



# NEWS UPDATE

23 October 2024

# MARKET SUMMARY

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

| US Treasury | Yield<br>22 October 24 | Daily<br>Change<br>bps | Yield<br>21 October 24 | Weekly<br>Change<br>bps | Yield<br>15 October 24 | Monthly<br>Change<br>bps | Yield<br>20 September 24 | YTD<br>Change<br>bps | Yield<br>29 Dec 23 |
|-------------|------------------------|------------------------|------------------------|-------------------------|------------------------|--------------------------|--------------------------|----------------------|--------------------|
| 3 YEAR      | 3.98                   | 3                      | 3.95                   | 12                      | 3.86                   | 52                       | 3.46                     | -3                   | 4.01               |
| 5 YEAR      | 4.00                   | 2                      | 3.98                   | 14                      | 3.86                   | 52                       | 3.48                     | 16                   | 3.84               |
| 7 YEAR      | 4.10                   | 3                      | 4.07                   | 17                      | 3.93                   | 51                       | 3.59                     | 22                   | 3.88               |
| 10 YEAR     | 4.20                   | 1                      | 4.19                   | 17                      | 4.03                   | 47                       | 3.73                     | 32                   | 3.88               |

| MGS     | Yield<br>22 October 24 | Daily<br>Change<br>bps | Yield<br>21 October 24 | Weekly<br>Change<br>bps | Yield<br>15 October 24 | Monthly<br>Change<br>bps | Yield<br>20 September 24 | YTD<br>Change<br>bps | Yield<br>29 Dec 23 |
|---------|------------------------|------------------------|------------------------|-------------------------|------------------------|--------------------------|--------------------------|----------------------|--------------------|
| 3 YEAR  | 3.46                   | 4                      | 3.42                   | 4                       | 3.42                   | 14                       | 3.32                     | -3                   | 3.49               |
| 5 YEAR  | 3.58                   | 2                      | 3.56                   | 3                       | 3.55                   | 10                       | 3.48                     | 0                    | 3.58               |
| 7 YEAR  | 3.82                   | 7                      | 3.75                   | 7                       | 3.75                   | 14                       | 3.68                     | 11                   | 3.71               |
| 10 YEAR | 3.84                   | 5                      | 3.79                   | 4                       | 3.80                   | 13                       | 3.71                     | 10                   | 3.74               |

| GII     | Yield<br>22 October 24 | Daily<br>Change<br>bps | Yield<br>21 October 24 | Weekly<br>Change<br>bps | Yield<br>15 October 24 | Monthly<br>Change<br>bps | Yield<br>20 September 24 | YTD<br>Change<br>bps | Yield<br>29 Dec 23 |
|---------|------------------------|------------------------|------------------------|-------------------------|------------------------|--------------------------|--------------------------|----------------------|--------------------|
| 3 YEAR  | 3.39                   | 4                      | 3.35                   | 4                       | 3.35                   | 8                        | 3.31                     | -10                  | 3.49               |
| 5 YEAR  | 3.60                   | 4                      | 3.56                   | 4                       | 3.56                   | 12                       | 3.48                     | -1                   | 3.61               |
| 7 YEAR  | 3.82                   | 6                      | 3.76                   | 6                       | 3.76                   | 13                       | 3.69                     | 5                    | 3.77               |
| 10 YEAR | 3.89                   | 4                      | 3.85                   | 5                       | 3.84                   | 16                       | 3.73                     | 12                   | 3.77               |

| AAA     | Yield<br>22 October 24 | Daily<br>Change<br>bps | Yield<br>21 October 24 | Weekly<br>Change<br>bps | Yield<br>15 October 24 | Monthly<br>Change<br>bps | Yield<br>20 September 24 | YTD<br>Change<br>bps | Yield<br>29 Dec 23 |
|---------|------------------------|------------------------|------------------------|-------------------------|------------------------|--------------------------|--------------------------|----------------------|--------------------|
| 3 YEAR  | 3.79                   | 2                      | 3.77                   | 3                       | 3.76                   | 7                        | 3.72                     | -4                   | 3.83               |
| 5 YEAR  | 3.87                   | 3                      | 3.84                   | 4                       | 3.83                   | 6                        | 3.81                     | -3                   | 3.90               |
| 7 YEAR  | 3.94                   | 4                      | 3.90                   | 4                       | 3.90                   | 3                        | 3.91                     | -3                   | 3.97               |
| 10 YEAR | 4.03                   | 4                      | 3.99                   | 3                       | 4.00                   | 4                        | 3.99                     | -2                   | 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.

