

QUARTERLY REPORT

1Q24 (January – March 2024)



1Q2024 – The momentum of Malaysia's bonds and sukuk remains steady, supported by expectations of declining global interest rates.

As Malaysia Capital Market grew to RM 3.8 trillion in 2023, the Malaysia bond and sukuk market also expanded to RM 2.0 trillion with total outstanding growing by 7.4%. The momentum of Malaysia bond and sukuk market grew steady contributed by an improved investor sentiment on the possibility of US interest rates having peaked and expected interest rate cuts in 2024.

GLOBAL MARKET

Overview

3-year yield for the US Treasury yields increased by 39 bps q-o-q. The yield on the benchmark 10-year Treasury notes has also gone up by 32 bps q-o-q. U.S. Treasury yields rose as solid economic data continued to add to expectations that the Federal Reserve could delay cutting interest rates to the July meeting or later.

MY Government Bond

Overview

The MGS yields experienced a quarterly increase, with the 3-year up by 1 basis points and the 10-year seeing a 11 basis points rise. The GII performance saw a decrease of 5 basis points for the 3-year while increased by 8 basis points for the 10-year. The volatility of the yield supported by current monetary policy stance remained supportive of the economy and is consistent with the current assessment of the inflation and growth prospects.

MY Corporate Bond & Sukuk

Overview

The corporate bond yields were mixed (q-o-q) throughout the first quarter of 2024. The yields were down 11 bps for 3-year and up by 1 bps for 10-year.

Dec-22	Dec-23	UST	Jan-24	MTM	Feb-24	MTM	Mar-24	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(BP)	Close(%)	(BP)	Close(%)	(BP)	(BP)	(BP)
4.22	4.01	3 YEAR	4.05	0.04	4.43	0.38	4.40	-0.03	0.39	0.18
3.99	3.84	5 YEAR	3.91	0.07	4.26	0.35	4.21	-0.05	0.37	0.22
3.96	3.88	7 YEAR	3.95	0.07	4.28	0.33	4.20	-0.08	0.32	0.24
3.88	3.88	10 YEAR	3.99	0.11	4.25	0.26	4.20	-0.05	0.32	0.32

Dec-22	Dec-23	MGS	Jan-24	MTM	Feb-24	MTM	Mar-24	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(BP)	Close(%)	(BP)	Close(%)	(BP)	(BP)	(BP)
3.67	3.49	3 YEAR	3.35	-0.14	3.49	0.14	3.50	0.01	0.01	-0.17
3.84	3.58	5 YEAR	3.55	-0.03	3.58	0.03	3.59	0.01	0.01	-0.25
4.03	3.71	7 YEAR	3.72	0.01	3.78	0.06	3.77	-0.01	0.06	-0.26
4.07	3.74	10 YEAR	3.79	0.05	3.86	0.07	3.85	-0.01	0.11	-0.22

Dec-22	Dec-23	GII	Jan-24	MTM	Feb-24	MTM	Mar-24	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(BP)	Close(%)	(BP)	Close(%)	(BP)	(BP)	(BP)
3.76	3.49	3 YEAR	3.43	-0.06	3.47	0.04	3.44	-0.03	-0.05	-0.32
3.86	3.61	5 YEAR	3.57	-0.04	3.61	0.04	3.60	-0.01	-0.01	-0.26
4.04	3.77	7 YEAR	3.75	-0.02	3.79	0.04	3.75	-0.04	-0.02	-0.29
4.13	3.77	10 YEAR	3.82	0.05	3.86	0.04	3.85	-0.01	0.08	-0.28

Dec-22	Dec-23	BOND AAA	Jan-24	MTM	Feb-24	MTM	Mar-24	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(BP)	Close(%)	(BP)	Close(%)	(BP)	(BP)	(BP)
4.20	3.83	3 YEAR	3.78	-0.05	3.77	-0.01	3.72	-0.05	-0.11	-0.48
4.36	3.90	5 YEAR	3.89	-0.01	3.88	-0.01	3.83	-0.05	-0.07	-0.53
4.50	3.97	7 YEAR	3.98	0.01	3.96	-0.02	3.96	0.00	-0.01	-0.54
4.64	4.05	10 YEAR	4.05	0.00	4.03	-0.02	4.06	0.03	0.01	-0.58

