

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries bull-flattened with the long-ends substantially richer in what is seen to be the commencement of the Fed's daily purchase operations; concentrated mainly in the 20-30y bucket. The early pull-back following the release of the much-stronger-than-expected ISM manufacturing data for August was shrugged off later by the Labor Department's projections of slower job growth going forward. Overall benchmark yields closed between 0-6bps lower with the UST 2Y within 1bps from prior day's close at 0.13% and the much-watched UST 10Y rallying 4bps at 0.67% levels. Fed member Brainard's comments on further monetary accommodation also boosted the longer-ends. Expect some attention to shift to the private payroll processor i.e. ADP employment change for August tonight followed by the Beige book release.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.13	0
5-yr UST	0.25	-1
10-yr UST	0.67	-4
30-yr UST	1.42	-6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.84	-1	1.86	1
5-yr	2.07	-7	2.03	-2
7-yr	2.33	5	2.37	-2
10-yr	2.57	-5	2.55	-12
15-yr	3.00	-8	3.10	-8
20-yr	3.41	-11	3.39	-5
30-yr	3.72	9	3.65	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.91	0
3-yr	1.96	-2
5-yr	2.16	-3
7-yr	2.35	0
10-yr	2.59	-3

Source : Bloomberg

Upcoming Government Bond Tender

Reopening of RM3.5b 7Y MGS 5/27 on Thursday,
3rd Sep, 2020

MGS/GIII

- Local govvnies recovered lost ground on Tuesday as overall benchmark yields ended mostly lower between 1-12bps save for the 7Y and 30Y MGS amid slightly higher secondary market volume of RM3.17b. The benchmark 5Y MGS 9/25 rallied 7bps at 2.07% whilst the 10Y MGS 8/29 yields ended 5bps lower at 2.57%. Interest was mainly seen in the off-the-run 20-21's, 24's and also benchmark 5Y MGS. GII bond trades dropped to form ~24% of overall trades. Meanwhile FTSE Russell will publish its Fixed Income Country classification annual announcement on the 24th Sep; according to a statement dated 26th Aug. Elsewhere the MYR continues to perform steadily against the greenback whilst several huge hedge funds are seen to favor both Malaysian and Chinese govvnies on expectations of further interest rate cuts.

Corp Bonds/Sukuk

- Secondary market interest dived amid tepid volume of RM249m with transactions seen along the AAA-part of the curve and yields closed mixed. This was possibly due to the low staffing levels in vies of the earlier national day celebrations. The sole Govt-guaranteed trade involved GOVCO 32's which rose 5-6bps compared to previous-done levels between 2.97-3.03%. AAA-rated BAKUN 29 however fell 24bps at 3.01% whilst the 2031 tranche closed 3bps lower at 3.21%. AA-rated SAMALAJU 12/29 which last traded in April this year rallied 58bps at 3.26% whereas PTP 8/25 made its debut secondary market trade at its coupon of 3.15%. The banking space remained quiet for a second day.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 10/20	1.534	207	1.624	28/08/2020	-9
MGS 07/21	1.650	338	1.667	28/08/2020	-2
MGS 09/21	1.653	84	1.693	28/08/2020	-4
MGS 11/21	1.674	147	1.718	28/08/2020	-4
MGS 03/22	1.704	34	1.755	28/08/2020	-5
MGS 08/22	1.737	2	1.750	28/08/2020	-1
MGS 09/22	1.748	1	1.775	28/08/2020	-3
MGS 03/23	1.843	247	1.831	28/08/2020	1
MGS 04/23	1.835	2	1.845	28/08/2020	-1
MGS 08/23	1.862	38	1.857	28/08/2020	1
MGS 06/24	1.995	230	2.064	28/08/2020	-7
MGS 07/24	2.042	40	2.054	28/08/2020	-1
MGS 09/24	2.016	2	2.097	28/08/2020	-8
MGS 03/25	2.120	1	2.132	28/08/2020	-1
MGS 09/25	2.064	259	2.095	28/08/2020	-3
MGS 04/26	2.194	7	2.175	28/08/2020	2
MGS 07/26	2.188	75	2.198	28/08/2020	-1
MGS 03/27	2.345	68	2.368	28/08/2020	-2
MGS 05/27	2.333	1	2.279	28/08/2020	5
MGS 11/27	2.397	79	2.402	28/08/2020	-1
MGS 06/28	2.543	26	2.564	28/08/2020	-2
MGS 09/28	2.561	3	2.381	06/08/2020	18
MGS 08/29	2.570	112	2.600	28/08/2020	-3
MGS 04/30	2.627	2	2.580	28/08/2020	5
MGS 06/31	2.809	21	2.845	28/08/2020	-4
MGS 04/33	3.079	61	3.143	28/08/2020	-6
MGS 11/33	3.080	173	3.149	28/08/2020	-7
MGS 07/34	3.001	80	3.040	28/08/2020	-4
MGS 05/35	3.281	1	3.200	28/08/2020	8
MGS 04/37	3.412	2	3.397	28/08/2020	2
MGS 06/38	3.460	1	3.490	28/08/2020	-3
MGS 05/40	3.406	65	3.462	28/08/2020	-6
MGS 06/50	3.716	6	3.623	28/08/2020	9
GII 08/21	1.668	19	1.691	28/08/2020	-2
GII 03/22	1.734	18	1.723	28/08/2020	1
GII 04/22	1.708	14	1.684	28/08/2020	2
GII 07/22	1.788	20	1.797	28/08/2020	-1
GII 05/23	1.861	95	1.856	28/08/2020	0
GII 10/23	1.885	83	1.861	25/08/2020	2
GII 10/24	2.026	57	2.032	28/08/2020	-1
GII 08/25	2.056	10	2.063	25/08/2020	-1
GII 10/25	2.074	40	2.124	28/08/2020	-5
GII 03/26	2.110	16	2.185	28/08/2020	-8
GII 09/27	2.366	4	2.369	28/08/2020	0
GII 10/28	2.565	150	2.616	28/08/2020	-5
GII 07/29	2.602	69	2.687	28/08/2020	-9
GII 10/30	2.551	16	2.611	28/08/2020	-6
GII 11/34	3.096	116	3.137	28/08/2020	-4
GII 09/39	3.394	31	3.490	28/08/2020	-10
		<u>3172</u>			

