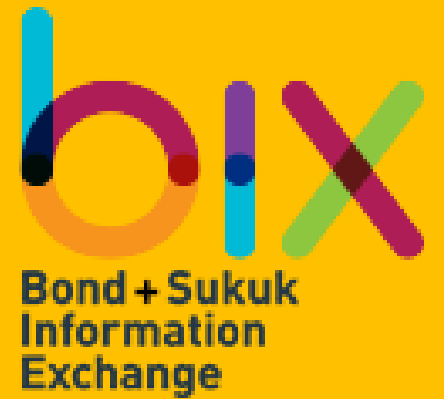


BOND+SUKUK INFORMATION EXCHANGE

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NEWS UPDATE

16 August 2022



MARKET SUMMARY

US Treasury	Yield 15 Aug 22	Daily Change bps	Yield 12 Aug 22	Weekly Change bps	Yield 8 Aug 22	Monthly Change bps	Yield 15 July 22	YTD Change bps	Yield 31 Dec 21
3 YEAR	3.14	-4	3.18	0	3.14	0	3.14	217	0.97
5 YEAR	2.91	-6	2.97	0	2.91	-14	3.05	165	1.26
7 YEAR	2.86	-6	2.92	1	2.85	-17	3.03	142	1.44
10 YEAR	2.79	-5	2.84	2	2.77	-14	2.93	127	1.52

MGS	Yield 15 Aug 22	Daily Change bps	Yield 12 Aug 22	Weekly Change bps	Yield 8 Aug 22	Monthly Change bps	Yield 15 July 22	YTD Change bps	Yield 31 Dec 21
3 YEAR	3.47	-3	3.50	-7	3.54	-1	3.48	66	2.81
5 YEAR	3.75	0	3.75	-3	3.78	-2	3.77	59	3.16
7 YEAR	3.92	0	3.92	1	3.91	-7	3.99	53	3.39
10 YEAR	3.94	-4	3.98	-2	3.96	-12	4.06	34	3.60

GII	Yield 15 Aug 22	Daily Change bps	Yield 12 Aug 22	Weekly Change bps	Yield 8 Aug 22	Monthly Change bps	Yield 15 July 22	YTD Change bps	Yield 31 Dec 21
3 YEAR	3.52	1	3.51	-2	3.54	1	3.51	62	2.90
5 YEAR	3.79	0	3.79	-5	3.84	-2	3.81	58	3.21
7 YEAR	3.94	3	3.91	-2	3.96	-7	4.01	51	3.43
10 YEAR	4.02	1	4.01	2	4.00	-9	4.11	40	3.62

AAA	Yield 15 Aug 22	Daily Change bps	Yield 12 Aug 22	Weekly Change bps	Yield 8 Aug 22	Monthly Change bps	Yield 15 July 22	YTD Change bps	Yield 31 Dec 21
3 YEAR	3.98	0	3.98	-1	3.99	-4	4.02	73	3.25
5 YEAR	4.21	0	4.21	-1	4.22	-11	4.32	61	3.60
7 YEAR	4.39	-1	4.40	0	4.39	-16	4.55	45	3.94
10 YEAR	4.51	-1	4.52	0	4.51	-14	4.65	57	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.

THE ASSET

Islamic finance continues to innovate amid market volatility

The sukuk market continues to deliver for issuers and borrowers innovative and groundbreaking financing solutions to meet their funding requirements across different Shariah-compliant structures. This comes as the market remains volatile on the back of the war in Ukraine, rising oil prices and higher inflation – not to mention the regulatory challenges relating to the implementation of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) standards.

Last year saw several market-defining transactions focused on sustainable finance that contributed to the further development of the Islamic capital markets. The Government of Malaysia priced the world's first sovereign US dollar-denominated sustainability sukuk amounting to US\$800 million, earning the accolade as the Sovereign Issuer of the Year. This is the country's first sukuk issuance since 2016 and is part of the US\$1.3 billion total fund raising that included a US\$500 million conventional sukuk. The transaction is the first-ever sovereign sukuk to be structured based on vouchers for travel entitlements.

The global acceptance of the structure is demonstrated by the robust final order book, which peaked at US\$8.8 billion, which included orders from high-quality Islamic and ESG investors. This enabled the sovereign to upsize the transaction from the initial amount of US\$1 billion. The deal achieved for Malaysia the tightest coupon and the lowest spread ever in the US dollar sukuk market. It also achieved flat to negative new issue concession, underscoring the rarity value of the issuance.

NEWS UPDATE

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

TODAY

Asian bonds see first monthly foreign inflow in five months

Overseas investors were net buyers of bonds from emerging Asian markets, excluding China, in July on hopes the United States might slow the pace of interest rate hikes as its economy feels the heat, while concerns over higher inflation levels subsided.

Foreigners moved a combined net total of US\$2.39 billion into Indonesian, Thai, Malaysian, South Korean and Indian bonds last month, marking their first month as net buyers since February, regulatory and bond market associations' data showed.

"Some investors are adding back exposures to Asia bonds," said Duncan Tan, a strategist at DBS Bank.

"Pressures have eased recently due some market expectations of a dovish Fed pivot and an attendant pull-back in the broad US Dollar," he added, referring to speculation the U.S. Federal Reserve might relax its pace of monetary policy tightening.

Data showed last month the U.S. economy unexpectedly contracted in the second quarter as business spending declined and growth in consumer spending dropped to a two year low.

Investors also scaled back expectations for the size of a Federal Reserve rate hike next month, as U.S. inflation slowed in July.

NEWS UPDATE

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

REUTERS

China pares back holdings of U.S. Treasuries for 7th month

China slashed holdings of U.S. Treasuries for a seventh consecutive month in June, Treasury department data released on Monday showed, with investors closely tracking this measure in the wake of tensions between the world's two largest economies involving Taiwan.

China's stash of U.S. government debt dropped to \$967.8 billion in June, the lowest since May 2010 when it held \$843.7 billion. In May, the world's second biggest economy had \$980.8 billion in Treasuries, data showed. China's hoard of U.S. debt has seen multiple 12-year lows the last few months.

"This looks more likely a function of Chinese FX intervention to keep USD/CNY stable in a strong dollar environment," said Chris Turner, global head of markets at ING.

"A further decline in China's U.S. Treasury holdings looks likely as geopolitical spheres of influence sharpen after Russia's invasion of Ukraine and the seizure of Russian FX reserves.

Since hitting a roughly 20-month high in mid-May, the U.S. dollar has been largely stable against the Chinese yuan, sliding about 1%. The dollar was last up 0.5% at 6.7755 yuan .

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