

# QUARTERLY REPORT

4Q22 (October - December 2022)



## 4Q2022 – Robust Bond Market Activity in Malaysia: A Recap of 2022

In Malaysia, local government bonds saw gains due to the reopening of China and declining inflationary pressure. The sale of a 3-year government bond attracted strong demand. The corporate bond market in Malaysia saw a record high in issuances, with yields falling for all maturities. Foreign holdings of local bonds saw a decrease in net selling, with outflows slowing down compared to previous quarter.

### GLOBAL MARKET

#### Overview

3-year yield for the US Treasury slightly decrease 3 bps q-o-q while the yield on the benchmark 10-year Treasury note shows a slightly increase on 5 bps q-o-q. UST ended weaker for the quarter due to the back of 125 bps raised of Fed rate in November and December 2022.

### MY Government Bond

#### Overview

The MGS yield decreased q-o-q, where the 3-year was down by 10 bps and the 10-year declined by 34 bps. As for GII performance, the q-o-q decrease across the curve by 4 bps for 3-year and 29 bps for 10-year. Yields declined as investors' confidence in the new government's ability to maneuver both fiscal and monetary policies.

### MY Corporate Bond & Sukuk

#### Overview

The corporate bond yields decrease (q-o-q) throughout the fourth quarter of 2022. The yields down 13 bps for 3-year and 27 bps for 10-year.

Dec-21	Sep-22	UST	Oct-22	MTM	Nov-22	MTM	Dec-22	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(BP)	Close(%)	(BP)	Close(%)	(BP)	(BP)	(BP)
0.97	4.25	3 YEAR	4.45	0.20	4.13	-0.32	4.22	0.09	-0.03	3.25
1.26	4.06	5 YEAR	4.27	0.21	3.82	-0.45	3.99	0.17	-0.07	2.73
1.44	3.97	7 YEAR	4.18	0.21	3.76	-0.42	3.96	0.20	-0.01	2.52
1.52	3.83	10 YEAR	4.10	0.27	3.68	-0.42	3.88	0.20	0.05	2.36

Dec-21	Sep-22	MGS	Oct-22	MTM	Nov-22	MTM	Dec-22	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(BP)	Close(%)	(BP)	Close(%)	(BP)	(BP)	(BP)
2.81	3.77	3 YEAR	3.79	0.02	3.81	0.02	3.67	-0.14	-0.10	0.86
3.16	4.04	5 YEAR	4.17	0.13	3.93	-0.24	3.84	-0.09	-0.20	0.68
3.39	4.22	7 YEAR	4.26	0.04	4.07	-0.19	4.03	-0.04	-0.19	0.64
3.60	4.41	10 YEAR	4.37	-0.04	4.11	-0.26	4.07	-0.04	-0.34	0.47

Dec-21	Sep-22	GII	Oct-22	MTM	Nov-22	MTM	Dec-22	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(BP)	Close(%)	(BP)	Close(%)	(BP)	(BP)	(BP)
2.90	3.80	3 YEAR	3.85	0.05	3.86	0.01	3.76	-0.10	-0.04	0.86
3.21	4.04	5 YEAR	4.18	0.14	3.93	-0.25	3.86	-0.07	-0.18	0.65
3.43	4.42	7 YEAR	4.33	-0.09	4.14	-0.19	4.04	-0.10	-0.38	0.61
3.62	4.42	10 YEAR	4.46	0.04	4.19	-0.27	4.13	-0.06	-0.29	0.51

Dec-21	Sep-22	BOND AAA	Oct-22	MTM	Nov-22	MTM	Dec-22	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(BP)	Close(%)	(BP)	Close(%)	(BP)	(BP)	(BP)
3.25	4.33	3 YEAR	4.42	0.09	4.35	-0.07	4.20	-0.15	-0.13	0.95
3.60	4.53	5 YEAR	4.61	0.08	4.50	-0.11	4.36	-0.14	-0.17	0.76
3.94	4.77	7 YEAR	4.83	0.06	4.69	-0.14	4.50	-0.19	-0.27	0.56
4.10	4.91	10 YEAR	4.95	0.04	4.78	-0.17	4.64	-0.14	-0.27	0.54

