

QUARTERLY REPORT

3Q24 (July - September 2024)



3Q2024 – Malaysia’s bond and sukuk remained volatile amid US Fed rate cut

The US Federal Reserve (Fed) initiated its rate easing cycle with an outsized 50 basis points (bps) cut to a range between 4.75% to 5.00% on 18 Sept’ 24, in view of the softening inflationary data and weakening labour market condition. Malaysian Government Securities (MGS) yields changed on quarter-to-quarter as MGS 10-year closed at 3.71%, declined by 15bps in September. As yield movements tend to align with United States Treasury yields, MGS yields are expected to decline if there are further additional rate cuts by the US Federal Reserve,¹ with BNM expecting to keep its benchmark interest rate at 3.00%.

GLOBAL MARKET

Overview

US Treasury 3-year yields declined by 94 bps q-o-q while the benchmark 10-year Treasury notes decreased by 55 bps q-o-q. The retreat of yields were attributed by the Fed’s decision to slash interest rates by 50 basis points comes amid a week full of central bank rate decisions.

Dec-23	Jun-24	UST	Jul-24	MTM	Aug-24	MTM	Sep-24	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
4.01	4.52	3 YEAR	4.10	-42	3.79	-31	3.58	-21	-94	-43
3.84	4.33	5 YEAR	3.97	-36	3.71	-26	3.58	-13	-75	-26
3.88	4.33	7 YEAR	4.00	-33	3.80	-20	3.67	-13	-66	-21
3.88	4.36	10 YEAR	4.09	-27	3.91	-18	3.81	-10	-55	-7

Dec-23	Jun-24	MGS	Jul-24	MTM	Aug-24	MTM	Sep-24	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.49	3.52	3 YEAR	3.35	-17	3.35	0	3.33	-2	-19	-16
3.58	3.64	5 YEAR	3.52	-12	3.51	-1	3.50	-1	-14	-8
3.71	3.79	7 YEAR	3.67	-12	3.70	3	3.68	-2	-11	-3
3.74	3.86	10 YEAR	3.72	-14	3.76	4	3.71	-5	-15	-3

Dec-23	Jun-24	GII	Jul-24	MTM	Aug-24	MTM	Sep-24	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.49	3.45	3 YEAR	3.34	-11	3.32	-2	3.31	-1	-14	-18
3.61	3.62	5 YEAR	3.50	-12	3.52	2	3.50	-2	-12	-11
3.77	3.79	7 YEAR	3.69	-10	3.70	1	3.70	0	-9	-7
3.77	3.87	10 YEAR	3.73	-14	3.78	5	3.75	-3	-12	-2

Dec-23	Jun-24	BOND AAA	Jul-24	MTM	Aug-24	MTM	Sep-24	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.83	3.80	3 YEAR	3.73	-7	3.74	1	3.73	-1	-7	-10
3.90	3.88	5 YEAR	3.82	-6	3.82	0	3.80	-2	-8	-10
3.97	3.96	7 YEAR	3.90	-6	3.88	-2	3.88	0	-8	-9
4.05	4.08	10 YEAR	3.97	-11	3.96	-1	3.96	0	-12	-9

Dec-23	Jun-24	SUKUK AAA	Jul-24	MTM	Aug-24	MTM	Sep-24	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.83	3.80	3 YEAR	3.73	-7	3.74	1	3.73	-1	-7	-10
3.90	3.88	5 YEAR	3.82	-6	3.82	0	3.80	-2	-8	-10
3.97	3.96	7 YEAR	3.90	-6	3.88	-2	3.88	0	-8	-9
4.05	4.08	10 YEAR	3.97	-11	3.96	-1	3.96	0	-12	-9

MY Government Bond

Overview

The MGS yields experienced a quarterly dip, with the 3-year and 10-year dropped by 19 basis points and 15 basis points, respectively. The GII also fell by 14 basis points for the 3-year and by 12 basis points for the 10-year. The decline of MGS and GII yield were influenced by US fed rate cut and partly attributed to favorable domestic conditions, including stable unemployment rates, robust retail sales, and strong IPI data.

MY Corporate Bond & Sukuk

Overview

The AAA-rated corporate bond and Sukuk yields saw improvement throughout the second quarter of 2024. The yields dropped by 7 bps and 12 bps for 3-year and 10-year while both 5-year and 7-year declined by 8bps.

Reference: ¹ MIDF Research

GOVERNMENT BOND AUCTION

Overview

The government bond auction for 3Q24 garnered an average BTC of 2.318x, a slight drop from the previous quarter (2Q24: 2.477x). A reopening of MGII 7/29 received the highest BTC at 3.683x. The new/reopening issuances for MGS/GII stood at RM42.00 billion (2Q24: RM39.5 billion).