Dec-22	Dec-23	SUKUK AAA	Jan-24	MTM	Feb-24	MTM	Mar-24	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(BP)	Close(%)	(BP)	Close(%)	(BP)	(BP)	(BP)
4.20	3.83	3 YEAR	3.78	-0.05	3.77	-0.01	3.72	-0.05	-0.11	-0.48
4.36	3.90	5 YEAR	3.89	-0.01	3.88	-0.01	3.83	-0.05	-0.07	-0.53
4.50	3.97	7 YEAR	3.98	0.01	3.96	-0.02	3.96	0.00	-0.01	-0.54
4.64	4.05	10 YEAR	4.05	0.00	4.03	-0.02	4.06	0.03	0.01	-0.58

BOND & SUKUK RESEARCH

Any feedback please email:
feedback@bixmalaysia.com

GOVERNMENT BOND AUCTION

Overview

The government bond auction for 1Q24 garnered an average BTC of 2.674x, an increase from the previous quarter (4Q23: 2.211x). A reopening of MGII 7/28 received the highest BTC at 4.402x. The new/reopening issuances for MGS/GII stood at RM42.0 billion (4Q23: RM37.0 billion).

As of March 2024, the outstanding amount of MGS/GII was at RM1,162,157.73 billion (4Q23: RM1,171.58 billion). Investors decline in foreign holdings of Malaysian bonds is in line with expectations given the depreciating ringgit on the back of net inflows of foreign funds into the equity market.

In total, there were one (1) new issuance and nine (9) reopening of MGS and GII auctions in 1Q24.

1Q24 AUCTION

No	Stock	Tenure	Type	Tender	Issuance (RM mil)	Amt Issued YTD	Bid/Cover	Yield		
		Year		Date				Low	Average	High
1	MGII 8/33	10	Reopening	Jan	5,000	5,000	2.445	3.880	3.908	3.920
2	MGS 3/53	30	Reopening	Jan	3,000	10,000	2.990	4.223	4.243	4.250
3	MGII 7/28	5	Reopening	Jan	5,000	15,000	4.402	3.610	3.620	3.624
4	MGS 4/31	7	Reopening	Feb	5,000	20,000	2.155	3.760	3.779	3.790
5	MGII 8/43	20	Reopening	Feb	3,000	25,000	3.037	4.144	4.163	4.171
6	MGS 5/27	3	Reopening	Feb	5,000	30,000	1.703	3.470	3.488	3.499
7	MGII 9/39	15	Reopening	Mar	3,000	35,000	2.973	3.972	3.990	3.998
8	MGS 11/33	10	Reopening	Mar	5,000	40,000	2.046	3.830	3.854	3.865
9	MGII 3/54	30	New Issue	Mar	3,000	45,000	3.187	4.254	4.280	4.286
10	MGS 8/29	30	Reopening	Mar	5,000	50,000	1.797	3.665	3.681	3.690

Sources: BNM and BIX Malaysia

For the upcoming 2Q24, there will be two (2) new issue and two (2) reopening of MGS. For GII there will be four (4) reopening and one (1) new issue, totalling to nine (9) new issue and reopening.

