

QUARTERLY REPORT

2Q24 (April - June 2024)



2Q2024 – MGS/GII remain top issuer in 2Q2024 and top performing in ASEAN market.

MGS/GII remained as top issuer in 2Q2024 and the top performing in 1H2024 from ASEAN Index with a YTD return of 1.91% as demand for the papers were bolstered by robust domestic demand, fiscal reform progress, and a stable ringgit¹. Malaysia remain the largest sukuk market globally, with around 60 per cent of its ringgit Debt Capital Markets (DCM) and Saudi Arabia, UAE and Malaysia will likely stay among the most active sukuk issuers².

GLOBAL MARKET

Overview

3-year yield for the US Treasury yields increased by 12 bps q-o-q. The yield on the benchmark 10-year Treasury notes has also gone up by 16 bps q-o-q. U.S. Treasury yields spike as U.S. deficit and inflation come into focus where traders also weighed the fiscal outlook. One concern is that bigger federal deficits will likely be on the way regardless of which candidate wins in election.

MY Government Bond

Overview

The MGS yields experienced a quarterly increase, with the 3-year up by 2 basis points and the 10-year seeing a 1 basis points rise. The GII saw an increased performance by 1 basis points for the 3-year and by 2 basis points for the 10-year. Malaysia's government bond supply may slow in the second half and be on track to fall for the full year of 2024 amid smaller deficit financing requirements and strong investor demand.

MY Corporate Bond & Sukuk

Overview

The corporate bond and Sukuk yields saw improvement throughout the second quarter of 2024. The yields increased by 8 bps, 5 bps and 2 bps for 3-year and 5-year for 10-year while there is no change for yields in second quarter 2024 for 7-year.

Reference: ¹ RHB Fixed Income Report; ² Fitch Ratings

Dec-23	Mar-24	UST	Apr-24	MTM	May-24	MTM	Jun-24	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
4.01	4.40	3 YEAR	4.87	47	4.69	-18	4.52	-17	12	51
3.84	4.21	5 YEAR	4.72	51	4.52	-20	4.33	-19	12	49
3.88	4.20	7 YEAR	4.71	51	4.52	-19	4.33	-19	13	45
3.88	4.20	10 YEAR	4.69	49	4.51	-18	4.36	-15	16	48

Dec-23	Mar-24	MGS	Apr-24	MTM	May-24	MTM	Jun-24	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.49	3.50	3 YEAR	3.61	11	3.58	-3	3.52	-6	2	3
3.58	3.59	5 YEAR	3.78	19	3.69	-9	3.64	-5	5	6
3.71	3.77	7 YEAR	3.91	14	3.85	-6	3.79	-6	2	8
3.74	3.85	10 YEAR	3.98	13	3.89	-9	3.86	-3	1	12

Dec-23	Mar-24	GII	Apr-24	MTM	May-24	MTM	Jun-24	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.49	3.44	3 YEAR	3.60	16	3.53	-7	3.45	-8	1	-4
3.61	3.60	5 YEAR	3.79	19	3.66	-13	3.62	-4	2	1
3.77	3.75	7 YEAR	3.90	15	3.84	-6	3.79	-5	4	2
3.77	3.85	10 YEAR	3.99	14	3.90	-9	3.87	-3	2	10

Dec-23	Mar-24	BOND AAA	Apr-24	MTM	May-24	MTM	Jun-24	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.83	3.72	3 YEAR	3.83	11	3.81	-2	3.80	-1	8	-3
3.90	3.83	5 YEAR	3.97	14	3.92	-5	3.88	-4	5	-2
3.97	3.96	7 YEAR	4.09	13	4.02	-7	3.96	-6	0	-1
4.05	4.06	10 YEAR	4.17	11	4.08	-9	4.08	0	2	3

Dec-23	Mar-24	SUKUK AAA	Apr-24	MTM	May-24	MTM	Jun-24	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.83	3.72	3 YEAR	3.83	11	3.81	-2	3.80	-1	8	-3
3.90	3.83	5 YEAR	3.97	14	3.92	-5	3.88	-4	5	-2
3.97	3.96	7 YEAR	4.09	13	4.02	-7	3.96	-6	0	-1
4.05	4.06	10 YEAR	4.17	11	4.08	-9	4.08	0	2	3

GOVERNMENT BOND AUCTION

Overview

The government bond auction for 2Q24 garnered an average BTC of 2.477x, a slight drop from the previous quarter (1Q24: 2.674x). A reopening of MGII 8/43 received the highest BTC at 3.475x. The new/reopening issuances for MGS/GII stood at RM39.5 billion (1Q24: RM42.0 billion).

