

QUARTERLY REPORT

4Q23 (October - December 2023)



4Q2023 - The Malaysian capital market successfully navigates through global volatility in the year 2023.

The Malaysian bond and sukuk market, a significant player in the region, is well-equipped to support important financing for productive and socially responsible projects. As of October 31, 2023, its total value stands at RM2.0 trillion, constituting over 50% of Malaysia's capital market. Malaysia leads globally in sukuk, holding 35% of the total outstanding sukuk, surpassing Saudi Arabia and Indonesia.

GLOBAL MARKET

Overview

3-year yield for the US Treasury yields declined by 79 bps q-o-q. The yield on the benchmark 10-year Treasury notes has also dropped by 71 bps q-o-q. U.S. This adjustment is attributed to a response to persistent inflation and robust labor market data and potential escalation of the conflict between Israel and Hamas.

MY Government Bond

Overview

The MGS yields experienced a quarterly decline, with the 3-year decreasing by 6 basis points and the 10-year seeing a 23 basis points drop. The GII performance also saw a decrease of 11 basis points for the 3-year and 23 basis points for the 10-year. This is attributed to a reduction in foreign selling of bonds, which has been observed since late October where is linked to the persistently hawkish stance of the US Federal Reserve and the unexpectedly robust growth of the US economy.

MY Corporate Bond & Sukuk

Overview

The corporate bond yields decrease (q-o-q) throughout the fourth quarter of 2023. The yields down 13 bps for 3-year

Dec-22	Sep-23	UST	Oct-23	MTM	Nov-23	MTM	Dec-23	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(BP)	Close(%)	(BP)	Close(%)	(BP)	(BP)	(BP)
4.22	4.80	3 YEAR	4.90	0.10	4.48	-0.42	4.01	-0.47	-0.79	-0.21
3.99	4.60	5 YEAR	4.82	0.22	4.31	-0.51	3.84	-0.47	-0.76	-0.15
3.96	4.61	7 YEAR	4.89	0.28	4.38	-0.51	3.88	-0.50	-0.73	-0.08
3.88	4.59	10 YEAR	4.88	0.29	4.37	-0.51	3.88	-0.49	-0.71	0.00

Dec-22	Sep-23	MGS	Oct-23	MTM	Nov-23	MTM	Dec-23	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(BP)	Close(%)	(BP)	Close(%)	(BP)	(BP)	(BP)
3.67	3.55	3 YEAR	3.65	0.10	3.47	-0.18	3.49	-0.02	-0.06	-0.18
3.84	3.68	5 YEAR	3.86	0.18	3.61	-0.25	3.58	-0.03	-0.10	-0.26
4.03	3.89	7 YEAR	4.06	0.17	3.82	-0.24	3.71	-0.11	-0.18	-0.32
4.07	3.97	10 YEAR	4.11	0.14	3.81	-0.30	3.74	-0.07	-0.23	-0.33

Dec-22	Sep-23	GII	Oct-23	MTM	Nov-23	MTM	Dec-23	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(BP)	Close(%)	(BP)	Close(%)	(BP)	(BP)	(BP)
3.76	3.60	3 YEAR	3.68	0.08	3.55	-0.13	3.49	-0.06	-0.11	-0.27
3.86	3.79	5 YEAR	3.85	0.06	3.67	-0.18	3.61	-0.06	-0.18	-0.25
4.04	3.93	7 YEAR	4.06	0.13	3.87	-0.19	3.77	-0.10	-0.16	-0.27
4.13	4.00	10 YEAR	4.08	0.08	3.87	-0.21	3.77	-0.10	-0.23	-0.36

Dec-22	Sep-23	BOND AAA	Oct-23	MTM	Nov-23	MTM	Dec-23	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(BP)	Close(%)	(BP)	Close(%)	(BP)	(BP)	(BP)
4.20	3.96	3 YEAR	4.10	0.14	3.90	-0.20	3.83	-0.07	-0.13	-0.37
4.36	4.09	5 YEAR	4.26	0.17	4.01	-0.25	3.90	-0.11	-0.19	-0.46
4.50	4.21	7 YEAR	4.40	0.19	4.15	-0.25	3.97	-0.18	-0.24	-0.53
4.64	4.30	10 YEAR	4.49	0.19	4.23	-0.26	4.05	-0.18	-0.25	-0.59

