

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.16	0
5-yr UST	0.31	0
10-yr UST	0.66	1
30-yr UST	1.45	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.27	0	2.32	36
5-yr	2.47	0	2.45	-2
7-yr	2.64	1	2.70	1
10-yr	2.82	3	2.72	1
15-yr	3.17	0	3.24	0
20-yr	3.40	5	3.47	1
30-yr	3.79	1	3.81	-1

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.11	0
3-yr	2.13	2
5-yr	2.27	1
7-yr	2.44	1
10-yr	2.65	0

Source : Bloomberg

### Upcoming Government Bond Tender

RM4.5b reopening of 3Y GII 5/23 on 3<sup>rd</sup> June 2020

## Fixed Income Daily Market Snapshot

### US Treasuries

- US Treasuries bear-steepened, pressured by an avalanche of longer-tenured corporate bond IG issuances on Monday led by Amazon's \$10b, six-part offering between 10-40Y tenures. The risk-on mode evidenced by stronger performance of equities also resulted in weaker UST performance. Overall benchmark yields ended mostly between 0-4bps lower with the UST 2Y closing within 1bps at 0.16% whilst the much-watched UST 10Y edged 1bps higher at 0.66%. The 5s30s spread settled at 114bps; off its YTD high of 118bps on 16<sup>th</sup> March. This was believed to be due to positive investor sentiment driving a shorter-duration bias and also a result of bigger-than-expected auction sizes for longer-ends that included 10Y, 30Y and the first new 20Y bond of late. Expect some attention to shift to the US services and ADP data today followed by the NFP job numbers later this Friday.

### MGS/GII

- Local govies closed mostly weaker on profit-taking activities and better-than expected PMI manufacturing data on Monday amid slightly lower secondary market volume of RM3.31b. Overall benchmark MGS/GII yields closed generally between 0-5bps higher save for skewed odd-lot trade on the short 3Y GII. Interest was mainly centred in the off-the-run 20-21's, and also 10Y, 15Y benchmark MGS. The benchmark 5Y MGS 9/25 closed within 1bps at 2.47% whilst the 10Y MGS 8/29 rose 3bps at 2.82%. GII bonds eased to form ~26% of overall trades. Meanwhile the MYR was seen stronger this morning, breaching the 4.3000 levels assisted by a rally on crude oil prices coupled with slight dollar weakness. Nevertheless, attention remains focused on the current government's subsequent handling of the delicate economic situation. On the data front we have the April trade numbers expected out later this week.