As of June 2024, the outstanding amount of MGS/GII was at RM1,177.66 billion (1Q24: RM1,162.16 billion). Domestic demand for Ringgit bonds remains resilient with long durations should continue to be underpinned by local pension funds and life insurance companies, supporting a stay of flat MGS curve at the back end.

2Q24 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	Apr	5,000	50,000	1.797	3.665	3.681	3.690
2	MGII 10/31	7	New Issue	Apr	4,500	54,500	3.333	3.780	3.804	3.815
3	MGS 4/39	15	New Issue	Apr	3,000	59,500	2.159	4.016	4.054	4.069
4	MGII 9/26	3	Reopening	Apr	5,000	64,500	1.746	3.547	3.574	3.599
5	MGS 5/44	20	New Issue	May	3,000	69,500	3.085	4.160	4.180	4.188
6	MGII 9/39	15	Reopening	May	3,000	74,500	3.024	4.005	4.021	4.027
7	MGS 4/31	7	Reopening	May	5,000	79,500	1.965	3.843	3.852	3.860
8	MGII 8/43	20	Reopening	Jun	3,000	84,500	3.475	4.123	4.133	4.137
9	MGS 5/27	3	Reopening	Jun	5,000	89,500	1.682	3.487	3.545	3.553
10	MGII 3/54	30	Reopening	Jun	3,000	94,500	2.504	4.220	4.241	4.249

Sources: BNM and BIX Malaysia

For the upcoming 3Q24, there will be zero (0) new issue and five (5) reopening of MGS. For GII there will be five (5) reopening and zero (0) new issue, totalling to ten (10) reopening.

UPCOMING ISSUANCE 3Q24

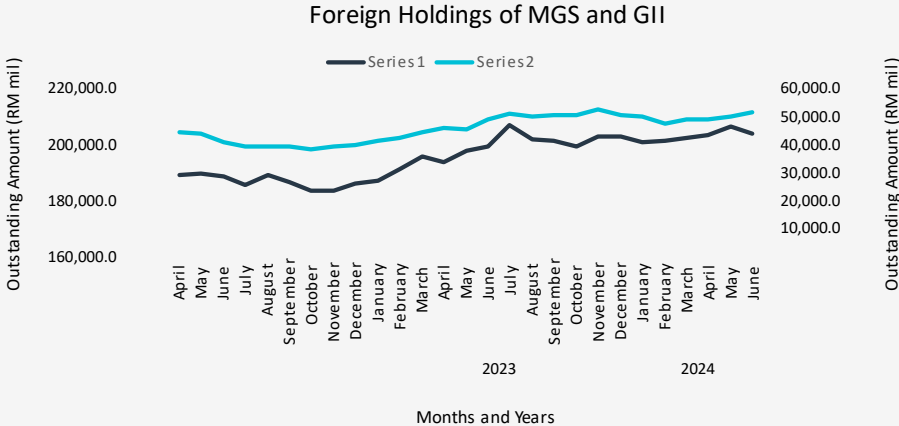
No	Stock	Tenure	Type	Tender	Issuance (RM mil)	Amt Issued YTD	Bid/Cover	Yield		
		Year		Date				Low	Average	High
1	MGS 8/29	5	Reopening	Jul	5,000	99,500	2.187	3.663	3.672	3.679
2	MGII 11/34	10	Reopening	Jul						
3	MGS 4/39	15	Reopening	Jul						
4	MGII 10/31	7	Reopening	Aug						
5	MGS 3/53	30	Reopening	Aug						
6	MGII 7/29	5	Reopening	Aug						
7	MGS 7/34	10	Reopening	Aug						
8	MGII 8/43	20	Reopening	Sep						
9	MGS 4/31	7	Reopening	Sep						
10	MGII 3/54	30	Reopening	Sep						