Dec-22	Sep-23	SUKUK AAA	Oct-23	MTM	Nov-23	MTM	Dec-23	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(BP)	Close(%)	(BP)	Close(%)	(BP)	(BP)	(BP)
4.20	3.96	3 YEAR	4.10	0.14	3.90	-0.20	3.83	-0.07	-0.13	-0.37
4.36	4.09	5 YEAR	4.26	0.17	4.01	-0.25	3.90	-0.11	-0.19	-0.46
4.50	4.21	7 YEAR	4.40	0.19	4.15	-0.25	3.97	-0.18	-0.24	-0.53
4.64	4.30	10 YEAR	4.49	0.19	4.23	-0.26	4.05	-0.18	-0.25	-0.59

BOND & SUKUK RESEARCH

Any feedback please email:
feedback@bixmalaysia.com

GOVERNMENT BOND AUCTION

Overview

The government bond auction for 4Q23 garnered an average BTC of 2.211x, an increase from the previous quarter (3Q23: 2.125x). A reopening of MGII 09/30 received the highest BTC at 3.304x. The new/reopening issuances for MGS/GII stood at RM37.0 billion (3Q23: RM42.0 billion).

As of December 2023, the outstanding amount of MGS/GII was at RM1,171.58 billion (3Q23: RM1,091.66 billion). This is because the government aims to minimize refinancing risk by decreasing funding through short-term papers, despite T-bills constituting less than 3% of the overall outstanding ringgit government debts.

4Q23 AUCTION

No	Stock	Tenure	Type	Tender	Issuance	Amt Issued YTD	Bid/Cover	Yield		
		Year		Date	(RM mil)			Low	Average	High
1	MGS 10/42	20	Reopening	Oct	3,500	149,500	1.772	4.455	4.487	4.521
2	MGII 08/33	10	Reopening	Oct	5,500	155,000	2.733	4.085	4.093	4.099
3	MGS 04/30	7	Reopening	Oct	5,000	160,000	1.356	4.090	4.134	4.188
4	MGII 05/52	30	Reopening	Nov	3,000	165,000	2.076	4.455	4.484	4.497
5	GII 09/26	3	Reopening	Nov	5,000	170,000	1.508	3.580	3.622	3.650
6	MGII 09/30	7	Reopening	Nov	5,000	175,000	3.304	3.880	3.897	3.908
7	MGS 04/28	5	Reopening	Dec	5,000	180,000	2.736	3.582	3.592	3.595
8	MGS 11/33	10	Reopening	Dec	5,000	185,000	2.206	3.680	3.713	3.730

Sources: BNM and BIX Malaysia

For the upcoming 1Q24, there will be four (4) 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 1Q24