Dec-21	Sep-22	SUKUK AAA	Oct-22	MTM	Nov-22	MTM	Dec-22	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(BP)	Close(%)	(BP)	Close(%)	(BP)	(BP)	(BP)
3.25	4.33	3 YEAR	4.42	0.09	4.35	-0.07	4.20	-0.15	-0.13	0.95
3.60	4.53	5 YEAR	4.61	0.08	4.50	-0.11	4.36	-0.14	-0.17	0.76
3.94	4.77	7 YEAR	4.83	0.06	4.69	-0.14	4.50	-0.19	-0.27	0.56
4.10	4.91	10 YEAR	4.95	0.04	4.78	-0.17	4.64	-0.14	-0.27	0.54

## BOND & SUKUK RESEARCH

Any feedback please email:  
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# GOVERNMENT BOND AUCTION

## Overview

The government bond auction for 4Q22 garnered an average BTC of 2.097x, a slightly decrease from the previous quarter (3Q22: 2.342x). A reopening of MGII 10/25 received the highest BTC at 4.205x. The new/reopening issuances for MGS/GII stood at RM 32.0 billion (3Q22: RM35.5 billion).

As of December 2022, the outstanding amount of MGS/GII was at RM979.48 billion (3Q22: RM979.48). Strong secondary market activities were still led and supported mostly by local institutions that included pension funds, interbank participants, and local GLICs.

In total, there were eight (8) reopening of MGS and GII auctions in 4Q22.

### 4Q22 AUCTION

No	Stock	Tenure	Type	Tender	Issuance (RM mil)	Amt Issued YTD	Bid/Cover	Yield		
		Year		Date				Low	Average	High
1	MGS 03/25	3	Reopening	Oct	5,000	138,000	1.920	3.800	3.823	3.837
2	MGII 10/32	10	Reopening	Oct	3,500	144,000	1.739	4.480	4.506	4.533
3	MGS 10/42	20	Reopening	Oct	2,500	148,000	1.913	4.750	4.795	4.810
4	MGII 07/29	7	Reopening	Nov	5,000	153,000	1.457	4.430	4.486	4.530
5	MGS 11/27	5	Reopening	Nov	5,000	158,000	1.593	4.250	4.281	4.300
6	MGII 05/52	30	Reopening	Nov	2,500	163,000	2.243	4.726	4.768	4.810
7	MGS 07/32	10	Reopening	Dec	4,500	167,500	1.707	4.009	4.063	4.090
8	MGII 10/25	3	Reopening	Dec	4,000	171,500	4.205	3.785	3.808	3.815

Sources: BNM and BIX Malaysia

For the upcoming 1Q23, there will be four (4) reopening and one (1) new issue of MGS. For GII there will be two (2) new issue and three (3) reopening, totalling to ten (10) new issue and reopening.