UPCOMING ISSUANCE 2Q24

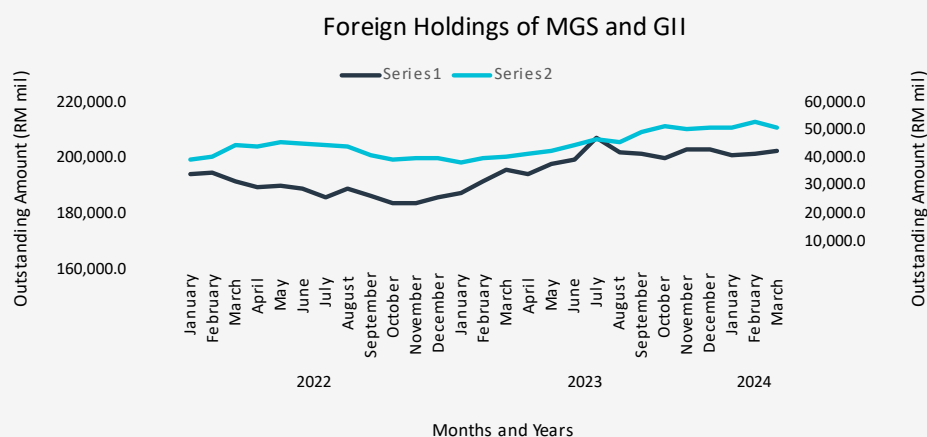
No	Stock	Tenure	Type	Tender	Issuance (RM mil)	Amt Issued YTD	Bid/Cover	Yield		
		Year		Date				Low	Average	High
1	MGII 10/31	7	New Issue	Apr						
2	MGS 4/39	15	New Issue	Apr						
3	MGII 9/26	3	Reopening	Apr						
4	MGS 5/44	20	New Issue	May						
5	MGII 9/39	15	Reopening	May						
6	MGS 4/31	7	Reopening	May						
7	MGII 8/43	20	Reopening	Jun						
8	MGS 5/27	3	Reopening	Jun						
9	MGII 3/54	30	Reopening	Jun						

Sources: BNM and BIX Malaysia

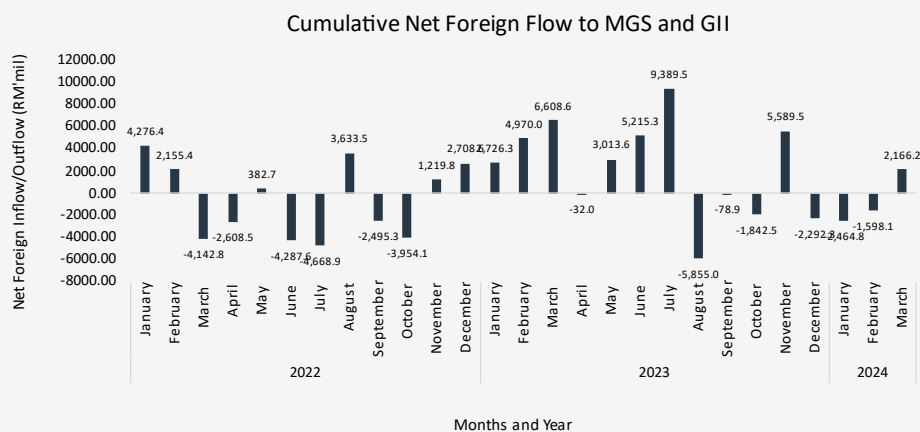
FOREIGN HOLDINGS OF MGS AND GII

Overview

The foreign net flow to MGS and GII in 1Q24 amounted to –RM2.46 billion, –RM1.60 billion and RM2.16 billion respectively in January, February and March as foreign investors turn net seller. As of March 2024, the total foreign holdings of MGS and GII stood at RM251.69 billion (December 2023: RM253.59 billion), 0.76% decrease from the previous quarter.