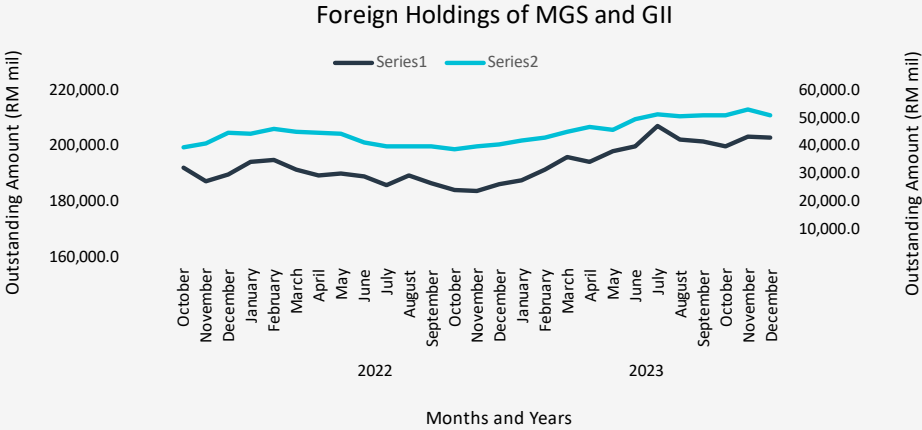
No	Stock	Tenure	Type	Tender	Issuance	Amt Issued YTD	Bid/Cover	Yield		
		Year		Date	(RM mil)			Low	Average	High
1	MGII 8/33	10	Reopening	Jan						
2	MGS 3/53	30	Reopening	Jan						
3	MGII 7/28	5	Reopening	Jan						
4	MGS 4/31	7	Reopening	Feb						
5	MGII 8/43	20	Reopening	Feb						
6	MGS 5/27	3	Reopening	Feb						
7	MGII 9/39	15	Reopening	Mar						
8	MGS 11/33	10	Reopening	Mar						
9	MGII 3/54	30	New Issue	Mar						

Sources: BNM and BIX Malaysia

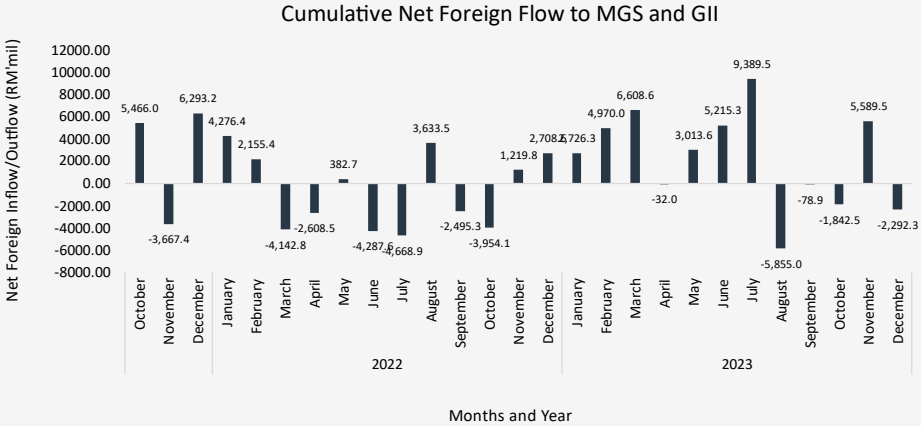
FOREIGN HOLDINGS OF MGS AND GII

Overview

The foreign net flow to MGS and GII in 4Q23 amounted to -RM1.84 billion, RM5.59 billion and -RM2.29 billion respectively in October, November and December as foreign investors turn net buyer. As of December 2023, the total foreign holdings of MGS and GII stood at RM253.59 billion (September 2023: RM252.13 billion), 0.58% increase from the previous quarter.