### UPCOMING ISSUANCE 1Q23

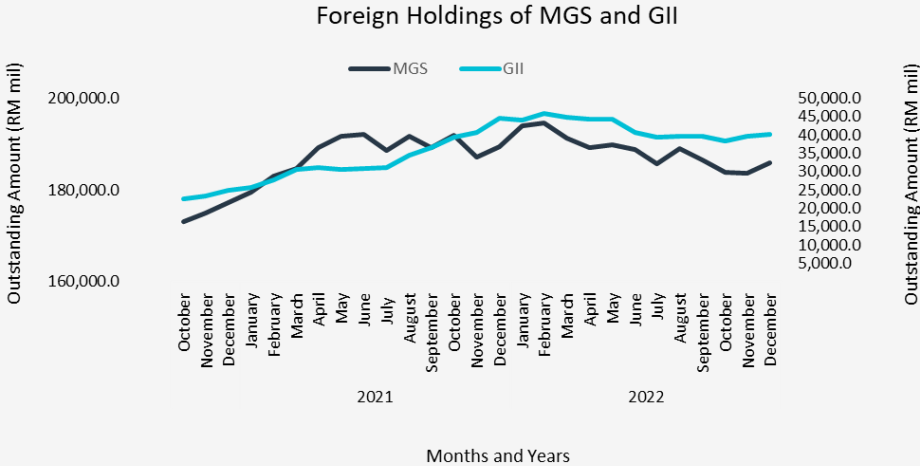
No	Stock	Tenure	Type	Tender	Issuance (RM mil)	Amt Issued YTD	Bid/Cover	Yield		
		Year		Date				Low	Average	High
1	MGII 10/32	10	Reopening	Jan	4,500	4,500	2.093	4.109	4.135	4.147
2	MGS 6/38	15	Reopening	Jan	4,500	10,000	2.835	4.110	4.151	4.160
3	MGII 07/28	5	New Issue	Jan						
4	MGS 04/30	7	Reopening	Feb						
5	MGII 08/43	20	New Issue	Feb						
6	MGS 07/26	3	Reopening	Feb						
7	MGII 03/38	15	Reopening	Feb						
8	MGS 07/32	10	Reopening	Mar						
9	MGII 09/30	7	Reopening	Mar						
10	MGS 03/53	30	New Issue	Mar						

Sources: BNM and BIX Malaysia

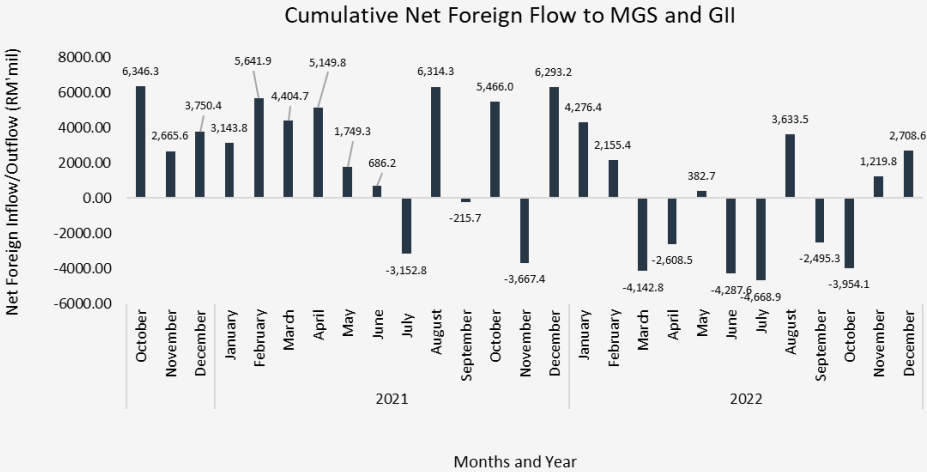
# FOREIGN HOLDINGS OF MGS AND GII

## Overview

The foreign net flow to MGS and GII in 4Q22 amounted to -RM3.95 billion, RM1.22 billion and RM2.71 billion respectively in October, November and December as foreign investors turn net seller. As of December 2022, the total foreign holdings of MGS and GII stood at RM226.18 billion (September 2022: RM226.20 billion), -0.01% decrease from the previous quarter.