As of September 2024, the outstanding amount of MGS/GII stood at RM1,193.64 billion (2Q24: RM1,177.66 billion). The market has demonstrated resilience, buoyed by a positive outlook as global bond markets have rebounded following a slowdown in interest rate hikes by the Federal Reserve. In July, foreign investors poured RM5.5 billion into Malaysian bonds,

3Q24 AUCTION

No	Stock	Tenure	Type	Tender	Issuance (RM mil)	Amt Issued YTD	Bid/Cover	Yield		
		Year		Date				Low	Average	High
1	MGS 8/29	5	Reopening	Jul	5,000	99,500	2.187	3.663	3.672	3.679
2	MGII 11/34	10	Reopening	Jul	5,000	104,500	2.422	3.813	3.819	3.827
3	MGS 4/39	15	Reopening	Jul	3,000	109,500	3.101	3.959	3.972	3.975
4	MGII 10/31	7	Reopening	Aug	5,000	114,500	2.331	3.710	3.726	3.735
5	MGS 3/53	30	Reopening	Aug	3,000	119,500	1.952	4.150	4.172	4.188
6	MGII 7/29	5	Reopening	Aug	4,000	123,500	3.683	3.476	3.488	3.494
7	MGS 7/34	10	Reopening	Aug	5,500	129,000	1.996	3.750	3.760	3.769
8	MGII 8/43	20	Reopening	Sep	3,000	134,000	1.922	4.071	4.084	4.091
9	MGS 4/31	7	Reopening	Sep	5,500	139,500	1.729	3.674	3.687	3.695
10	MGII 3/54	30	Reopening	Sep	3,000	144,500	1.860	4.185	4.198	4.208

Sources: BNM and BIX Malaysia

For the upcoming 4Q24, there will be zero (0) new issue and four (4) reopening of MGS. For GII there will be four (4) reopening and zero (0) new issue, totalling to eight (8) reopening.

UPCOMING ISSUANCE 4Q24

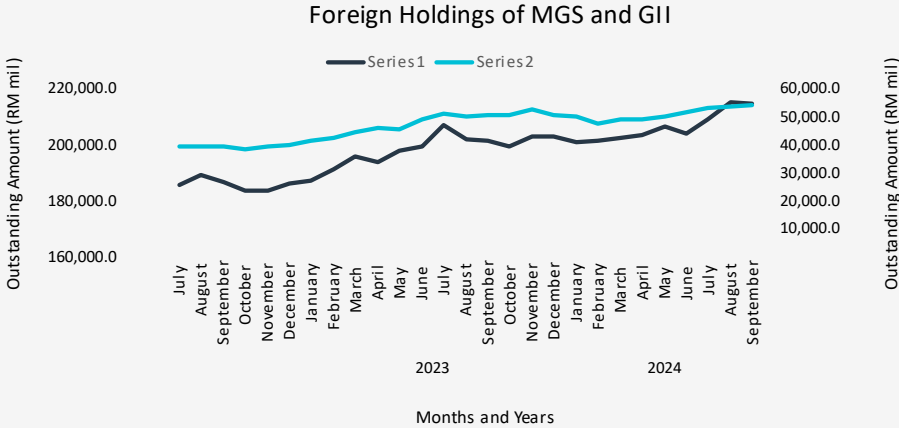
No	Stock	Tenure	Type	Tender	Issuance (RM mil)	Amt Issued YTD	Bid/Cover	Yield		
		Year		Date				Low	Average	High
1	MGS 5/27	3	Reopening	Oct	4,500					
2	MGII 11/34	10	Reopening	Oct	4,500					
3	MGS 5/44	20	Reopening	Oct	5,000					
4	MGII 10/31	7	Reopening	Oct	5,000					
5	MGS 4/39	15	Reopening	Nov	5,000					
6	MGII 7/29	5	Reopening	Nov	4,500					
7	MGS 7/34	10	Reopening	Nov	5,000					
8	GII 9/27	3	Reopening	Dec	4,500					

