



NEWS UPDATE

4 July 2024

MARKET SUMMARY

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

US Treasury	Yield 3 July 24	Daily Change bps	Yield 2 July 24	Weekly Change bps	Yield 26 June 24	Monthly Change bps	Yield 3 June 24	YTD Change bps	Yield 29 Dec 23
3 YEAR	4.48	-6	4.54	-5	4.53	-14	4.62	47	4.01
5 YEAR	4.33	-6	4.39	1	4.32	-9	4.42	49	3.84
7 YEAR	4.33	-7	4.40	1	4.32	-8	4.41	45	3.88
10 YEAR	4.36	-7	4.43	4	4.32	-5	4.41	48	3.88

MGS	Yield 3 July 24	Daily Change bps	Yield 2 July 24	Weekly Change bps	Yield 26 June 24	Monthly Change bps	Yield 31 May 24*	YTD Change bps	Yield 29 Dec 23
3 YEAR	3.53	0	3.53	0	3.53	-5	3.58	4	3.49
5 YEAR	3.66	-1	3.67	2	3.64	-3	3.69	8	3.58
7 YEAR	3.82	-1	3.83	3	3.79	-3	3.85	11	3.71
10 YEAR	3.87	0	3.87	1	3.86	-2	3.89	13	3.74

*Malaysia Market closed on 3 June in observance of Agong's Birthday Holiday

GII	Yield 3 July 24	Daily Change bps	Yield 2 July 24	Weekly Change bps	Yield 26 June 24	Monthly Change bps	Yield 31 May 24*	YTD Change bps	Yield 29 Dec 23
3 YEAR	3.46	0	3.46	0	3.46	-7	3.53	-3	3.49
5 YEAR	3.62	-1	3.63	1	3.61	-4	3.66	1	3.61
7 YEAR	3.79	0	3.79	0	3.79	-5	3.84	2	3.77
10 YEAR	3.88	-1	3.89	2	3.86	-2	3.90	11	3.77

AAA	Yield 3 July 24	Daily Change bps	Yield 2 July 24	Weekly Change bps	Yield 26 June 24	Monthly Change bps	Yield 31 May 24*	YTD Change bps	Yield 29 Dec 23
3 YEAR	3.80	0	3.80	-1	3.81	-1	3.81	-3	3.83
5 YEAR	3.89	0	3.89	0	3.89	-3	3.92	-1	3.90
7 YEAR	3.98	1	3.97	1	3.97	-4	4.02	1	3.97
10 YEAR	4.07	0	4.07	0	4.07	-1	4.08	2	4.05

Source: US Treasury, BNM & BIX Malaysia

NEWS UPDATE

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

RAM Ratings affirms B1/Negative rating of SPR Energy's Senior Sukuk

RAM Ratings has affirmed the B1/Negative rating of SPR Energy (M) Sdn Bhd's (SPR or the Company) Senior Sukuk Ijarah of RM580 mil (the Sukuk). The rating continues to reflect SPR's very weak capacity to fully meet its sukuk obligations and limited ability to withstand any adverse operational challenges of its 100MW combined-cycle, gas turbine power plant in Kimanis Sabah (the Plant).

Without an external liquidity injection, our simulations show that the transaction remains susceptible to recurring covenant breaches and a possible default in the near term. Given its thin cash buffers, the Company is likely to breach its required minimum finance service reserve account (FSRA) balance on 17 January 2025 and 17 January 2026 prior to the potential default in July 2026.

Although SPR's improved working capital cycle and more prudent cost management have delayed the potential default date by another year from the July 2025 date anticipated earlier, the Company's debt servicing ability remains vulnerable. The failure to remedy the potential FSRA breach within 30 days will constitute an event of default for the Sukuk.

As such, the rating outlook remains negative. In the immediate term, SPR's closing cash balance of RM62.4 mil as at end-April 2024 is sufficient to meet RM58.5 mil of sukuk principal and profit obligations due within the next 12 months. – RAM Ratings

Read full publication at <https://www.ram.com.my/pressrelease/?prviewid=6673>

NEWS UPDATE

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

Malaysia govt bonds supply may slow in second half of 2024

Malaysia's government bond supply may slow in the second half and be on track to fall for the full year of 2024 amid smaller deficit financing requirements and strong investor demand, analysts said.

Gross issuance for July-December may come in the range of RM83.5 billion to RM85.5 billion, according to fixed income analysts contacted by The Edge. Malaysian government securities and government investment issues totaled RM94.5 billion in the first half of 2024, data compiled by The Edge showed.

“The pace of issuance so far this year has generally met expectations,” said Woon Khai Jhek, head of economic research at RAM Rating. “We should not expect the supply of government bonds to sway too far from the current trajectory.”

This year, the government is targeting to narrow its budget gap as a proportion of economic output to 4.3% from 5% last year. The government issued RM186 billion worth of MGS and GII in 2023. Malaysia has been trying to shrink a long-running fiscal deficit that stretches back to the 1998 Asian Financial Crisis.

The government has introduced a slew of measures ranging from trimming subsidies to imposing additional taxes in a bid to fix its weakened finances. – The Edge Malaysia

Read full publication at <https://theedgemaalaysia.com/node/717579>

NEWS UPDATE

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

10-year Treasury yield tumbles after weak economic data

The 10-year U.S. Treasury yield retreated for another session on Wednesday after weak economic data. The yield on the 10-year Treasury dropped by more than 8 basis points to 4.352%. The 2-year Treasury yield was last at 4.698%, sliding by close to 4 basis points.



The 10-year yield took a leg down following economic releases Wednesday signaling that the labor market is cooling. ADP data showed weaker private payroll growth than expected in June, while weekly claims for unemployment benefits came in higher than economists forecast.

These numbers are a prelude to Friday's closely watched nonfarm payroll report for June. Bond yields across the board declined later in the morning after ISM services data came in notably below the consensus expectation of economists. This data added to growing concerns that the U.S. economy is slowing down.

The bond market closes early at 2 p.m. ET on Wednesday and will remain dark on Thursday for the Fourth of July holiday. On Wednesday afternoon, traders will watch for minutes from the policy-setting Federal Open Market Committee's June meeting. Treasury yields fell Tuesday after Fed chair Jerome Powell said the central bank wants to see more inflation progress before cutting interest rates, now at a range of 5.25% to 5.50%. – CNBC

Read full publication at <https://www.cnbc.com/2024/07/03/us-treasurys-ahead-of-key-economic-data-fed-meeting-minutes-.html>

The BIX Podcast goes live!

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The first episode features Woon Khai Jhek, Senior Economist from RAM Rating Services Berhad, discussing on bond and sukuk outlook for 2024.

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