 with the Fed Funds Rate normalisation to continue in 2Q25 means the 10YR MGS should trade at a slightly lower bound above the OPR versus recent averages at around 3.70% to 3.80% in 2025.
- ◆ Read our 2025 report here: [Global Outlook 2025: Maintaining Our Goldilocks Outlook](#)

MYR Yields vs RHB Year-end Forecast

	Last Yield %	Forecast		Yield Changes (bps)				
		2025F	Pickup (bps)	1D	1W	1M	3M	YTD
MGS 3YR	3.425	3.30	13	-0.1	-1.3	-4.4	-3.6	-5.6
MGS 5YR	3.576	3.50	8	-0.4	-1.8	-4.2	-2.5	-4.8
MGS 7YR	3.717	3.60	12	0.0	-2.8	-6.5	-3.6	-4.4
MGS 10YR	3.769	3.75	2	-0.2	-1.5	-4.3	-2.9	-4.1
MGS 15YR	3.941	3.90	4	-0.3	-1.2	-2.9	0.2	-2.8
MGS 20YR	4.046	4.05	0	-0.1	-0.8	-1.0	-0.9	-1.8
MGS 30YR	4.170	4.15	2	0.0	-0.7	-1.7	-0.9	-1.3
AAA 3YR	3.820	3.60	22	-0.4	-0.3	-0.8	0.3	-1.0
AAA 10YR	4.032	4.07	-4	-0.1	-0.2	-1.0	-2.8	-3.3
AAA 15YR	4.125	4.20	-8	0.0	-0.3	-0.7	-3.4	-4.2
AA 3YR	3.997	3.90	10	0.1	-0.7	-1.4	-0.4	-1.7
AA 10YR	4.200	4.40	-20	-0.1	-0.5	-1.3	-3.5	-3.9
AA 15YR	4.318	4.60	-28	-0.2	-0.9	-1.3	-4.1	-4.3
A 3YR	4.799	4.90	-10	-0.5	-1.6	-3.7	-9.0	-5.8
A 10YR	5.380	5.60	-22	0.1	-1.3	-4.5	-25.2	-17.9
A 15YR	5.686	6.00	-31	0.1	-1.6	-4.8	-28.5	-19.3

Source: Bloomberg, RHB Economic & Market Research. Constant maturity.

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Daily Top 10 Trade

Government

Name	Traded Amount (MYRmn)	Last Traded Yield	Previous Traded Yield	Δ Bps
MGS 1/2024 4.054% 18.04.2039	822	3.930	3.937	-1
MGS 1/2015 3.955% 15.09.2025	531	3.177	3.181	0
MGS 3/2007 3.502% 31.05.2027	473	3.392	3.396	0
MGS 2/2019 3.885% 15.08.2029	452	3.564	3.565	0
MGS 1/2020 4.065% 15.06.2050	434	4.115	4.109	1
GII MURABAHAH 3/2016 4.070% 30.09.2026	400	3.363	3.358	0
MGS 2/2020 2.632% 15.04.2031	326	3.714	3.718	0
MGS 4/2018 4.893% 08.06.2038	305	3.927	3.930	0
GII MURABAHAH 1/2023 3.599% 31.07.2028	300	3.544	3.544	0
GII MURABAHAH 2/2024 3.804% 08.10.2031	300	3.713	3.713	0

Quasi-Govt

Name	Traded Amount (MYRmn)	Last Traded Yield	Previous Traded Yield	Δ Bps
CAGAMAS IMTN 3.810% 04.02.2028	120	3.710	3.739	-3
PASB IMTN 3.750% 28.04.2028 - Issue No. 30	60	3.766	3.782	-2
PLUS BERHAD IMTN 5.017% 12.01.2038 -Sukuk PLUS T29	30	3.999	4.051	-5
DANAINFRA IMTN 4.080% 30.03.2029 - Tranche No 86	20	3.600	3.600	0
DANAINFRA IMTN 4.230% 23.11.2035 - Tranche No 114	20	3.840	3.839	0
PRASARANA IMTN 3.800% 25.02.2050- Series 5	20	4.139	4.161	-2
DANAINFRA IMTN 4.800% 31.10.2033 - Tranche No 12	10	3.798	3.849	-5
DANUM IMTN 3.870% 08.08.2034 - Tranche 16	10	3.914	4.018	-10
LPPSA IMTN 4.580% 01.09.2051 - Tranche No 61	10	4.162	4.175	-1
PASB IMTN 4.140% 04.06.2038 - Issue No. 40	10	3.919	4.005	-9

Corporate

Name	Traded Amount (MYRmn)	Last Traded Yield	Previous Traded Yield	Δ Bps
JOHORCORP IMTN 4.720% 11.06.2027	150	3.826	3.855	-3
PBB Tranche 3 Sub-Notes 4.00% 11.12.2034	80	3.898	4.009	-11
ALLIANCEI IMTN 3.930% 10.08.2029(TRANCHE 1)	40	3.937	3.987	-5
ALR IMTN TRANCHE 6 12.10.2029	40	3.838	3.908	-7
SPETCHEM IMTN 5.500% 27.07.2037 (Sr1 Tr13)	30	4.009	4.009	0
SARAWAKHIDRO IMTN 4.56% 10.08.2029	25	3.812	3.808	0
AIR SELANGOR IMTN T2 S3 SRI SUKUK KAS 29.10.2036	20	3.918	4.033	-12
DANGA IMTN 4.880% 29.01.2030 - Tranche 4	20	3.768	3.769	0
PELABURAN HARTANAH IMTN5 02.09.2031	20	3.908	3.919	-1
TENAGA IMTN 4.730% 29.06.2029	20	3.767	3.845	-8

Source: BPAM, RHB Economic & Market Strategy. Previous trading day.

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RHB Credit Strategy Rating Definitions

Recommendation	Time Horizon	Definition
Outperform	6 to 12 months	A corporate bond's expected relative performance versus a reference (i.e. AA3 curve or sector peers)
Market perform	6 to 12 months	
Underperform	6 to 12 months	
Speculative	Indefinitely	The bond's repayment ability is highly uncertain
Not Rated (NR)	Indefinitely	Not under coverage

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