Sources: BNM and BIX Malaysia

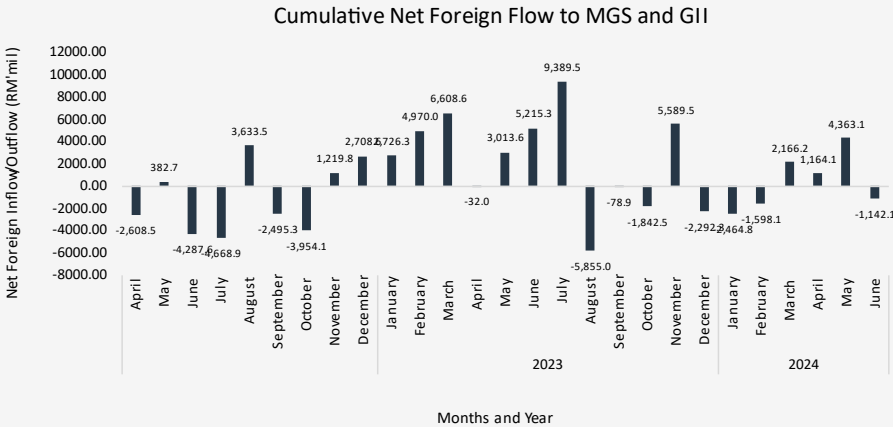
FOREIGN HOLDINGS OF MGS AND GII

Overview

The foreign net flow to MGS and GII in 2Q24 amounted to RM1.16 billion, RM4.36 billion and -RM1.14 billion respectively in April, May and June as foreign investors turn net buyer. As of June 2024, the total foreign holdings of MGS and GII stood at RM256.08 billion (March 2024: RM251.69 billion), 1.74% increase from the previous quarter.



Source: BNM



Source: BNM

CORPORATE BOND & SUKUK

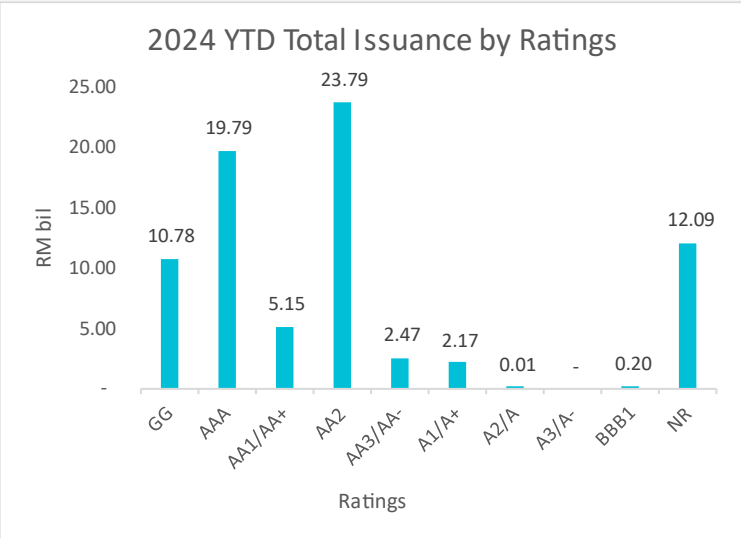
Overview

RM42.41 billion corporate bonds and sukuk were issued in 2Q24 (1Q24: RM34.04 billion), 24.59 % increase from the previous quarter. The AA2/AA-rated bonds and sukuk were the most issued with RM13.79 billion issuances, followed by AAA-rated bonds at RM8.40 billion issuances.

For 2Q24, the largest corporate issuances were issued by PENGURUSAN AIR SPV BERHAD, PASB IMTN 4.070% 03.06.2039 - Issue No. 42 of RM1.08 billion.

Issuance 2Q24

Month/Rating	Apr 24 (RM bil)	May 24 (RM bil)	June 24 (RM bil)	Total (RM bil)
GG	4.75	-	2.58	7.33
AAA	2.70	2.62	3.08	8.40
AA1/AA+	1.25	1.50	1.40	4.15
AA2/AA	2.87	5.07	5.85	13.79
AA3/AA-	0.30	0.50	0.34	1.14
A1/A+	0.10	-	1.00	1.10
A2/A	-	-	-	-
A3/A-	-	-	-	-
BBB1	-	-	-	-
NR	1.50	1.63	3.37	6.50
Total	13.47	11.32	17.62	42.41
Total Issuance				42.41



