

## MIDF Strategy 11 March 2024

### Week Ended 8 March 2024

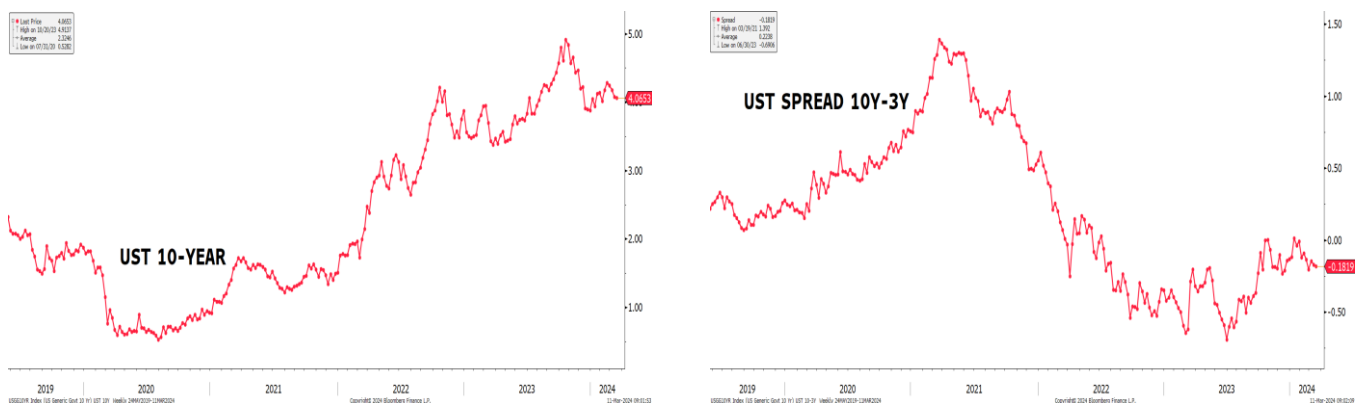
- Buyers dominated for the third week in a row with benchmark 10-year UST yield closed the review week lower at 4.08% (prior week: 4.18%) as investors reacted to (i) lower-than-expected ISM data, (2) remark by US Fed Chair confirming "it will likely be appropriate to begin dialing back policy restraint at some point this year," and (3) a slight uptick in unemployment figure. The 10y-3y yield spread inverted deeper at -14bp (prior week: -14bps) as the long-end outperformed. Moreover, the interest rate futures market continued to imply no more Fed rate hike and spate of rate cuts commencing as early as in June 2024.
- Medium-term inflation expectation (MTIE) ended the review week lower at 2.39% (prior week: 2.44%). The MTIE remains within an elevated inflation range (of 2.25%-2.50%) acceptable transiently to the US Fed. Moreover, it is notable that the MTIE has been trending lower from the high of 3.73% in late March 2022. We reckon the market is convinced that inflation pressure (while stubborn) is progressively ebbing.
- The price of MGS benchmark issues ended the review week higher with the 3-year and 10-year yields shed -4.9bps and -2.7bps to close at 3.45% and 3.82% respectively. The 10y-3y yield spread expanded (yield curve steepened) week-on-week from 35bps to 37bps as the long-end outperformed.
- MGS foreign holdings increased on-year from RM252b in February 2023 to RM264b in February 2024. However, it dropped on-month from RM265b in January 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM872m. It declined on-week from RM308m registered a week ago. Moreover, it fell on-year from -RM334m a year ago.

**11 March 2024 | Strategy**
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# Weekly Money Review

## FIXED INCOME

- Buyers dominated for the third week in a row with benchmark 10-year UST yield closed the review week lower at 4.08% (prior week: 4.18%) as investors reacted to (i) lower-than-expected ISM data, (2) remark by US Fed Chair confirming "it will likely be appropriate to begin dialing back policy restraint at some point this year," and (3) a slight uptick in unemployment figure. The 10y-3y yield spread inverted deeper at -14bp (prior week: -14bps) as the long-end outperformed. Moreover, the interest rate futures market continued to imply no more Fed rate hike and spate of rate cuts commencing as early as in June 2024.