### Corp Bonds/Sukuk

- Corporate bonds/Sukuk space saw tepid activity in the secondary market with overall volume down at a mere RM236m. Interest was mainly seen across the AA-part of the curve as overall yields closed mostly lower. The sole govt-guaranteed trade involved DANA 10/28 which ended 7bps lower compared to previous-done levels at 3.10%. AAA-rated TELEKOM 24-25's saw single tickets printed 1-13bps lower between 3.03-07% whilst the 9/27 tranche closed sharply lower on yields at 3.25%. DANUM 5/30 however rose 2bps at 3.31%. AA-rated KLK 9/22 saw RM120m in nominal amounts traded; closing 36bps lower at 2.87%. The banking space saw ALLIANCE Bank 25NC20 saw strong bids resulting in yields falling to 3.22%. Elsewhere, some odd-lot trades were seen in property-related papers i.e. YNH Property and ECO World names.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/20	2.030	181	2.037	27/05/2020	-1
MGS 10/20	2.053	376	2.038	29/05/2020	2
MGS 02/21	2.041	50	2.042	29/05/2020	0
MGS 07/21	2.062	43	2.060	29/05/2020	0
MGS 09/21	2.098	193	2.071	29/05/2020	3
MGS 11/21	2.102	34	2.082	29/05/2020	2
MGS 03/22	2.172	125	2.163	29/05/2020	1
MGS 08/22	2.225	4	2.173	29/05/2020	5
MGS 09/22	2.241	62	2.212	29/05/2020	3
MGS 03/23	2.266	112	2.269	29/05/2020	0
MGS 04/23	2.304	41	2.322	29/05/2020	-2
MGS 08/23	2.341	14	2.334	29/05/2020	1
MGS 06/24	2.430	9	2.418	29/05/2020	1
MGS 07/24	2.446	17	2.455	29/05/2020	-1
MGS 09/24	2.457	4	2.454	29/05/2020	0
MGS 03/25	2.507	4	2.498	29/05/2020	1
MGS 09/25	2.472	193	2.466	29/05/2020	1
MGS 04/26	2.642	3	2.643	29/05/2020	0
MGS 07/26	2.649	33	2.641	29/05/2020	1
MGS 11/26	2.643	39	2.644	29/05/2020	0
MGS 03/27	2.674	1	2.630	29/05/2020	4
MGS 05/27	2.635	119	2.621	29/05/2020	1
MGS 11/27	2.735	17	2.720	29/05/2020	1
MGS 06/28	2.796	49	2.810	29/05/2020	-1
MGS 09/28	2.828	1	2.854	29/05/2020	-3
MGS 08/29	2.822	401	2.796	29/05/2020	3
MGS 04/30	2.924	4	2.924	29/05/2020	0
MGS 06/31	3.039	30	3.064	29/05/2020	-2
MGS 04/33	3.246	117	3.237	29/05/2020	1
MGS 11/33	3.280	4	3.195	29/05/2020	9
MGS 07/34	3.168	68	3.164	29/05/2020	0
MGS 05/35	3.370	8	3.349	29/05/2020	2
MGS 04/37	3.447	10	3.443	29/05/2020	0
MGS 06/38	3.474	8	3.469	29/05/2020	1
MGS 05/40	3.403	40	3.352	29/05/2020	5
MGS 09/43	3.695	1	3.710	29/05/2020	-2
MGS 03/46	3.836	15	3.850	29/05/2020	-1
MGS 07/48	3.787	7	3.780	29/05/2020	1
GII 11/20	2.029	7	2.019	29/05/2020	1
GII 04/21	2.061	221	2.051	29/05/2020	1
GII 04/22	2.190	80	2.188	29/05/2020	0
GII 05/23	2.321	2	2.308	28/05/2020	1
GII 10/24	2.451	52	2.469	29/05/2020	-2
GII 10/25	2.536	40	2.566	29/05/2020	-3
GII 03/26	2.628	7	2.627	29/05/2020	0
GII 07/27	2.718	3	2.689	29/05/2020	3
GII 09/27	2.699	52	2.695	29/05/2020	0
GII 10/28	2.886	5	2.867	29/05/2020	2
GII 07/29	2.926	49	2.897	29/05/2020	3
GII 10/30	2.715	107	2.703	29/05/2020	1
GII 11/34	3.240	154	3.236	29/05/2020	0
GII 09/39	3.468	72	3.460	21/05/2020	1
GII 11/49	3.814	22	3.827	29/05/2020	-1
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## Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*	
Danainfra Nasional Berhad	10/28	GG	3.098	20	3.169	23/04/2020	-7	36
Telekom Malaysia Berhad	12/24	AAA	3.029	5	3.162	22/04/2020	-13	55
Telekom Malaysia Berhad	11/25	AAA	3.070	5	3.082	15/05/2020	-1	59
Telekom Malaysia Berhad	09/27	AAA	3.250	5	3.902	31/03/2020	-65	61
Danum Capital Berhad	05/30	AAA	3.308	10	3.289	27/05/2020	2	49
Bank Pembangunan Malaysia Berhad	11/35	AAA	3.701	5	3.711	04/05/2020	-1	51
Kuala Lumpur Kepong Berhad	09/22	AA1	2.869	120	3.232	17/04/2020	-36	68
Fortune Premiere Sdn Berhad	09/25	AA	3.469	30	3.646	22/04/2020	-18	99
AEON Credit Service (M) Berhad	02/27	AA3	3.509	10	3.638	23/04/2020	-13	87
AmBank Islamic Berhad	03/27	AA3	3.074	5	3.119	19/05/2020	-5	43
Edra Energy Sdn Berhad	01/32	AA3	3.999	1	3.849	20/02/2020	15	118
TG Excellence Berhad	02/20	AA-	3.675	1	3.558	29/05/2020	12	24
Alliance Bank Malaysia Berhad	10/25	A2	3.216	10	4.253	15/05/2020	-104	73
MBSB Bank Berhad (fka Asian Finance Bank Berh	12/31	A3	4.500	7	4.602	28/05/2020	-10	168
YNH Property Berhad	08/19	-	6.838	1	7.226	29/05/2020	-39	456
Eco World International Berhad	05/23	-	5.469	1	5.543	29/05/2020	-7	320
Eco World International Berhad	04/23	-	5.506	1	7.052	29/05/2020	-155	323
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\*spread against nearest indicative tenured MGS (Source : BPAM)