Source: BNM



Source: BNM

CORPORATE BOND & SUKUK

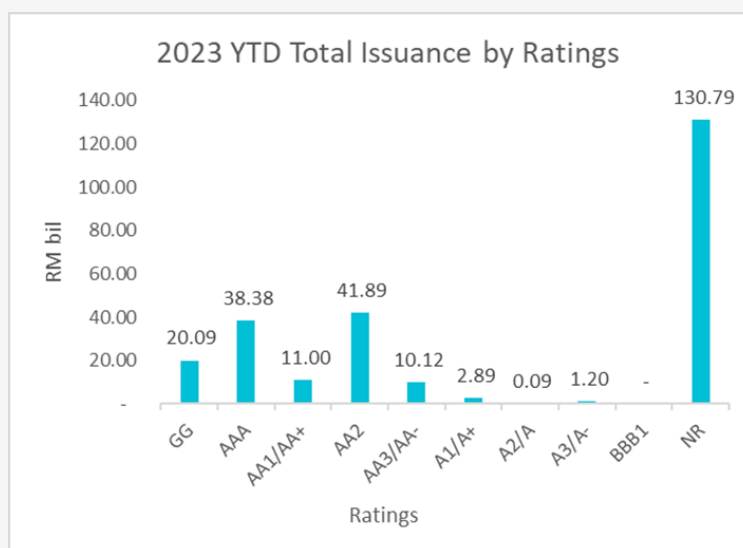
Overview

RM43.10 billion corporate bonds and sukuk were issued in 4Q23 (3Q23: RM78.45 billion), 45.06% decrease from the previous quarter. The not rated bonds and sukuk were the most issued with RM10.31 billion issuances, followed by AA2/AA bonds at RM13.09 billion issuances.

For 4Q23, the largest corporate issuances were issued by SIME DARBY ENTERPRISE SDN. BHD, SDESB IMTN 11.12.2024 - Tranche 1B of RM2.50 billion.

Issuance 4Q23

Month/Rating	Oct 23 (RM bil)	Nov 23 (RM bil)	Dec 23 (RM bil)	Total (RM bil)
GG	2.50	0.30	-	2.80
AAA	5.99	2.97	2.30	11.26
AA1/AA+	-	1.50	0.10	1.60
AA2/AA	5.48	3.98	3.63	13.09
AA3/AA-	0.75	0.61	1.20	2.56
A1/A+	0.90	0.05	-	0.95
A2/A	-	0.03	-	0.03
A3/A-	0.50	-	-	0.50
BBB1	-	-	-	-
NR	2.00	1.80	6.51	10.31
Total	18.12	11.24	13.74	43.10
Total Issuance				43.10



Sources: BNM and BIX

Rating Outlook

There was zero (0) default and four (4) upgrades recorded in 4Q23. However, there are three (3) downgraded bonds/sukuk in this quarter.

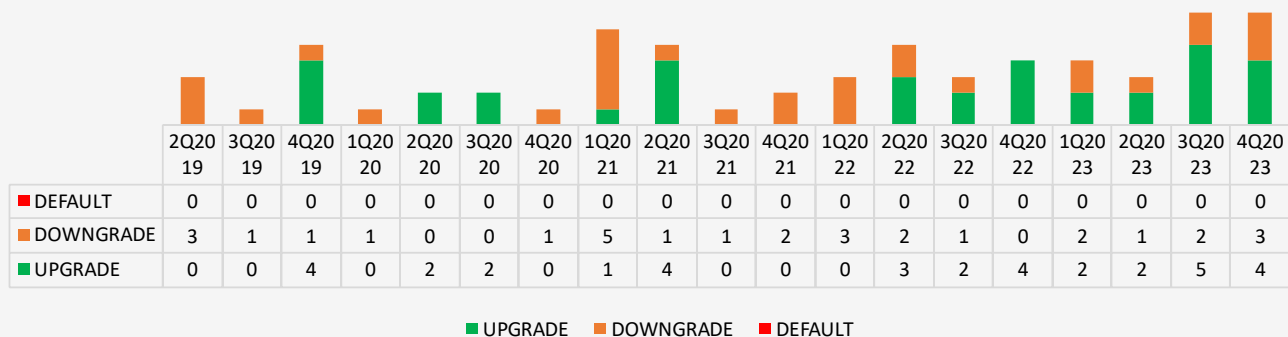
↑ Upgrade

1. Titijaya Land Berhad
2. Manulife Holdings Berhad
3. Golden Assets International Finance Limited
4. AMMB Holdings Berhad