## **Khazanah, SC collaborate on RM500m fund for MTC growth**

Khazanah Nasional Bhd has earmarked an initial RM500 million through its Dana Impak Fund to enhance access to capital for Malaysian mid-tier companies (MTCs). The funding aims to support the growth and expansion of MTCs, which play a crucial role in the Malaysian economy by significantly contributing to GDP and employment.

The initiative was formalised in a memorandum of understanding (MOU) signed between Khazanah and Securities Commission Malaysia (SC). The MOU supports SC's five-year roadmap to facilitate MTC access to capital markets, addressing the financing challenges these companies often face.

In a statement, SC chairman Datuk Mohammad Faiz Azmi noted the importance of the collaboration for fostering a more inclusive capital market. He highlighted the significance of MTCs as major domestic employers and contributors to the economy: "MTCs are significant domestic employers and economic contributors.

However, they have been identified as the 'missing middle', as they often face difficulties in accessing financing for growth. This MOU will address such challenges to ensure sustainable growth and resilience." – The Malaysian Reserve

Read full publication at <https://themalaysianreserve.com/2024/10/22/khazanah-sc-collaborate-on-rm500m-fund-for-mtc-growth/>

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

## **RAM Ratings places Sepangar's AA1 rating on Negative Rating Watch**

RAM Ratings has placed Sepangar Bay Power Corporation Sdn Bhd's (Sepangar or the Company) RM575 mil Nominal Value Sukuk Murabahah (the Sukuk) rating of AA1 on Rating Watch with a negative outlook.

Sepangar operates a 100 MW combined-cycle gas turbine power plant in Kota Kinabalu, Sabah (the Plant). The Rating Watch reflects our concerns over likely breaches in meeting finance service reserve account (FSRA) balance requirements, potentially materializing as early as January 2025 following an unexpected depletion of the Company's cash reserves.

Our sensitized analysis indicates that if the potential shortfall is not addressed in time, the Sukuk's credit profile will be permanently impaired, with projected finance service coverage ratio (FSCR) to fall below the 1.80 times threshold required to maintain the AA1 rating. The Company recorded an FSCR of 1.47 times on the latest sukuk payment date of 3 July 2024, against our previous expectation of 1.81 times.

Operationally, the Plant continued to deliver a strong performance over the review period, achieving an average 12-month rolling equivalent availability factor (EAFr) of 94% – well above the 87% required by the power purchase agreement (PPA) – and operating within PPA-stipulated heat rates. – RAM Ratings

Read full publication <https://www.ram.com.my/pressrelease/?prviewid=6771>

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

## 10-year Treasury yield hovers near 4.2%, its highest level since late July

The U.S. 10-year Treasury yield rose again on Tuesday after Federal Reserve officials urged caution on the path of interest rate cuts.

After jumping 12 basis points on Monday, the yield on the 10-year Treasury rose more than 2 basis points to 4.206%, a level it has not reached in three months. Meanwhile, the yield on the 2-year Treasury added less than one basis point to 4.032%.

It is a quiet week on the data front, but a busy week for Federal Reserve commentary, with an array of policymakers delivering speeches. On Monday, Minneapolis Fed President Neel Kashkari said the longer-term trajectory for rates could be higher than it has been in the past, while Dallas Federal Reserve President Lorie Logan said a patient approach will be needed to lower rates.

Kansas City Fed President Jeff Schmid also on Monday said a “cautious and deliberate” approach to rate cuts was appropriate after the Fed cut by a half percentage point in September. Rates have actually increased since the Fed cut rates by a half point one month ago. Strong economic data has been responsible for part of that gain. – CNBC

Read full publication at <https://www.cnbc.com/2024/10/22/10-year-treasury-yield-climbs-above-4point2percent-after-fed-commentary.html>

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