Source: BNM



Source: BNM

# CORPORATE BOND & SUKUK

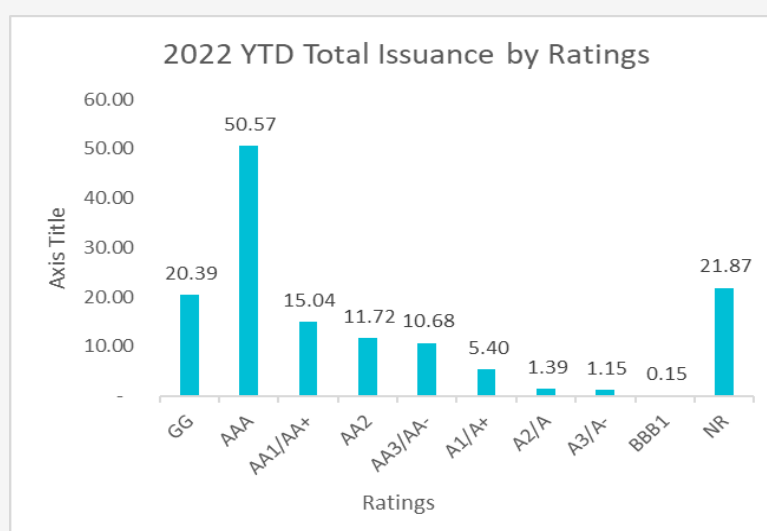
## Overview

RM52.16 billion corporate bonds and sukuk were issued in 4Q21 (3Q22: RM32.56 billion), 60.2% increase from the previous quarter. The AAA rated bonds and sukuk were the most issued with RM20.80 billion issuances, followed by AA1/AA+ bonds at RM7.85 billion issuances.

For 4Q22, the largest corporate issuances were issued by United Overseas Bank (Malaysia) Berhad, UOBM MTN 3653D 27.10.2032 of RM1.00 billion.

## Issuance 4Q22

Month/Rating	Oct 22 (RM bil)	Nov 22 (RM bil)	Dec 22 (RM bil)	Total (RM bil)
GG	2.00	1.24	-	3.24
AAA	7.40	5.63	7.77	20.80
AA1/AA+	2.67	2.78	2.40	7.85
AA2/AA	0.30	0.53	2.00	2.83
AA3/AA-	1.25	0.45	1.87	3.57
A1/A+	1.61	0.12	-	1.73
A2/A	-	-	-	-
A3/A-	-	-	-	-
BBB1	-	-	-	-
NR	6.57	2.01	3.56	12.14
<b>Total</b>	<b>21.80</b>	<b>12.76</b>	<b>17.60</b>	<b>52.16</b>
<b>Total Issuance</b>				<b>52.16</b>



Sources: BNM and BIX

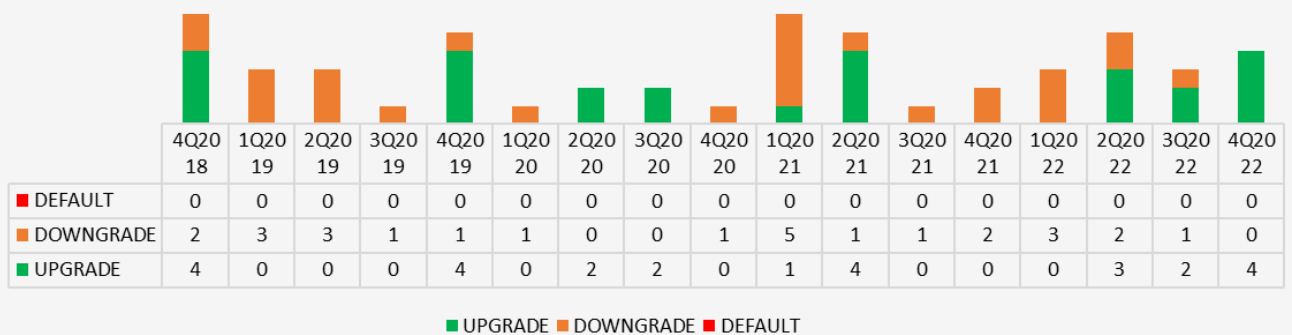
## Rating Outlook

There was no default and downgrade recorded in 4Q22. However, there are four (4) upgraded bonds/sukuk in this quarter.