Source: BNM



Source: BNM

CORPORATE BOND & SUKUK

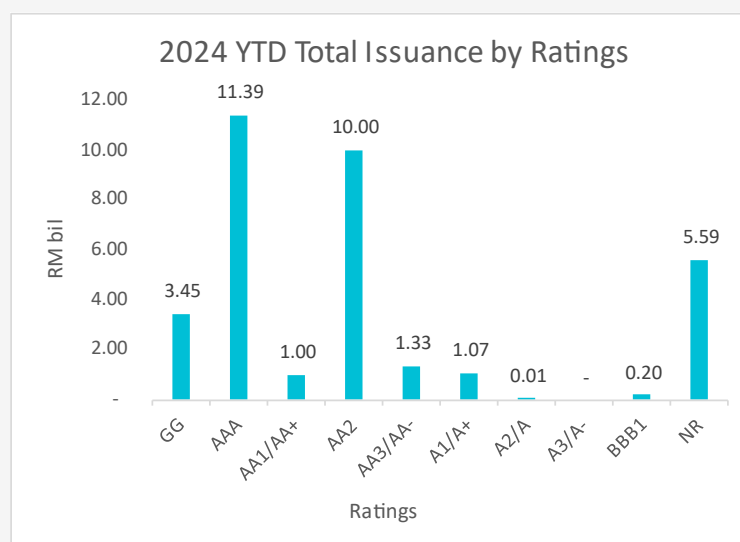
Overview

RM34.04 billion corporate bonds and sukuk were issued in 1Q24 (4Q23: RM43.10 billion), 21.02 % decrease from the previous quarter. The AAA-rated bonds and sukuk were the most issued with RM11.39 billion issuances, followed by AA2/AA bonds at RM10.00 billion issuances.

For 1Q24, the largest corporate issuances were issued by MALAYAN BANKING BERHAD, MAYBANK SUBORDINATED SUKUK 4.030% 31.01.2034 of RM3.00 billion.

Issuance 1Q24

Month/Rating	Jan 24 (RM bil)	Feb 24 (RM bil)	Mar 24 (RM bil)	Total (RM bil)
GG	-	1.05	2.40	3.45
AAA	4.00	3.31	4.08	11.39
AA1/AA+	-	-	1.00	1.00
AA2/AA	2.60	3.04	4.36	10.00
AA3/AA-	0.19	0.50	0.64	1.33
A1/A+	-	-	1.07	1.07
A2/A	-	0.01	-	0.01
A3/A-	-	-	-	-
BBB1	-	-	0.20	0.20
NR	0.37	1.70	3.52	5.59
Total	7.16	9.61	17.27	34.04
Total Issuance				34.04



Sources: BNM and BIX

Rating Outlook

There was zero (0) default and two (2) upgrades recorded in 1Q24. However, there is one (1) downgraded bonds/sukuk in this quarter.