Source: Bloomberg, MIDFR

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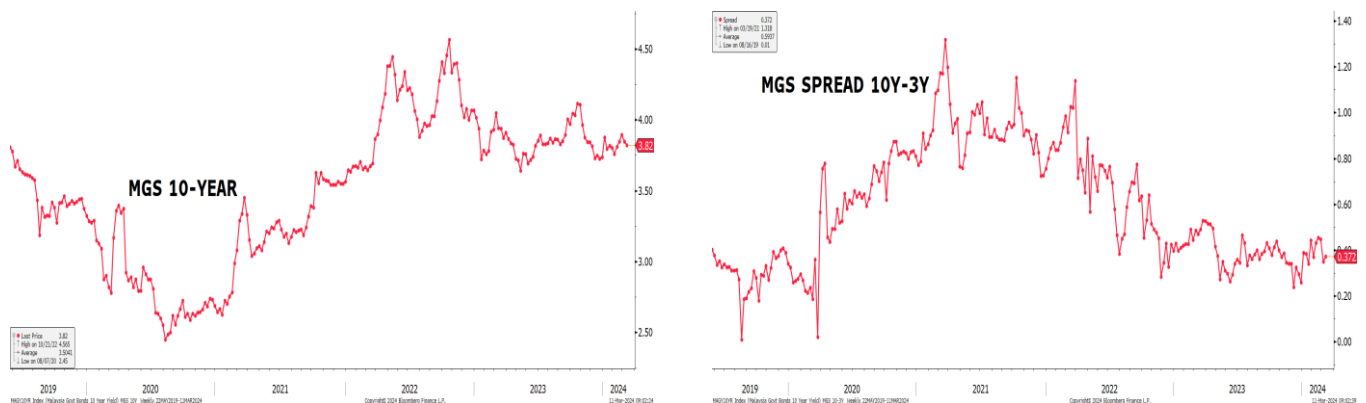
## MEDIUM-TERM INFLATION EXPECTATION (MTIE): 5Y UST-TIPS SPREAD



Source: Bloomberg, MIDFR

The price of MGS benchmark issues ended the review week higher with the 3-year and 10-year yields shed -4.9bps and -2.7bps to close at 3.45% and 3.82% respectively. The 10y-3y yield spread expanded (yield curve steepened) week-on-week from 35bps to 37bps as the long-end outperformed.

