

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries were firmer in trading on Tuesday, amidst slower than expected growth in May retail sales, adding to evidence that US consumer spending appears to be stalling in 2Q after a bright start to the year. Benchmark yields closed lower across the curve by between 5 and 6bps for the day. **The benchmark 2yr UST yield was 5bps lower for the session at 4.72%, while the benchmark 10yr UST yield declined by 6bps for the day at 4.22%.** Futures markets are pointing to a Fed cut in November, and pricing in nearly two cuts for the year as a whole. US stock and bond markets will be closed today for the Juneteenth holiday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	4.72	-5
5-yr UST	4.24	-6
10-yr UST	4.22	-6
30-yr UST	4.36	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.55	1	3.47	1
5-yr	3.65	0	3.66	4
7-yr	3.80	1	3.77	1
10-yr	3.88	2	3.88	1
15-yr	4.01	2	4.02	2
20-yr	4.13	0	4.13	0
30-yr	4.19	-3	4.25	1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.58	0
3-yr	3.58	0
5-yr	3.64	1
7-yr	3.75	1
10-yr	3.86	1

Source : Bloomberg

MGS/GII

- Local govies were better offered to start the week today, as the market took the lead from the sell-off in USTs overnight on Monday. Secondary market volume for the day surged by 71% to RM2.88bn, compared to the RM1.68bn that changed hands on Friday. Benchmark yields closed mixed between -3 to +4 bps for the day. **The benchmark 5Y MGS 8/29 was little changed for the session at 3.65% while the benchmark 10Y MGS 11/33 was 2bps higher in yield for the day at 3.88%.** Trading interest was seen in the benchmark 3Y MGS/GII, 5Y MGS and 7Y MGS, as well as in the off-the-run MGS 3/24, MGS 9/25, MGS 4/26 and MGS 6/28. The market share of GII trading for the day plunged to 14% versus the 30% share seen the previous session. Domestically, we could get the announcement of the auction details for reopening of the benchmark 30Y GII 3/54 later today.

Upcoming Government Bond Tender

Nil

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk markets conversely saw a quieter start to the week in trading on Tuesday, with secondary market volume for the day receding by 37% to RM559m, compared to the RM887m that traded on Friday. There were no GG trades for the day and trading interest for the day was led by the AAA-rated segment of the market, where PASB 10/30 and PLUS 1/36 led interest, closing the day at 3.97% (-1bp from last print) and 4.04% (+1bp) respectively. In AA territory, trading for the day was led by CIMB 9/29, with the bond settling at 3.78%, little changed for where it last traded. Interest was also seen in MBB 8/31, which closed the day at 3.81%, 1bp lower compared to its last print. In the A-rated space, interest was led by MNRB 3/34, which settled for the day at 4.12%, 3bps lower versus where the bond last traded. Interest was also noted in YINSON 7.50% Perps, which changed hands at 6.50%, a whopping 49 bps lower than where it last printed the week before.

Daily Trades: Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 07/24	3.247	3	2.383	06/13/2024	86
MGS 09/24	3.233	3	3.208	06/14/2024	2
MGS 03/25	3.270	104	3.272	06/14/2024	0
MGS 09/25	3.311	170	3.291	06/14/2024	2
MGS 04/26	3.429	100	3.441	06/14/2024	-1
MGS 07/26	3.438	71	3.438	06/14/2024	0
MGS 11/26	3.465	17	3.454	06/14/2024	1
MGS 03/27	3.542	4	3.564	06/05/2024	-2
MGS 05/27	3.552	899	3.538	06/14/2024	1
MGS 11/27	3.568	46	3.568	06/14/2024	0
MGS 04/28	3.614	15	3.608	06/14/2024	1
MGS 06/28	3.611	135	3.619	06/14/2024	-1
MGS 09/28	3.666	3	3.667	06/04/2024	0
MGS 08/29	3.654	205	3.655	06/14/2024	0
MGS 04/30	3.773	25	3.735	06/14/2024	4
MGS 04/31	3.803	364	3.798	06/14/2024	0
MGS 06/31	3.823	5	3.815	06/14/2024	1
MGS 07/32	3.851	19	3.851	06/14/2024	0
MGS 04/33	3.877	33	3.875	06/14/2024	0
MGS 11/33	3.883	75	3.863	06/14/2024	2
MGS 07/34	3.870	32	3.863	06/14/2024	1
MGS 05/35	3.939	6	3.970	06/13/2024	-3
MGS 04/37	4.011	16	4.002	06/14/2024	1
MGS 06/38	4.014	6	4.008	06/14/2024	1
MGS 05/40	4.088	4	4.083	06/14/2024	0
MGS 10/42	4.135	12	4.122	06/14/2024	1
MGS 05/44	4.128	14	4.128	06/14/2024	0
MGS 03/46	4.209	1	4.199	06/14/2024	1
MGS 07/48	4.218	21	4.221	06/14/2024	0
MGS 06/50	4.222	62	4.211	06/14/2024	1
MGS 03/53	4.192	4	4.224	06/14/2024	-3
GII 10/24	3.254	5	3.242	06/12/2024	1
GII 08/25	3.341	4	3.336	06/13/2024	1
GII 10/25	3.323	14	3.347	06/12/2024	-2
GII 03/26	3.432	14	3.450	06/13/2024	-2
GII 09/26	3.474	152	3.462	06/14/2024	1
GII 09/27	3.550	5	3.548	06/14/2024	0
GII 07/28	3.664	4	3.619	06/14/2024	4
GII 10/28	3.642	7	3.651	06/14/2024	-1
GII 09/30	3.766	11	3.754	06/14/2024	1
GII 10/30	3.760	2	3.760	06/14/2024	0
GII 10/31	3.819	5	3.794	06/12/2024	2
GII 10/32	3.855	60	3.845	06/14/2024	1
GII 08/33	3.884	30	3.874	06/14/2024	1
GII 10/35	3.938	10	3.928	06/14/2024	1
GII 07/36	3.978	5	3.956	06/12/2024	2
GII 08/37	4.004	20	3.881	06/04/2024	12
GII 03/38	4.005	1	3.991	06/13/2024	1
GII 09/39	4.016	2	3.999	06/14/2024	2
GII 09/41	4.095	6	4.084	06/14/2024	1
GII 08/43	4.127	12	4.123	06/14/2024	0
GII 05/47	4.239	1	4.242	06/11/2024	0
GII 11/49	4.325	2	4.130	06/12/2024	20
GII 05/52	4.266	30	4.263	06/14/2024	0
GII 03/54	4.250	1	4.238	06/13/2024	1
		<u>2877</u>			