Sources: BNM and BIX Malaysia

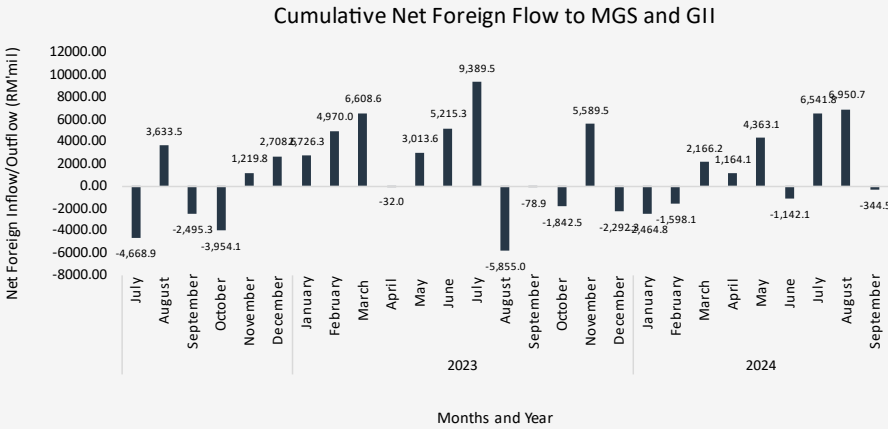
FOREIGN HOLDINGS OF MGS AND GII

Overview

The foreign net flow to MGS and GII in 3Q24 amounted to RM6.54 billion, RM6.95 billion and -RM0.34 billion respectively in July, August and September as foreign investors turned net buyer. As of September 2024, the total foreign holdings of MGS and GII stood at RM269.22 billion (June 2024: RM256.08 billion), 5.13% increase from the previous quarter.



Source: BNM



Source: BNM

CORPORATE BOND & SUKUK

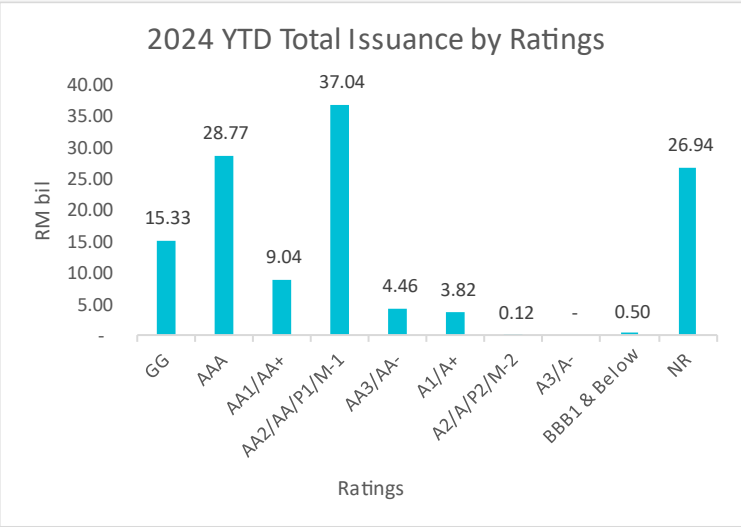
Overview

RM49.57 billion corporate bonds and sukuk were issued in 3Q24 (2Q24: RM42.41 billion), 16.88 % increase from the previous quarter. The non-rated bonds and sukuk were the most issued at RM14.85 billion issuances, followed by AA2/AA/P1/M1 rated bonds at RM13.25 billion issuances.

For 3Q24, the largest corporate issuances were issued by CIMB ISLAMIC BANK BERHAD, CIMBI IMTN 4.070% 30.07.2035 - Series 4 Tranche 3 of RM2.17 billion.

Issuance 3Q24

Month/Rating	July 24 (RM bil)	August 24 (RM bil)	September 24 (RM bil)	Total (RM bil)
GG	2.50	1.05	1.00	4.55
AAA	3.79	3.09	2.10	8.98
AA1/AA+	0.20	1.00	2.69	3.89
AA2/AA/P1/M1	3.47	3.01	6.77	13.25
AA3/AA-	1.28	0.68	0.03	1.99
A1/A+	1.00	0.50	0.15	1.65
A2/A/P2/M2			0.11	0.11
A3/A-				-
BBB1 & Below			0.30	0.30
NR	7.83	2.20	4.82	14.85
Total	20.07	11.53	17.97	49.57
Total Issuance				49.57



Sources: BNM and BIX Malaysia

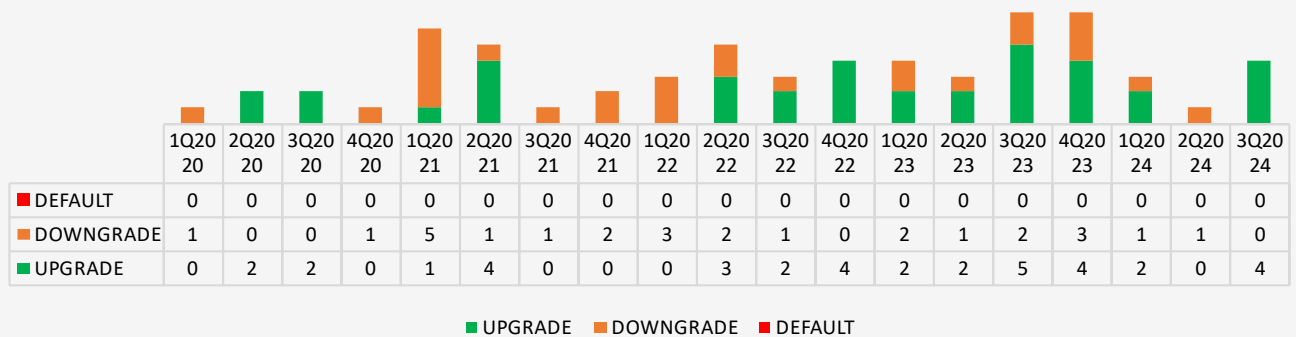
Rating Outlook

There was zero (0) default and zero (0) downgraded recorded in 3Q24. However, there are four (4) upgraded bonds/sukuk in this quarter.