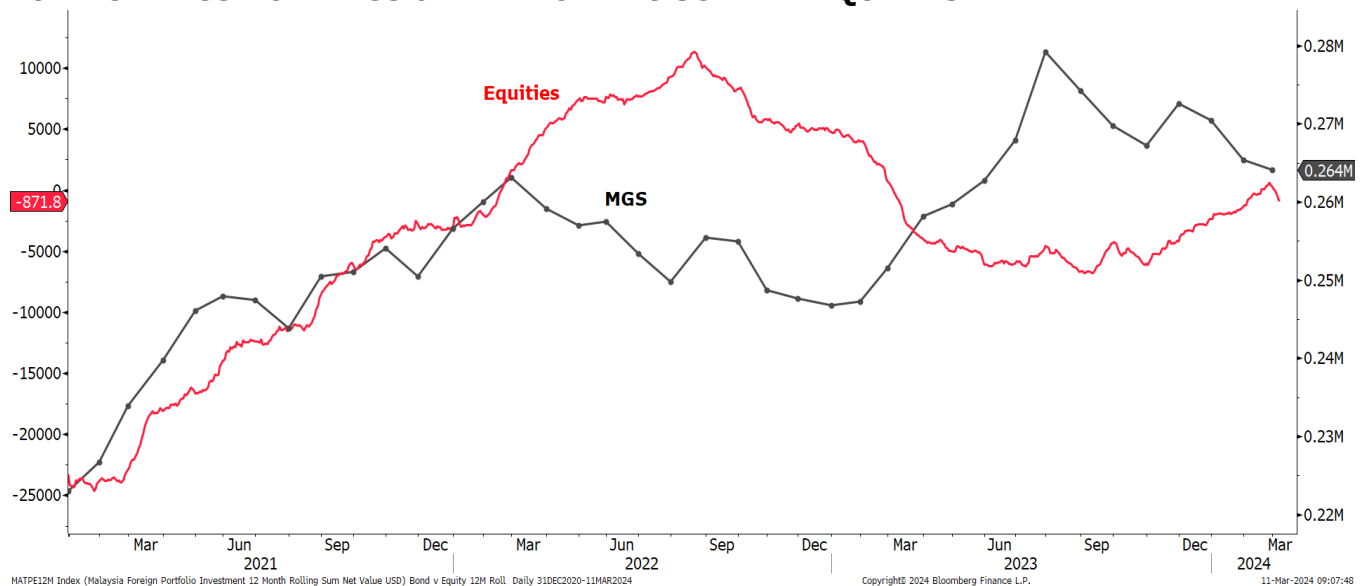




Source: Bloomberg, MIDFR

- Total trading value for Government Bonds (MGS/MII) declined to RM17.42b in the review week compared to RM20.02b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 50% from 43% of the overall Government Bonds trades. Moreover, 10 out of the 10 most actively traded bonds saw lower yield, hence higher prices during the review week.
- The top 3 actively traded Government Bonds were dominated by issues of mid and long residual tenor. The top 3 most actively traded were MGS 4.642% 11/7/33 at RM1.51b, MGS 4.498% 4/15/30 at RM1.19b, and MGS 3.885% 8/15/29 at RM923m.

## FOREIGN: MGS HOLDINGS & 12-M ROLLING SUM NET EQUITIES TRADE



Source: Bloomberg, MIDFR

- MGS foreign holdings increased on-year from RM252b in February 2023 to RM264b in February 2024. However, it dropped on-month from RM265b in January 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM872m. It declined on-week from RM308m registered a week ago. Moreover, it fell on-year from -RM334m a year ago.
- Total trading value for Corporate Bonds (Conventional & Sukuk) increased to RM4.55b in the review week compared to RM3.15b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 35% from 34% of the overall Corporate Bonds trades.
- The top 3 actively traded Corporate Bonds were dominated by issues of varied residual tenor. The top 3 most actively traded were Prasarana 5.07% 9/28/29 at RM270m, Turus Pesawat 4.36% 11/19/32 at RM230m, and UDA Holdings 4.84% 4/30/26 at RM200m.


## BNM INTERNATIONAL RESERVES

- As of 29 February 2024, compared to previous fortnight, Bank Negara Malaysia's international reserves was lower at USD114.3b (15 February 2024: USD115.4b).

## BNM INTERNATIONAL RESERVES



Source: Bloomberg, MIDFR

- The amount of reserves is sufficient to finance 5.4 months of imports of goods & services and is 1.0 times total short-term external debt. 

