

ASIAN MARKETS

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EMERGING MARKETS-Asian bonds see outflows on U.S. yield spike; Philippine shares drop

By Rashmi Ashok

- * Graphic: World FX rates tmsnrt.rs/2egbfVh
- * Graphic: Foreign flows into Asian stocks tmsnrt.rs/3f2vwbA
- * Thai, Indian and Indonesia bond yields rise to multi-month highs
- * Malaysian bonds to hold steadier in coming days - asset manager
- * Philippine equities, peso slip as COVID-19 infections rise

By Rashmi Ashok

Feb 22 (Reuters) - Most Asian bond yields flitted higher on Monday, tracking a spike in U.S. 10-year Treasury yields on expectations that massive government stimulus would lead to higher economic growth and inflation.

Regional equities were largely weak, with the Philippines market slipping the most as a jump in COVID-19 casualties raised the possibility that partial lockdown measures in the capital of Manila could be extended.

Yields on the benchmark U.S. 10-year Treasury notes rose to a one-year high, as falling infection rates, expectations of a stronger economic recovery and higher government borrowing in the United States dented their lustre.

The move sparked outflows in Indonesian 10-year bonds, generally favoured as a high-yield investment in the region, with yields rising to 6.708% - the highest since mid-October.

Thailand's 10-year bond yields jumped to 1.580%, hitting their highest since early-April last year, while India's benchmark bond yields hit their highest since late-August at 6.212%.

Malaysian benchmark bond yields were an exception, rising only marginally higher to 2.969%. The yields had strengthened in the previous two sessions.

"Local 10-year and longer-dated government bonds have steepened significantly in recent trading sessions, but the correlation and magnitude are likely to be lesser, going forward, given Malaysia's dovish Overnight Policy Rate outlook and increasingly attractive valuation," said Ahmad Najib Nazlan, CEO of Maybank Asset Management.

"We have noticed some local support at current attractive levels and the ample local liquidity condition should limit major sell off, going forward."

Nazlan added that they expected decent participation from foreign investors on expectations of a continued weakening trend in the dollar.

The Philippines reported 239 new coronavirus deaths on Saturday, the second-highest daily increase in casualties since the beginning of the pandemic, sending equities down 1.7%, while the peso hit its lowest since Oct. 19.

"I think the market is definitely on the edge due to the big decision later tonight, with the question on whether government authorities will be relaxing lockdown measures further," said Nicholas Mapa, senior economist for Philippines at ING.

"Recent COVID-19 infections have nudged up ahead of the big decision which may have spooked foreign investors, with heavy selling by foreign players," he said, adding that the foreign outflows had caused the currency weakness.

South Korea's KOSPI reversed early gains to end lower, while the won eased despite upbeat export data.

Doctors in South Korea have threatened strike action in response to legislation to strip them of licences following criminal convictions, sparking fears about possible disruption of a coronavirus vaccination effort set to begin this week.

HIGHLIGHTS

** Top losers on Thailand's SETI include Group Lease PCL down 17.19% and Taokaenoi Food & Marketing PCL down 14.29%

** Top gainers on the Jakarta stock index include Yeloo Integra Datanet Tbk PT up 34% and Intermedia Capital Tbk PT up 20.75%

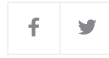
** Malaysia's 10-year benchmark yield is up 2.6 basis points at 2.969% while the 3-year benchmark yield is down 0.2 basis points at 1.921%

Asia stock indexes and currencies at 0721 GMT

COUNTRY	FX RIC	FX DAILY %	FX YTD %	INDE X	STOCKS DAILY %	STOCK S YTD %
Japan		-0.26	-2.33	<.NZ25>	0.46	9.88
China	<CNY=CFXS>	-0.11	+0.95	<.SS EC>	-1.45	4.88
India		+0.30	+0.88	<.NS EI>	-1.24	5.82
Indonesia		-0.28	-0.43	<.JK SE>	0.83	5.09
Malaysia		-0.05	-0.50	<.KL SE>	-0.40	-2.98
Philippines		-0.33	-1.30	<.PS I>	-1.68	-4.61
S.Korea	<KRW=KFTC>	-0.41	-2.18	<.KS 11>	-0.90	7.18
Singapore		-0.08	-0.33	<.ST I>	0.38	1.68
Taiwan		+1.53	+2.05	<.TW II>	0.42	11.39
Thailand		-0.17	-0.20	<.SE TI>	-0.30	3.22

(Editing by Uttaresh.V)

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