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Malaysian Bond Market

Local govvnies saw some rally on the front end and the belly of the yield curve on the back of the recovery in crude oil prices which drove the buying interest by foreign and local investors. Moderating 1-month US dollar/ringgit volatility also helped to support investors' appetite on local govvnies.

Local govvnies saw RM11.7bil trading volume, translating into daily average of RM2.9bil. This was lower

compared to preceding week daily average of RM3.8bil. On Friday's 11:00am pricing, the 3, 5, 7, 10, 15, 20 and 30-year benchmark MGS yields settled at a respective 3.20%, 3.40%, 3.75%, 3.86%, 4.16%, 4.28% and 4.65%.

In the secondary private debt securities (PDS) market, we also saw a lower volume in trading activities this week compared to last week. Total trading volume for the week stood RM3bil, averaging RM754mil daily compared to last week's average of RM963mil. About 45% of the trading volume was contributed by the GG/AAA segment and 54% by the AA segment with the remaining 1% in the A segment.

In the GG/AAA segment, 2016-2033 tranches of Cagamas bonds traded at mixed to close at the range of 3.12%-4.81% with a collective trading volume of RM405mil. Meanwhile, 2016-2025 tranches of Aman Sukuk bonds eased 3-24 basis points to settle at the range of 3.65%-4.46% with a total of RM110mil changed hands. 2022-2026 PLUS bonds traded at mixed to settle at the range of 4.17%-4.93% with a total trading volume of RM92mil.

Elsewhere in the AA segment, 2021-2036 Sarawak Energy bonds traded at mixed within the range of 4.44%-5.07% with a total trading volume of RM348mil. Meanwhile, 2016 tranche of Sabah Development Bank bonds eased 8-21 basis points to close at the range of 4.05%-4.15%, with a collective trading volume of RM45mil. CIMB Bank '09/18 and '10/18 saw yields down 43 and 21 basis points to settle at 4.50% and 4.70% respectively, with RM67mil changed hands.