



Media Release

Strong interest in Malaysian bonds in October

Foreign demand stayed sturdy in October, with the domestic bond market charting its sixth consecutive month of net foreign inflows, which totalled RM8.0 bil. This was a vast improvement from marginal net inflows of RM500 mil in the preceding month as uncertainties over the FTSE Russell watchlist decision kept most investors on the sidelines. MGS/GII issuance in October continued to be robust at RM14.5 bil with healthy BTCs of close to 2 times or more. The Asian region will remain attractive in coming months amid economic recovery prospects, especially in trade performance. Moreover, expectations of what a Biden win in the US could mean for many export-oriented Asian economies buoyed the optimism.

In Malaysia, the pipeline of MGS/GII next year will continue to be boosted by the funding needs for Budget 2021. As such, we expect government bonds to remain elevated, possibly at the higher end of our projected RM155 bil-RM165 bil next year.

Meanwhile, corporate bonds issuance in October surged to RM16.2 bil, bringing the YTD amount to RM79.4 bil. Given the low cost of funding and as issuers look to lock in their financing by year end, we are well within sight of achieving the higher end of our projected range of RM80 bil-RM95 bil for the year. Taking into account the prospects of economic recovery, low interest rates as well as the continuation of big-ticket infrastructure projects, we have revised our earlier gross corporate bond issuance to RM100 bil-RM110bil in 2021.

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