**Market/Corporate News: What's Brewing**

**The value of completed and unsold properties from all segments dropped 5.3% year-on-year to RM18.91bil in the first quarter of 2020, despite more units being launched during the period, according to the National Property Information Centre (Npic).** According to Npic, a total of 127,604 units were launched in the first quarter of this year, compared with 120,309 units in the previous corresponding period. However, the level of unsold units was lower at 29,698 in the first quarter of 2020, compared with 32,936 units in the first three months of 2019. The bulk of the overhang was contributed by the condominium and apartment units, valued at RM8.12bil. This was lower than the RM8.44bil recorded by the same segment during the first quarter of 2019. A property consultant said more property units were launched in the first quarter of this year as there was more optimism in the market going into 2020. "Things were looking optimistic going into 2020, as the property market was still riding on the euphoria of the Home Ownership Campaign (HOC) in 2019. That would explain why more properties were launched and fewer unsold units compared with the previous corresponding period." He said market sentiment was seriously affected in March, when the Covid-19 crisis became worse and the movement control order (MCO) was implemented. "I expect the figures to be worse in the second quarter," he said. To address the overhang problem in the country, the government kicked off the HOC in January last year which is a six-month initiative that eventually got extended until year-end. A number of initiatives were announced during the period to encourage home-ownership, such as the exemption of stamp duties on residential units priced between RM300,000 and RM1mil. All the properties at the HOC also came with a minimum 10% discount and stamp-duty waivers on the instrument of transfer and the instrument on loan agreement, as well as additional incentives. The campaign proved successful, having generated total sales of RM23.2bil in 2019, surpassing the government's initial target of RM17bil. To tackle the rise in Covid-19 infections in the country, the government implemented the MCO on March 18. On May 4, a conditional MCO (CMCO) was enforced to allow businesses to re-open to recover the economy. The CMCO has been extended to June 9. An overhang is defined as completed unsold properties certified fit for occupation. The value of completed and unsold properties from all segments stood at RM19.96bil in the first quarter of last year. According to Npic, Johor retained the highest number and value of residential overhang in the country in the first quarter of 2020 with 5,468 units worth RM4.65bil. Selangor came second with 4,844 units worth RM4.10bil. Penang recorded 3,043 unsold units worth RM2.55bil, while Kuala Lumpur registered a total of 2,586 unsold units worth RM2.59bil. (Source: *The Star*)

**Lion Industries Corporation Bhd remained in the red in the third quarter ended March 31, 2020 (Q3 2020), but its net loss narrowed to RM57.87 million from RM72.17 million in the same period last year.** Revenue declined to RM555.19 million versus RM693.36 million previously due to the lower sales volume of steel products, it said in a filing with Bursa Malaysia today. "However, the group recorded a lower loss from operations of RM27.4 million due to higher sales prices and improved margins," it said. For the nine-month period (9M FY20), the company's net loss widened to RM267.32 million from RM96.57 million in the same period last year, while revenue declined to RM1.85 billion from RM2.42 billion previously, mainly due to lower revenue registered by its steel division due to the Movement Control Order (MCO) that began on March 18, 2020. Lion Industries said its businesses, being non-essential businesses, were temporarily closed during the MCO period, resulting in a higher operating loss of RM175.17

million for the period from RM38.68 million a year ago. It added that the company's net assets per share as at March 31, 2020 stood at RM2.06, a decrease of 40 sen from that of the last financial year. On prospects, Lion Industries said its businesses were not spared from the crisis sparked by the unprecedented Covid-19 outbreak, causing global economic activities to grind to a halt with global supply chains and international trade disrupted. "While the challenges ahead are highly uncertain, the company has implemented strict cost control measures to contain operating costs," it said. It added that the group would stay vigilant and responsive to market changes and to improve its operating performance for the next quarter. (Source: *The EdgeMarkets*)

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

Source: RAM, MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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