

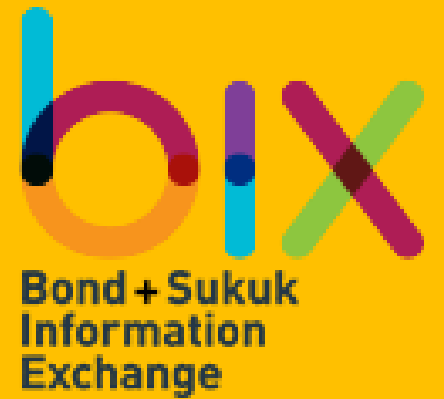
# BOND+SUKUK INFORMATION EXCHANGE

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## NEWS UPDATE

5 July 2022



# MARKET SUMMARY

US Treasury	Yield 4 July 22	Daily Change bps	Yield 1 July 22	Weekly Change bps	Yield 28 June 22	Monthly Change bps	Yield 3 June 22	YTD Change bps	Yield 31 Dec 21
3 YEAR	2.85	0	2.85	-36	3.21	-9	2.94	188	0.97
5 YEAR	2.88	0	2.88	-37	3.25	-15	3.03	162	1.26
7 YEAR	2.92	0	2.92	-35	3.27	-15	3.07	148	1.44
10 YEAR	2.88	0	2.88	-32	3.20	-16	3.04	136	1.52

MGS	Yield 4 July 22	Daily Change bps	Yield 1 July 22	Weekly Change bps	Yield 28 June 22	Monthly Change bps	Yield 3 June 22	YTD Change bps	Yield 31 Dec 21
3 YEAR	3.48	1	3.47	-1	3.49	4	3.44	67	2.81
5 YEAR	3.89	0	3.89	-3	3.92	16	3.73	73	3.16
7 YEAR	4.13	-3	4.16	-3	4.16	3	4.10	74	3.39
10 YEAR	4.23	1	4.22	-1	4.24	2	4.21	63	3.60

GII	Yield 4 July 22	Daily Change bps	Yield 1 July 22	Weekly Change bps	Yield 28 June 22	Monthly Change bps	Yield 3 June 22	YTD Change bps	Yield 31 Dec 21
3 YEAR	3.55	0	3.55	-2	3.57	8	3.47	65	2.90
5 YEAR	4.00	-4	4.04	-11	4.11	16	3.84	79	3.21
7 YEAR	4.19	-4	4.23	-4	4.23	13	4.06	76	3.43
10 YEAR	4.24	-2	4.26	0	4.24	1	4.23	62	3.62

AAA	Yield 4 July 22	Daily Change bps	Yield 1 July 22	Weekly Change bps	Yield 28 June 22	Monthly Change bps	Yield 3 June 22	YTD Change bps	Yield 31 Dec 21
3 YEAR	4.01	-2	4.03	-5	4.06	-2	4.03	76	3.25
5 YEAR	4.40	-2	4.42	-5	4.45	9	4.31	80	3.60
7 YEAR	4.66	-3	4.69	-5	4.71	5	4.61	72	3.94
10 YEAR	4.81	-2	4.83	-4	4.85	5	4.76	87	3.94

- 1 bps = 0.01%
- Increase in Yield = Decrease in the bond price/value

Source: US Treasury, BNM & BIX  
Malaysia

# NEWS UPDATE

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Today's headlines of interest and summaries as extracted from the international and local media.

## THE EDGE

### *SC launches new sukuk framework to facilitate companies' transition to net zero*

The Securities Commission Malaysia (SC) has launched a new sukuk framework to facilitate fundraising by companies in addressing sustainability concerns such as climate change or social agenda, with features that relate to the issuer's sustainability performance commitments.

The Sustainable and Responsible Investment (SRI)-linked Sukuk Framework is an extension of the initiatives under the SRI road map that was introduced in 2019 to broaden SRI product offerings, the SC said in a statement on Thursday (June 30).