### ↑ Upgrade

1. Press Metal Aluminium Holdings Berhad
2. Northport (Malaysia) Bhd
3. SEP Resources (M) Sdn Bhd
4. Zamarad Assets Berhad & Al Dzahab Assets Berhad

### Rating Movements



Sources: MARC, RAM and BIX Malaysia

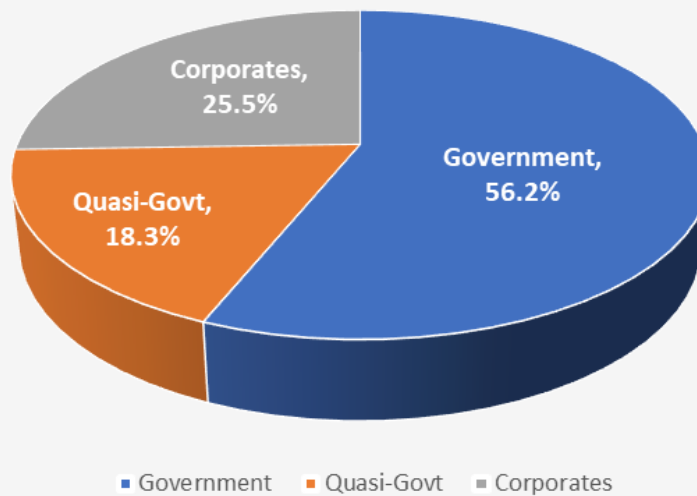
# BOND STATISTICS

## Overview

### Outstanding Amount by Bond Classes

As of December 2022, the outstanding amount of the Malaysian bond market stood at RM1.87 trillion, increased by 0.54% compared to the end of 3Q22 (September 2022: RM1.86 trillion). The largest outstanding bonds were from government issuances which consist of 56.2% of total issuances at RM1,051.08 billion, followed by corporate issuances of 25.5% at RM477.53 billion, and Quasi-government of 18.3% at RM342.47 billion.

Outstanding Amount by Class



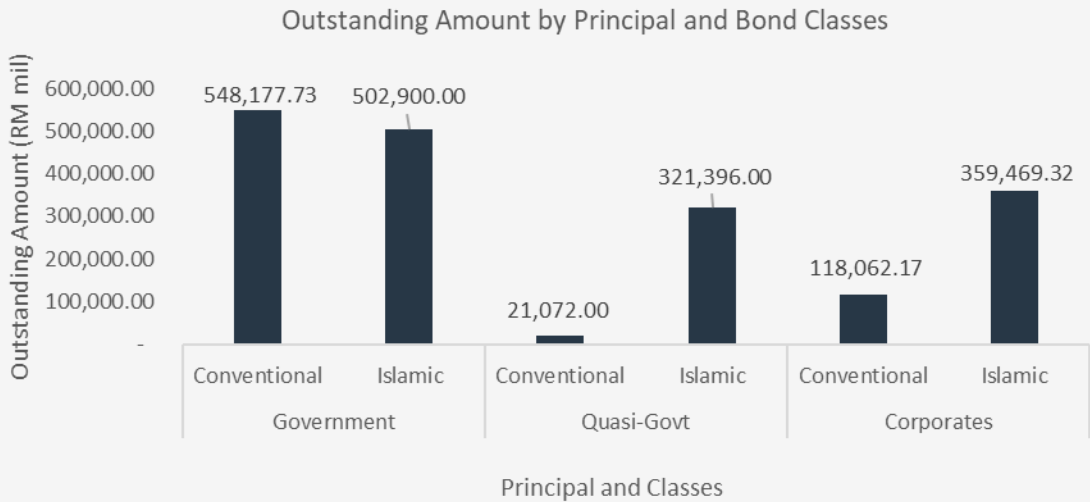
Sources: BNM and BIX Malaysia

# BOND STATISTICS

## Overview

### Outstanding Amount by Principal and Bond Classes

As of December 2022, the outstanding amount of the Government conventional bond and the Government Islamic Bond (Sukuk) stood at RM548.18 billion and RM502.90 billion, respectively. The conventional Quasi-govt outstanding amount stood at RM21.07 billion, only a fraction compared to its Islamic counterpart that stood at RM321.40 billion. For corporate issuances, the conventional bond outstanding amounted RM118.06 billion while the corporate Sukuk was recorded higher at RM359.47 billion.



Sources: BNM and BIX Malaysia

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