Sources: BNM and BIX

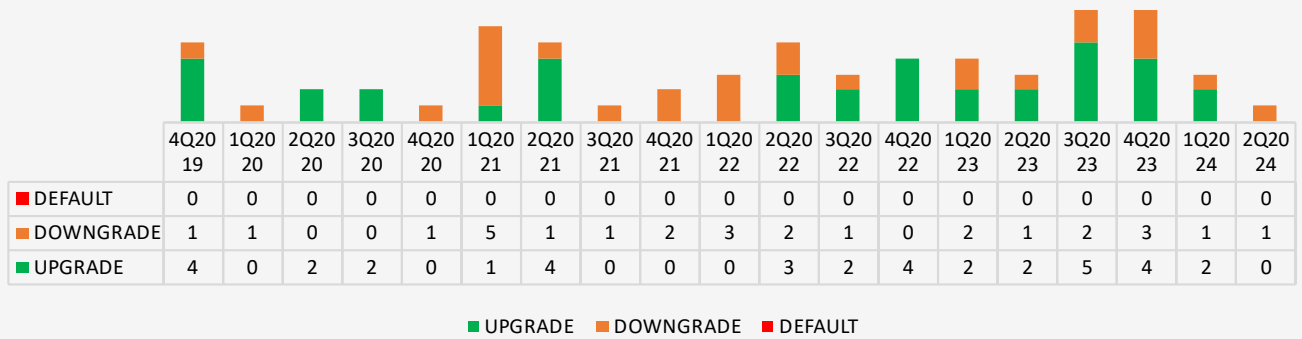
Rating Outlook

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

↓ Downgrade

1. YNH Property Berhad

Rating Movements



Sources: MARC, RAM and BIX Malaysia

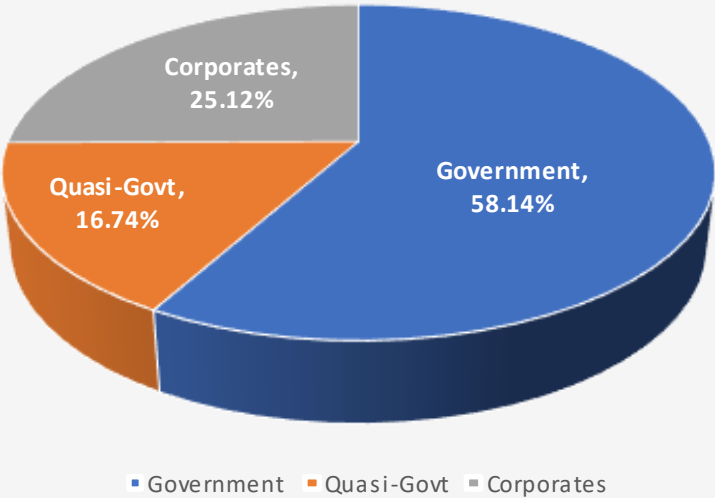
BOND STATISTICS

Overview

Outstanding Amount by Bond Classes

As of June 2024, the outstanding amount of the Malaysian bond market stood at RM2.064 trillion, increased by 0.93% compared to the end of 1Q24 (March 2024: RM2.045 trillion). The largest outstanding bonds were from government issuances which consist of 58.14% of total issuances at RM1.20 trillion, followed by corporate issuances of 25.12% at RM518.57 billion, and Quasi-government of 16.74% at RM345.56 billion.

Outstanding Amount by Class



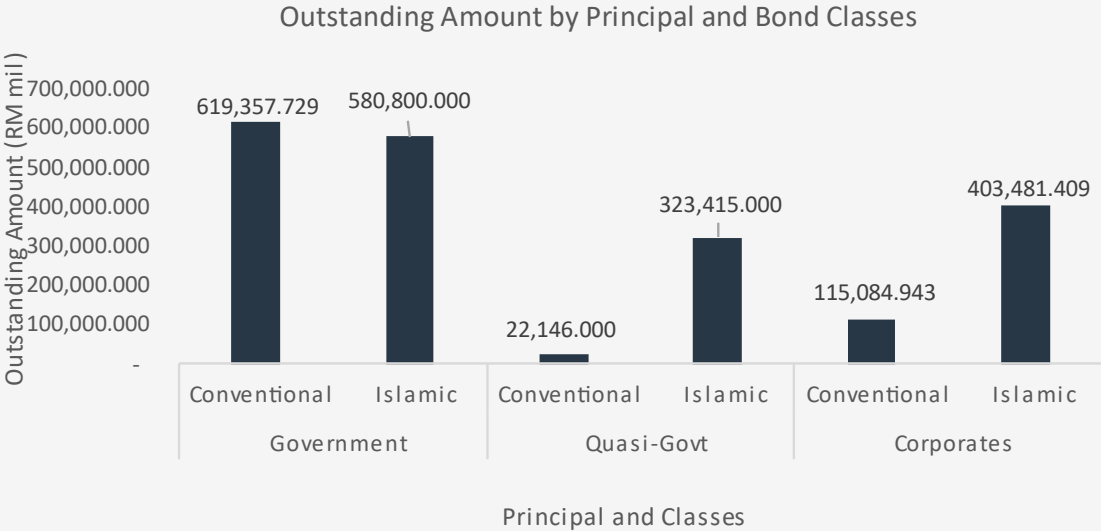
Sources: BNM and BIX Malaysia

BOND STATISTICS

Overview

Outstanding Amount by Principal and Bond Classes

As of June 2024, the outstanding amount of the Government conventional bond and the Government Islamic Bond (Sukuk) stood at RM619.36 billion and RM580.80 billion, respectively. The conventional Quasi-govt outstanding amount stood at RM22.15 billion, much smaller compared to its Islamic counterpart that stood at RM323.41 billion. For corporate issuances, the conventional bond outstanding amounted RM115.08 billion while the corporate Sukuk was recorded higher at RM403.48 billion.



Sources: BNM and BIX Malaysia

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