"More significantly, this initiative reflects the SC's commitment to expanding the reach of the Islamic capital market (ICM) to the broader stakeholders of the economy and building an enabling ICM ecosystem for the sustainability agenda," added the regulatory agency.

The SC said high-emitting industries are at high risk of being phased out with the accelerated shift towards developing a climate-resilient future.

The SRI-linked sukuk, it added, will enable companies in these as well as other industries to transition into a low-carbon or net zero economy.

"The SRI-linked sukuk framework will encourage greater mobilisation of private-sector and issuers' financing towards sustainable development and meet increasing global demand for sustainable financing.

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## FREE MALAYSIA TODAY

### *Asean governments rush to issue green bonds*

Southeast Asian nations are aiming to increase green financing as the region, dotted with flood-prone low-lying areas vulnerable to weather disruptions and rising sea levels, grapples with the threat of climate change.

Some of the 10 members of the Association of Southeast Asian Nations have been issuing green bonds to fund eco-friendly projects, in hopes of realising plans that can safeguard their environment.

According to a report by the Asian Development Bank in June, the amount of sustainable bonds outstanding from core markets in Asean and East Asia reached US\$478.7 billion at the end of March, posting a year-on-year expansion of 51.3%.

Asean and East Asia accounted for 18.1% of outstanding sustainable bonds globally, trailing only Europe as the second-largest market, the report noted. Outstanding green bonds reached US\$333.6 billion at the end of the first quarter, accounting for 69.7% of the regional sustainability bond stock.

China has the region's largest sustainable bond market, with 66% of the region's green bond stock.

At the end of the first quarter, it had a total of US\$238.8 billion worth of outstanding sustainable bonds.

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## THE MALAYSIAN RESERVE

### *Supersized outflows from emerging Asian markets have room to run*

SOME of Asia's biggest stock and bond markets outside China are seeing greater outflows than in previous market crises, and the process may just be getting underway.

Global funds offloaded a net US\$40 billion of equities across seven regional markets last quarter, exceeding any three-month period characterized by systemic stresses since 2007. The steepest selling was in tech-heavy Taiwan and South Korea and energy-importing India, while foreign investors also made supersized outflows from Indonesian bonds.

Money managers are pulling out of higher-risk markets as rampant inflation and aggressive central bank interest-rate hikes sap the outlook for global growth. Fears of a US recession and supply-chain disruptions in Europe and China in a global economy still recovering from Covid-19 lockdowns are providing additional reasons to sell.

“We would expect investors to remain cautious toward export-oriented economies and markets with high valuation under the current backdrop,” said Prukha Iamthongthong, senior investment director for Asia equities at abrdn plc in Singapore. “We expect the outlook to remain uncertain for the technology sector globally on rising recession risks.”

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## BUSINESS STANDARD

*Govt bond yields slide 5 bps over weekend, in tandem with US benchmark*

The Indian government bond yields fell sharply on Monday, mirroring US bond yields over the weekend, as signs of weakening economic growth worldwide raised questions over the degree of policy tightening that central banks may execute.

Yield on the domestic 10-year benchmark 6.54 per cent 2032 paper fell 5 basis points (bps) to settle at 7.37 per cent on Monday. Bond prices and yields move inversely.

On Friday, yield on the 10-year US Treasury note — a global pricing benchmark for debt — registered its steepest drop since March, closing 7 bps lower at 2.90 per cent.

The rally in the US bond market has been driven by an increasingly gloomy outlook on economic growth in the country, with several disappointing data sets released last week strengthening the pessimism.

The prospect of a recession in the world's largest economy has exerted its impact in the domestic bond market.

The message emanating from domestic bond traders is clear — as growth slows down globally, the Reserve Bank of India may have to dial down monetary tightening.

“There is a re-rating happening globally with regard to growth prospects. The recession theme is playing out. There is widespread buying in the domestic market too,” said Naveen Singh, head of trading at ICICI Securities Primary Dealership.

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