**APPENDIX**
**WEEKLY INTEREST RATE MONITOR**

Tenor	1-Mar Fri	4-Mar Mon	5-Mar Tue	6-Mar Wed	7-Mar Thu	8-Mar Fri	Change (WoW bp)
MGS							
3-Y	3.497	3.481	3.488	3.461	3.461	3.448	-4.9
5-Y	3.576	3.569	3.565	3.555	3.553	3.55	-2.6
7-Y	3.791	3.773	3.781	3.755	3.767	3.732	-5.9
10-Y	3.847	3.837	3.849	3.839	3.841	3.82	-2.7
20-Y	4.088	4.077	4.078	4.067	4.056	4.041	-4.7
RINGGIT IRS							
1-Y	3.62	3.625	3.625	3.6	3.585	3.575	-4.5
3-Y	3.595	3.592	3.605	3.57	3.565	3.535	-6
5-Y	3.665	3.6685	3.67	3.6325	3.635	3.59	-7.5
7-Y	3.785	3.78	3.795	3.763	3.765	3.735	-5
10-Y	3.91	3.915	3.93	3.89	3.895	3.88	-3
KLIBOR							
1-M	3.29	3.29	3.29	3.29	3.29	3.29	0
3-M	3.56	3.56	3.56	3.56	3.57	3.57	1
UST							
3-Y	4.3237	4.384	4.3383	4.3298	4.2755	4.2472	-7.65
5-Y	4.1571	4.2025	4.1448	4.1168	4.0731	4.0466	-11.05
7-Y	4.1875	4.2238	4.1614	4.1174	4.0837	4.0628	-12.47
10-Y	4.1798	4.2131	4.1525	4.102	4.0827	4.0749	-10.49
30-Y	4.3275	4.3531	4.2918	4.2397	4.2424	4.2526	-7.49
USD LIBOR							
1-M	5.4371	5.43574	5.43536	5.43431	5.43219	5.43318	-0.392
3-M	5.59273	5.58537	5.588	5.58615	5.58283	5.58245	-1.028

Source: Bloomberg

## 10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	1-Mar Yield	8-Mar Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA GOVERNMENT	4.642	11/07/33	3.847	3.820	-2.7	1,511.3
MALAYSIA GOVERNMENT	4.498	04/15/30	3.748	3.695	-5.3	1,187.3
MALAYSIA GOVERNMENT	3.885	08/15/29	3.628	3.604	-2.4	923.4
MALAYSIA GOVERNMENT	3.502	05/31/27	3.497	3.448	-4.9	903.6
MALAYSIA GOVERNMENT	2.632	04/15/31	3.791	3.732	-5.9	791.1
MALAYSIA INVESTMNT ISSU	4.07	09/30/26	3.458	3.432	-2.6	744.9
MALAYSIA INVESTMNT ISSU	3.599	07/31/28	3.623	3.569	-5.4	717.0
MALAYSIA GOVERNMENT	4.696	10/15/42	4.088	4.041	-4.7	683.4
MALAYSIA INVESTMNT ISSU	4.582	08/30/33	3.843	3.830	-1.3	617.4
MALAYSIA GOVERNMENT	4.893	06/08/38	4.029	3.949	-8.0	589.7
TOTAL VOLUME (TOP 10)						8,669.0
TOTAL VOLUME (Overall)						17,417.4

Source: Bloomberg

## 10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	1-Mar Yield	8-Mar Yield	Change (WoW bp)	Weekly Volume (RM mn)
PRASARANA MALAYSIA BHD	5.07	09/28/29	3.694	3.677	-1.7	270.0
TURUS PESAWAT SDN BHD	4.36	11/19/32	3.976	3.928	-4.8	230.0
UDA HOLDINGS BHD	4.84	04/30/26	N/A	4.506	N/A	200.0
CAGAMAS BERHAD	3.9	04/14/26	3.732	3.749	1.7	175.0
PUBLIC BANK BERHAD	4.27	10/25/33	N/A	3.938	N/A	140.0
SARAWAK HIDRO SDN BHD	4.67	08/11/31	N/A	3.973	N/A	130.0
EDOTCO MALAYSIA SDN BH	4.44	09/07/29	N/A	3.938	N/A	110.0
DANAINFRA NASIONAL	4.93	07/24/34	N/A	3.898	N/A	110.0
CAGAMAS BERHAD	4.12	10/05/28	3.822	3.817	-0.5	110.0
DANAINFRA NASIONAL	4.3	03/31/34	3.906	3.889	-1.7	100.0
TOTAL VOLUME (TOP 10)						1,575.0
TOTAL VOLUME (Overall)						4,549.4

Source: Bloomberg

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### MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
HOLD	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

#### SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

#### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell