

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended last Friday, week and month near session lows powered by the long-ends; reacting partly to large month-end index extensions and also by Trump's announcement of ending its relationship with WHO. Nevertheless it is believed that the US will not yet embark on economic policy responses to China's actions pertaining to Hong Kong. The curve bull-flattened with overall benchmark yields ending between 1-5bps lower. The UST 2Y edged 1bps lower at 0.16% whilst the much-watched UST 10Y rallied 4bps at 0.65%. Meanwhile peripheral economic data revealed an unprecedented increase in personal income for April due to the distribution of stimulus funds by the federal government. However personal spending nose-dived by 12.6%. Expect attention to focus on May's job numbers which will be released at the end of this week.

MGS/GIII

- Local govies closed mostly stronger last Friday amid slightly lower secondary market volume of RM3.48b. Overall benchmark MGS/GII yields declined between 0-7bps lower save for the odd-lot trade on the long 30Y GII bond. Interest was mainly centred in the off-the-run 21's, 24's and also 7Y, 10Y benchmark MGS. The benchmark 5Y MGS 9/25 closed unchanged at 2.47% whilst the 10Y MGS 8/29 edged 1bps lower at 2.80%. GII bonds rose to form ~40% of overall trades. Despite some investors expecting additional easing policies by BNM; attention remains focused on the current government's subsequent handling of the delicate economic situation. On the data front we have the PMI Manufacturing expected out today followed by the trade numbers for April this Thursday.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk space saw decent activity in the secondary market with overall volume slightly lower at RM556m. Interest was mainly seen across the GG and AA-part of the curve as overall yields closed mostly lower. Despite Govt-guaranteed LPPSA moving 2bps higher compared to previous-done levels at 3.06%, DANA 29's saw yields closing abetween 1-3bps lower instead whilst the 3/34 tranche closed unchanged at 3.33%. AAA-rated CAGA 5/23 ended 3bps richer at 2.76%. AA-rated WESTPORT 27's which were last rated in 2017, exchanged hands last Friday closing sharply lower on yields between 3.39-42% levels. Energy-related bonds saw keen interest with TBEI 30's falling between 20-40bps at 3.63-66% area whilst Southern Power 10/25 declined 4bps at 3.41%. The banking space saw Maybank perps i.e. 2117NC26 well-bid; resulting in a 3bps move lower at 3.63%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.16	-1
5-yr UST	0.30	-3
10-yr UST	0.65	-4
30-yr UST	1.41	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.27	-1	1.96	0
5-yr	2.47	0	2.47	0
7-yr	2.62	-2	2.70	0
10-yr	2.80	-1	2.70	-2
15-yr	3.17	1	3.24	-1
20-yr	3.35	-7	3.46	0
30-yr	3.78	-2	3.83	4

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.11	-1
3-yr	2.11	-3
5-yr	2.26	0
7-yr	2.43	-1
10-yr	2.65	2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 10/20	2.038	2	2.036	28/05/2020	0
MGS 07/21	2.060	280	2.063	28/05/2020	0
MGS 09/21	2.071	19	2.083	27/05/2020	-1
MGS 11/21	2.082	30	2.083	28/05/2020	0
MGS 03/22	2.163	139	2.155	28/05/2020	1
MGS 09/22	2.212	7	2.227	28/05/2020	-1
MGS 03/23	2.269	27	2.279	28/05/2020	-1
MGS 04/23	2.322	75	2.326	28/05/2020	0
MGS 08/23	2.334	99	2.344	28/05/2020	-1
MGS 06/24	2.418	226	2.438	28/05/2020	-2
MGS 07/24	2.455	104	2.466	28/05/2020	-1
MGS 09/24	2.454	54	2.465	28/05/2020	-1
MGS 03/25	2.498	89	2.469	27/05/2020	3
MGS 09/25	2.466	75	2.466	28/05/2020	0
MGS 04/26	2.643	30	2.607	28/05/2020	4
MGS 07/26	2.641	13	2.625	28/05/2020	2
MGS 09/26	2.649	5	3.711	20/03/2020	-106
MGS 11/26	2.644	89	2.659	28/05/2020	-1
MGS 03/27	2.630	1	2.665	28/05/2020	-4
MGS 05/27	2.621	173	2.644	28/05/2020	-2
MGS 11/27	2.720	86	2.720	28/05/2020	0
MGS 06/28	2.810	15	2.850	28/05/2020	-4
MGS 09/28	2.854	1	2.879	27/05/2020	-2
MGS 08/29	2.796	264	2.806	28/05/2020	-1
MGS 04/30	2.924	23	2.935	28/05/2020	-1
MGS 06/31	3.064	11	3.054	28/05/2020	1
MGS 04/32	3.136	3	3.140	04/05/2020	0
MGS 04/33	3.237	19	3.240	28/05/2020	0
MGS 07/34	3.172	46	3.164	28/05/2020	1
MGS 05/35	3.349	2	3.418	28/05/2020	-7
MGS 04/37	3.443	1	3.443	28/05/2020	0
MGS 06/38	3.469	40	3.501	22/05/2020	-3
MGS 05/40	3.352	4	3.418	28/05/2020	-7
MGS 09/43	3.710	20	3.828	28/05/2020	-12
MGS 03/46	3.850	5	3.823	28/05/2020	3
MGS 07/48	3.780	16	3.801	28/05/2020	-2
GII 11/20	2.019	90	2.063	22/05/2020	-4
GII 03/21	2.040	30	2.050	22/05/2020	-1
GII 04/21	2.051	160	2.041	28/05/2020	1
GII 08/21	2.029	1	2.116	22/05/2020	-9
GII 03/22	2.185	1	2.225	21/05/2020	-4
GII 07/23	2.342	8	2.362	21/05/2020	-2
GII 08/24	2.482	20	2.517	21/05/2020	-3
GII 10/24	2.469	1	2.473	27/05/2020	0
GII 08/25	2.561	1	2.567	28/05/2020	-1
GII 10/25	2.566	30	2.627	21/05/2020	-6
GII 03/26	2.627	112	2.655	28/05/2020	-3
GII 09/26	2.670	60	2.654	28/05/2020	2
GII 07/27	2.689	71	2.695	28/05/2020	-1
GII 09/27	2.695	250	2.696	28/05/2020	0
GII 08/28	2.874	120	2.947	18/05/2020	-7
GII 10/28	2.867	60	2.888	27/05/2020	-2
GII 12/28	2.889	70	3.003	21/05/2020	-11
GII 07/29	2.897	82	2.927	28/05/2020	-3
GII 09/30	2.922	70	2.930	28/05/2020	-1
GII 10/30	2.703	98	2.724	28/05/2020	-2
GII 06/33	3.247	7	3.326	21/05/2020	-8
GII 11/34	3.236	40	3.250	21/05/2020	-1
		<u>3476</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
DanaInfra Nasional Berhad	11/27	GG	2.979	5	3.042	18/05/2020	-6	35
Lembaga Pembiayaan Perumahan Sektor Awam	10/28	GG	3.061	40	3.038	05/05/2020	2	31
DanaInfra Nasional Berhad	02/29	GG	3.090	5	3.100	28/05/2020	-1	30
DanaInfra Nasional Berhad	04/29	GG	3.121	20	3.151	20/05/2020	-3	33
Prasarana Malaysia Berhad	03/30	GG	3.131	20	3.149	27/05/2020	-2	32
Prasarana Malaysia Berhad	12/30	GG	3.168	20	3.799	19/12/2019	-63	36
DanaInfra Nasional Berhad	05/32	GG	3.240	100	3.290	23/04/2020	-5	43
DanaInfra Nasional Berhad	03/34	GG	3.328	75	3.330	27/05/2020	0	14
Danum Capital Berhad	05/23	AAA	2.816	5	2.808	21/05/2020	1	54
Cagamas Berhad	05/23	AAA	2.761	20	2.789	12/05/2020	-3	49
DiGi Telecommunications Sdn Berhad	04/24	AAA	2.860	10	2.885	20/05/2020	-2	45
Pengurusan Air SPV Berhad	06/26	AAA	3.130	5	3.654	15/04/2020	-52	52
Sarawak Energy Berhad	11/33	AAA	3.509	10	3.500	14/05/2020	1	32
Danum Capital Berhad	02/35	AAA	3.559	10	3.590	27/05/2020	-3	37
Encorp Systembilt Sdn Berhad	11/24	AA1	3.189	20	4.519	18/07/2017	-133	78
Westports Malaysia Sdn Berhad	04/27	AA+	3.389	10	4.766	20/01/2017	-138	76
Westports Malaysia Sdn Berhad	10/27	AA+	3.419	10	4.709	18/09/2017	-129	79
Benih Restu Berhad	06/25	AA2	3.501	80	3.548	22/05/2020	-5	103
RHB Islamic Bank Berhad	05/29	AA3	3.357	4	4.218	24/03/2020	-86	56
Tanjung Bin Energy Issuer Berhad	03/30	AA3	3.629	10	4.029	27/11/2019	-40	82
Tanjung Bin Energy Issuer Berhad	09/30	AA3	3.664	30	3.864	20/01/2020	-20	86
Malayan Banking Berhad	02/17	AA3	3.631	15	3.658	22/05/2020	-3	20
Southern Power Generation Sdn Berhad	10/25	AA-	3.408	10	3.447	13/05/2020	-4	93
TG Excellence Berhad	02/20	AA-	3.558	2	3.561	27/05/2020	0	13
DRB-Hicom Berhad	12/24	A+	4.422	7	4.307	06/05/2020	11	195
CIMB Group Holdings Berhad	05/16	A1	3.327	1	3.375	28/05/2020	-5	-10
Bank Muamalat Malaysia Berhad	06/26	A3	4.069	1	4.072	28/05/2020	0	146
Eco World International Berhad	01/00	-	7.052	1	7.153	28/05/2020	-10	499
Eco World International Berhad	05/23	-	5.543	2	7.065	28/05/2020	-152	327
AEON Credit Service (M) Berhad	11/13	-	5.510	1	4.992	19/05/2020	52	208
YNH Property Berhad	08/19	-	7.226	8	6.958	28/05/2020	27	380
				<u>556</u>				

*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Genting Highlands has for a long time been a hive of activity. Day trippers, tourists and gamblers often head up the mountain, navigating through congestion to spend time up on the hill. Nowadays, though is a stark contrast to how things were. The crowd has disappeared and the roads are generally empty. Roadblocks manned by police and guards of the Genting group are the only people seen around the popular tourist destination. "The theme park looks like a ghost town," says a motor mechanic who has gone up the hilltop casino-resort a few times since March 18 when the movement control order (MCO) came into force to contain the Covid-19 outbreak. Genting Highlands, the place where the Genting group has its theme park and Malaysia's only casino, has been shut since mid-March. For the first month of the MCO, employees working in the theme park and casino stayed back at the highland. However, they too started to leave after it became apparent that theme parks, entertainment centres and the casino would be among the last to reopen for business. The ongoing Covid-19 outbreak has stalled the operations of integrated casinos and resorts in all regions, which have led to investors fleeing gaming-related listed stocks. For once, the odds are not in favour of the house. From Macau to the United States, casinos have had to temporarily close their operations. Genting's operations in Malaysia and Singapore, which cumulatively contribute 90% of its earnings before interest, tax and depreciation (Ebitda), were no different. They have remained closed for the past two months or so. Worse, nobody has an inkling on the schedule of the reopening of Genting's vast and glitzy gaming halls. Macau, which shuttered its casinos for two weeks in February, has resumed casino operations, while Las Vegas has set June 4 to reopen its doors for patrons waiting to see the resumption of blackjack, poker, bingo and craps, among other table games. In contrast,

Genting has not given any clue as to when its operations in Malaysia and Singapore will be back in action after Covid-19 closures. The group did not reply to StarBizweek's query at the time of writing. Genting, the most valuable gaming company in the region with strong cash flows, is in an unusual spot. Its stable businesses of gaming and entertainment have come to a standstill at a time when it is undertaking three multi-billion ringgit projects. At Genting Highlands, Genting through its subsidiary, Genting Malaysia Bhd, is in the midst of constructing an outdoor theme park with Fox Entertainment features on a 26-acre land. The project, mooted in 2014 at a cost of RM5bil had been delayed several times and some analysts contend that cost has gone way above the initial budget. In Japan, Genting through SGX-listed Genting Singapore Ltd has set its sights on an integrated resort-cum-casino in Yokohama city. The budget set aside for this is up to US\$10bil. (Source: *The EdgeMarkets*)

The Malaysian and Singaporean governments have agreed to resume discussions on the Kuala Lumpur-Singapore High-Speed Rail (HSR) infrastructure project in the near future, said Senior Minister cum International Trade and Industry Minister Datuk Seri Mohamed Azmin Ali. In a statement today, he said the discussions would encompass some of the proposed changes in the commercial and technical aspects of the project. Mohamed Azmin said this decision was arrived at after both sides had mutually agreed to extend the deferment of the KL-Singapore HSR project to Dec 31, 2020. "I have been asked by the Cabinet to lead the Malaysian team in the discussions with the Singapore government on this project," he added. Previously on Sept 5, 2018, both governments had agreed to suspend the construction of the bilateral project until May 31, 2020 to find the best way forward for the project. The Malaysian government has been reviewing the project with MyHSR Corporation Sdn Bhd to identify cost reduction options, such as reviewing and optimising the alignment, station locations and business model. In its response, Singapore's Transport Ministry confirmed that the Malaysian government has informed the republic that it would like to propose some changes to the HSR project and has requested a seven-month extension to allow both sides to discuss Malaysia's proposal. In the spirit of bilateral cooperation, the ministry said Singapore has agreed to a "final extension" of the HSR project suspension by seven months to Dec 31, 2020. "We look forward to receiving Malaysia's formal proposal on the changes to the HSR project soon, so that both sides can begin discussions immediately," it said in a statement today. Meanwhile, the republic's Transport Minister Khaw Boon Wan said the extension should provide sufficient time for Malaysia to clarify its proposal and for both sides to assess the implications of the proposed changes. "Covid-19 pandemic does inconvenience the discussions but tele-conferencing can largely overcome the difficulty. The key is joint commitment to the project's vision and mutual trust. "Nevertheless, the HSR is a complex project, and both sides have to be convinced that the changes do not undermine the original intent of the project.. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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