↑ Upgrade

1. Evyap Sabun Malaysia Sdn Bhd
2. MEX I Capital Berhad
3. DRB-Hicom Berhad
4. Exsim Capital Resources Berhad

Rating Movements



Sources: MARC, RAM and BIX Malaysia

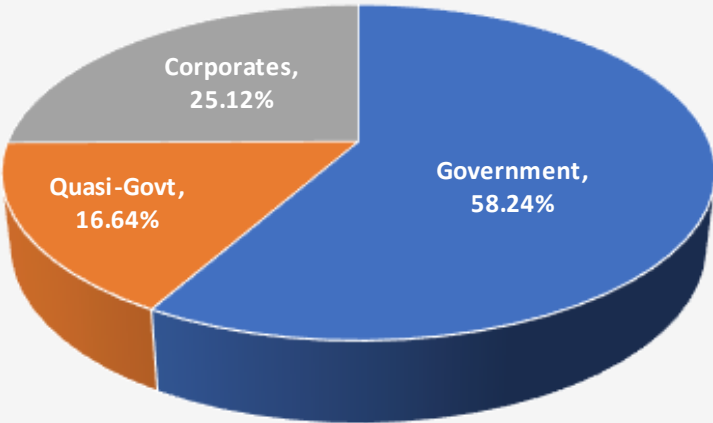
BOND STATISTICS

Overview

Outstanding Amount by Bond Classes

As of September 2024, the outstanding amount of the Malaysian bond market stood at RM2.082 trillion, increased by 0.88% compared to the end of 2Q24 (June 2024: RM2.064 trillion). The largest outstanding bonds were from government issuances which consist of 58.24% of total issuances at RM1.213 trillion, followed by corporate issuances of 25.12% at RM523.14 billion, and Quasi-government issuances of 16.64% at RM346.45 billion.

Outstanding Amount by Class



■ Government ■ Quasi-Govt ■ Corporates

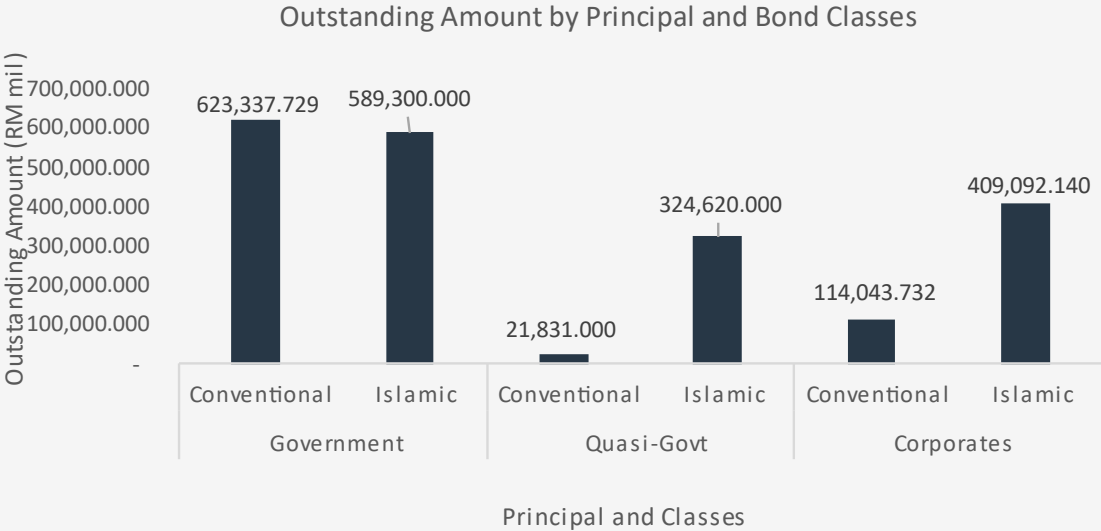
Sources: BNM and BIX Malaysia

BOND STATISTICS

Overview

Outstanding Amount by Principal and Bond Classes

As of September 2024, the outstanding amount of the Government conventional bond and the Government Islamic Bond (Sukuk) stood at RM623.34 billion and RM589.30 billion, respectively. The conventional Quasi-govt outstanding amount stood at RM21.83 billion, much smaller compared to its Islamic counterpart that stood at RM324.62 billion. For corporate issuances, the conventional bond outstanding amounted RM114.04 billion while the corporate Sukuk was recorded higher at RM409.09 billion.



Sources: BNM and BIX Malaysia

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