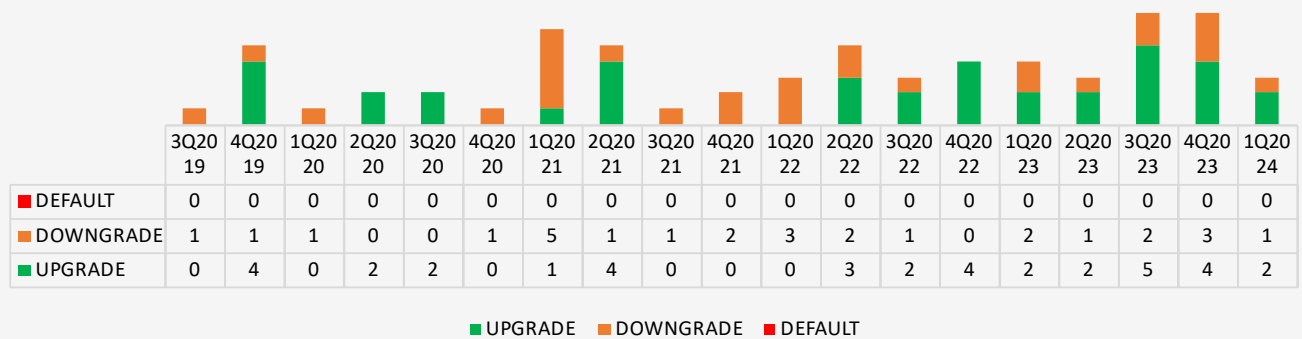
↑ Upgrade

1. Dar Al Arkan Real Estate Development Company
2. PONSB Capital Berhad

↓ Downgrade

1. YNH Property Berhad

Rating Movements



Sources: MARC, RAM and BIX Malaysia

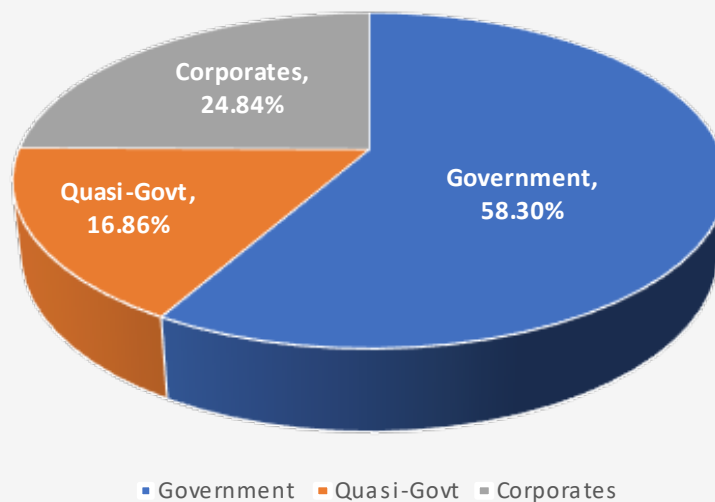
BOND STATISTICS

Overview

Outstanding Amount by Bond Classes

As of March 2024, the outstanding amount of the Malaysian bond market stood at RM2.045 trillion, increased by 1.74% compared to the end of 4Q23 (December 2023: RM2.010 trillion). The largest outstanding bonds were from government issuances which consist of 58.30% of total issuances at RM1,192.16 billion, followed by corporate issuances of 24.84% at RM508.08 billion, and Quasi-government of 16.86% at RM344.77 billion.

Outstanding Amount by Class



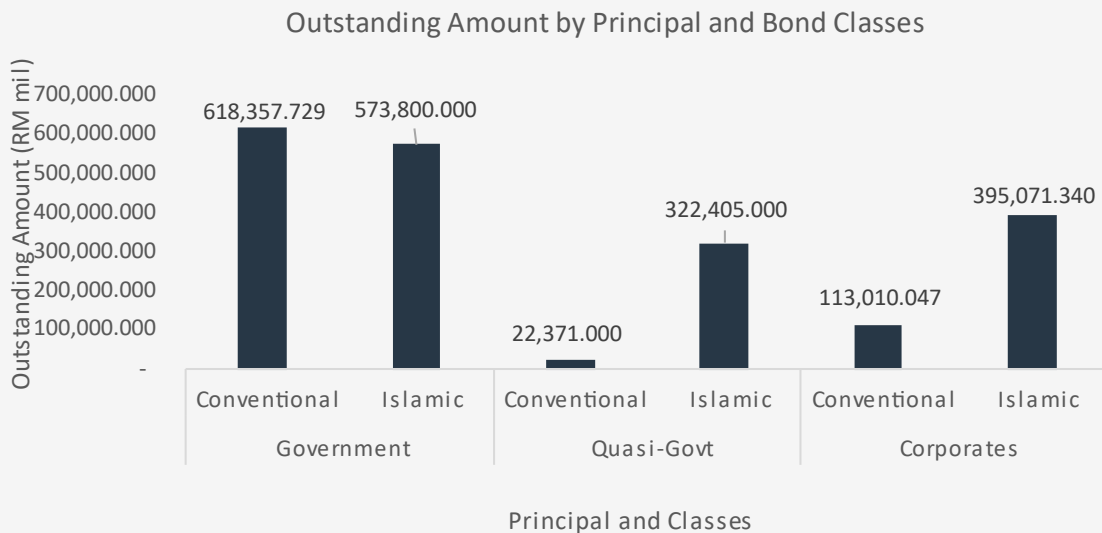
Sources: BNM and BIX Malaysia

BOND STATISTICS

Overview

Outstanding Amount by Principal and Bond Classes

As of March 2024, the outstanding amount of the Government conventional bond and the Government Islamic Bond (Sukuk) stood at RM618.35 billion and RM573.80 billion, respectively. The conventional Quasi-govt outstanding amount stood at RM22.37 billion compared to its Islamic counterpart that stood at RM322.40 billion. For corporate issuances, the conventional bond outstanding amounted RM113.01 billion while the corporate Sukuk was recorded higher at RM395.07 billion.



Sources: BNM and BIX Malaysia

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