

BOND EDITION

EVERYTHING ON THE MALAYSIAN FIXED INCOME SCENE- APRIL 2021

NOMURA ASSET MANAGEMENT MALAYSIA

MONEY MARKET

Malaysia's headline inflation jumped to +1.7% YoY in March (Feb-21: +0.1% YoY) while core inflation was steady at +0.7% YoY (Feb-21: +0.7% YoY). This brought Malaysia's inflation to an average of +0.5% in 1Q2021. The spike in headline inflation was attributed to higher fuel prices and year-ago low base effects. Despite higher inflation outlook for the year, Bank Negara Malaysia (BNM) is expected to remain neutral in its monetary policy stance as it outlined in its latest Monetary Policy Statement that the impending inflationary pressure is temporary and transitional rather than being demand-led. Having that said, deposit rates remained low and steady ahead of BNM's Monetary Policy Committee meeting in May.

LOCAL BONDS

Local bond market experienced lower volatility as US Treasuries stabilised and market sentiments improved in April. GII yield curve flattened marginally with belly to long-end of the curve outperforming. In particular, GII yields declined by 7-15 bps MoM across the curve, save for 3Y and 7Y benchmark GII which rose 5 bps MoM and 1 bps MoM respectively.

Primary market issuances during the month continued to be dominated by quasi-sovereign entities. Notable issuances include Infracap Resources Sdn Berhad, MKD Kencana Sdn Berhad, and Danum Capital Berhad which issued MYR 5.75 billion, MYR 1.0 billion, and MYR 500 million respectively. In the financial sector space, Imtiaz Sukuk II Berhad issued a total of MYR 1.0 billion in 2 separate tranches while RHB Bank Berhad issued MYR 500 million.

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