↓ Downgrade

1. YNH Property Berhad
2. SPR Energy (M) Sdn Bhd
3. Country Garden Real Estate Sdn Bhd

Rating Movements



Sources: MARC, RAM and BIX Malaysia

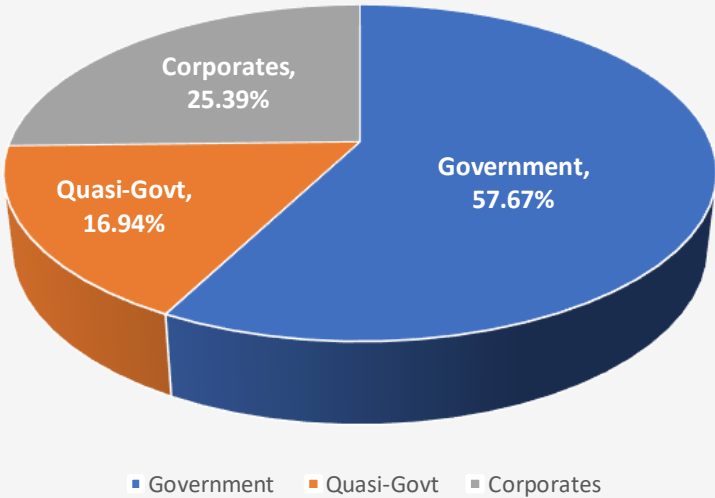
BOND STATISTICS

Overview

Outstanding Amount by Bond Classes

As of December 2023, the outstanding amount of the Malaysian bond market stood at RM2.01 trillion, increased by 1.01% compared to the end of 3Q23 (September 2023: RM1.99 trillion). The largest outstanding bonds were from government issuances which consist of 57.67% of total issuances at RM1,159.86 billion, followed by corporate issuances of 25.39% at RM510.71 billion, and Quasi-government of 16.94% at RM340.76 billion.

Outstanding Amount by Class



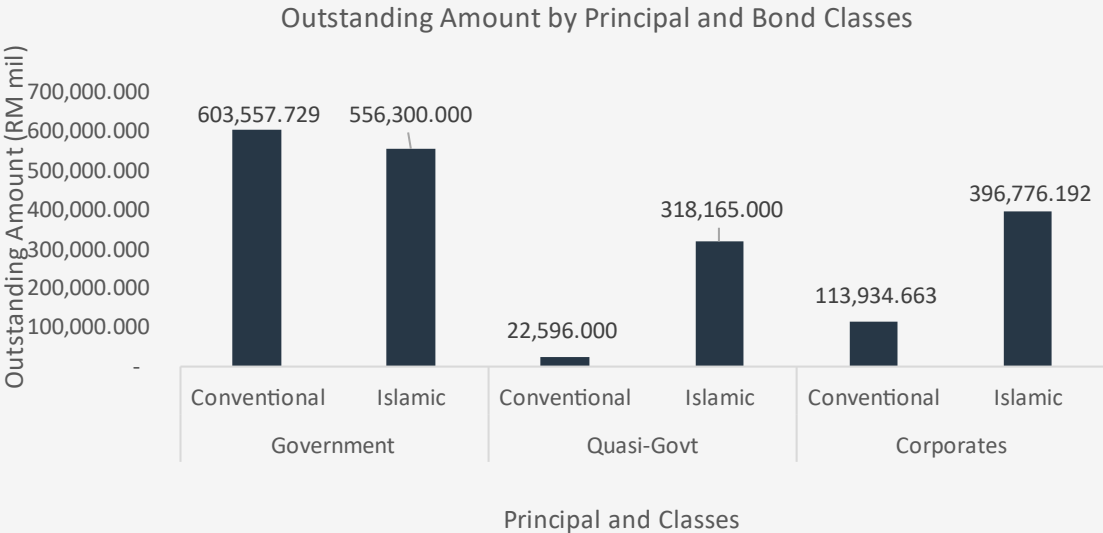
Sources: BNM and BIX Malaysia

BOND STATISTICS

Overview

Outstanding Amount by Principal and Bond Classes

As of December 2023, the outstanding amount of the Government conventional bond and the Government Islamic Bond (Sukuk) stood at RM603.56 billion and RM556.30 billion, respectively. The conventional Quasi-govt outstanding amount stood at RM23.59 billion compared to its Islamic counterpart that stood at RM318.16 billion. For corporate issuances, the conventional bond outstanding amounted RM113.93 billion while the corporate Sukuk was recorded higher at RM396.77 billion.



Sources: BNM and BIX Malaysia

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