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*	
GovCo Holdings Berhad	02/32	GG	2.970	50	2.920	12/08/2020	5	40
GovCo Holdings Berhad	09/32	GG	3.030	50	2.971	12/08/2020	6	46
Danum Capital Berhad	05/23	AAA	2.318	10	2.399	06/08/2020	-8	48
Pengurusan Air SPV Berhad	06/26	AAA	2.638	20	2.598	24/08/2020	4	43
Pengurusan Air SPV Berhad	06/27	AAA	2.718	20	2.719	05/08/2020	0	45
Bakun Hydro Power Generation Sdn Berhad (fka Sarav	08/29	AAA	3.008	10	3.249	03/06/2020	-24	49
Bakun Hydro Power Generation Sdn Berhad (fka Sarav	08/31	AAA	3.209	10	3.239	28/07/2020	-3	64
Tenaga Nasional Berhad	08/35	AAA	3.330	5	3.353	28/08/2020	-2	29
Samalaju Industrial Port Sdn Berhad	12/29	AA1	3.257	20	3.838	22/04/2020	-58	74
Perbadanan Kemajuan Negeri Selangor	04/22	AA3	3.066	30	3.097	18/06/2020	-3	130
Jimah Energy Ventures Sdn Berhad	11/23	AA3	3.052	1	3.525	21/02/2020	-47	121
Pelabuhan Tanjung Pelepas Sdn Berhad	08/27	AA-	3.300	10	3.300	27/08/2020	0	103
TG Excellence Berhad	02/20	AA-	3.108	1	3.570	19/08/2020	-46	-31
Tan Chong Motor Holdings Berhad	11/21	A1	3.840	1	3.799	18/08/2020	4	216
UMW Holdings Berhad	04/18	A1	4.165	1	3.999	28/08/2020	17	74
Eco World International Berhad	04/23	-	5.799	1	5.752	25/08/2020	5	396
Tropicana Corporation Berhad	06/23	A+	4.971	1	5.021	27/08/2020	-5	313
Pelabuhan Tanjung Pelepas Sdn Berhad	08/25	AA-	3.150	10	-	-	-	108
			<u>249</u>					

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

Market/Corporate News: What's Brewing

The Dewan Negara which convenes today on the first day of the Second Meeting of the Third Term of the 14th Parliament will focus on who will be elected as the new Senate president. The appointment of the 18th Dewan Negara president is to replace Tan Sri S.A. Vigneswaran, who completed his term of office on June 22. According to the Standing Orders of the Senate, members of the upper house of the Parliament shall, upon forming a quorum, elect a new president when the post falls vacant. After the appointment of the president, four new Members of the Senate, namely Mohamad Apandi Mohamad, (appointed by the Kelantan state legislative assembly), Datuk Seri S. Vell Paari (appointed by the Yang di-Pertuan Agong), Ahmad Yahaya and Datuk Wira Othman Aziz (appointed by the Kedah State Legislative Assembly), are also scheduled to be sworn-in. In line with the ongoing Recovery Movement Control Order, the Dewan Negara session which will last until Sept 23 will be conducted in accordance with the standard operating procedures set by the government. The sitting is expected to debate 10 bills that were passed by the Dewan Rakyat. It includes three bills pertaining to the COVID-19 pandemic, namely the Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) Bill 2020; the Temporary Measures for Government Financing (Coronavirus Disease 2019 (COVID-19)) Bill 2020; and the Insolvency (Amendment) Bill 2020.. (Source: *The EdgeMarkets*)

Permaju Industries Bhd has teamed up with Vsolar Group Bhd for a RM217 million large-scale solar power project in Seremban. The group said its unit Genbayu Gemilang Sdn Bhd has inked a joint venture (JV) agreement with Vsolar to regulate their relationship as shareholders of Cubetech Asia Sdn Bhd, which is bidding for the project. "Cubetech Asia intends to submit its tender to build and operate a large-scale solar 4 (LSS4) proposed 50MW plant in Seremban subject to the terms and conditions stipulated in the JV agreement," the group said in a bourse filing. . "The project consists of terms including a concession period under a power purchase agreement with Tenaga Nasional Bhd, spanning 21 years starting from the commercial operation date by Dec 31, 2023," it added. Under the agreement, Genbayu Gemilang will lease the required land to Cubetech Asia at no cost to undertake the project. The former will hold a 70% stake in Cubetech Asia, while Vsolar will hold the remaining 30% equity interest. Permaju said Vsolar will manage and operate Cubetech Asia and assist the latter to secure financing for the project via a mix of equity and debt financing amounting to RM173.6 million and RM43.4 million respectively. Vsolar is also to assist Cubetech to secure a bid bond amounting to RM1 million and a performance bond totalling RM10 million in the event the latter is awarded with the project. "The JV agreement will provide opportunities for the parties to establish a strategic partnership for various activities based on the respective parties' expertise and strengths which allow the parties to tap into each other's expertise, networks and resources," said Permaju. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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