Daily Trades: Corp Bonds/ Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Cagamas Berhad	09/24	AAA	3.496	20	3.510	30/4/2024	-1	16
Toyota Capital Malaysia Sdn Berhad	08/28	AAA	3.898	3	3.908	7/6/2024	-1	29
Toyota Capital Malaysia Sdn Berhad	12/28	AAA	3.927	18	n/a	n/a	393	27
Bank Simpanan Nasional Berhad	02/29	AAA	3.897	10	3.899	14/6/2024	0	24
Toyota Capital Malaysia Sdn Berhad	03/29	AAA	3.947	10	3.989	29/5/2024	-4	29
Pengurusan Air Selangor Sdn Berhad	10/30	AAA	3.965	60	3.979	12/6/2024	-1	23
CIMB Islamic Bank Berhad	03/34	AAA	4.008	20	4.020	6/6/2024	-1	13
Projek Lebuhraya Usahasama Berhad	01/35	AAA	4.020	30	4.020	4/6/2024	0	14
Danum Capital Berhad	02/35	AAA	4.009	10	4.030	7/6/2024	-2	13
Projek Lebuhraya Usahasama Berhad	01/36	AAA	4.040	60	4.032	29/5/2024	1	16
Projek Lebuhraya Usahasama Berhad	01/36	AAA	4.040	35	4.030	9/4/2024	1	16
Projek Lebuhraya Usahasama Berhad	01/37	AAA	4.061	5	4.068	23/4/2024	-1	5
UEM Olive Capital Berhad	12/28	AA1	4.128	9	n/a	n/a	413	52
United Overseas Bank (Malaysia) Berhad	08/30	AA1	3.785	20	3.779	29/5/2024	1	5
Malayan Banking Berhad	08/31	AA1	3.807	40	3.821	24/5/2024	-1	0
Malayan Banking Berhad	01/34	AA1	3.931	1	3.998	24/5/2024	-7	5
Hong Leong Bank Berhad	06/34	AA1	3.987	7	3.987	14/6/2024	0	11
PONSB Capital Berhad	12/28	AA2	3.856	20	4.103	18/4/2024	-25	20
Solarpack Suria Sungai Petani Sdn Berhad	04/29	AA2	4.186	3	4.267	30/1/2024	-8	53
AmBank Islamic Berhad	05/31	AA2	4.029	20	4.038	11/6/2024	-1	23
CIMB Group Holdings Berhad	09/29	AA	3.781	60	3.778	23/5/2024	0	12
OSK Rated Bond Sdn Berhad	09/30	AA	4.017	10	4.029	11/6/2024	-1	28
OSK Rated Bond Sdn Berhad	04/31	AA	4.038	20	4.038	13/6/2024	0	23
OSK Rated Bond Sdn Berhad	09/33	AA	4.117	10	4.122	13/6/2024	0	27
Hong Leong Assurance Berhad	12/28	AA3	4.317	10	4.437	19/2/2024	-12	66
AEON Credit Service (M) Berhad	04/29	AA3	3.952	5	3.972	14/6/2024	-2	30
Quantum Solar Park (Semenanjung) Sdn Berhad	04/30	AA-	4.189	2	5.022	12/7/2022	-83	45
Jimah East Power Sdn Berhad	06/30	AA-	4.221	5	4.259	14/6/2024	-4	48
Jimah East Power Sdn Berhad	12/30	AA-	4.243	10	4.290	14/6/2024	-5	50
Quantum Solar Park (Semenanjung) Sdn Berhad	10/31	AA-	4.267	1	4.318	14/3/2024	-5	46
MNRB Holdings Berhad	03/34	A1	4.117	20	4.148	7/6/2024	-3	24
Alliance Bank Malaysia Berhad	10/32	A2	4.300	1	4.565	14/6/2024	-27	47
Yinson Holdings Berhad	11/22	A3	6.498	5	6.990	12/6/2024	-49	237
				559				

* The spread against nearest indicative tenured MGS (Source: BPAM)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
KIP REIT Capital Sdn Bhd	Commercial Real Estate-backed RM240m 2024-Issue 4 Class A Medium Term Notes (MTN) under its RM2.0bn MTN Programme (Perpetual)	AAA/Stable	Assigned preliminary rating
Exsim Capital Resources Berhad	Tranche 3, 4 and 5 Islamic Medium-Term Notes (IMTN), issued under its RM2bn Sukuk Musharakah Programme	AA3/Stable	Affirmed

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hbb.hongleong.com.my**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.