

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended mostly flat on Thursday ahead of the all-important September jobs report expected out tonight. Overall benchmark yields were little changed i.e. between 0-1bps lower from prior day's close. The UST 2Y closed unchanged at 0.13% whilst the much-watched 10Y yields edged 1bps lower at 0.68%. Meanwhile Labor Dept's data on initial jobs claims showed a bigger-than-expected drop for week ended 26th Sep. The ISM also showed a modest slowdown in the pace of manufacturing activity in September. The Treasury has announced next week's auction of \$52b 3Y, \$35b 10Y and \$23b 30Y bonds. Bond gains might be expected to be minimal as the Fed is expected to stay pat on interest rates until 2023. Expect attention to shift tonight to the release of jobs data for September followed by clues on the proposed debate by lawmakers with regards to a new COVID-19 stimulus bill.

MGS/GIII

- Local govies succumbed on Thursday despite the rebound prior day with overall benchmark yields rising mostly between 0-7bps save for the 30Y MGS and 10Y GII. Secondary market volume fell to RM5.61b whilst both the benchmark 5Y MGS 9/25 and 10Y MGS 8/29 yields moved 2bps higher at 2.27% and 2.69% respectively. Interest was mainly seen in the off-the-runs 20-21's and also the benchmark 5Y MGS. GII bond trades maintained to form a mere 14% of overall trades. Despite the recent release of rather weak August trade data, BNM is expected to decide on the interest rate outlook post-2021 budget in November. Meanwhile the data front remains light today and we expect a rather quiet session going into the weekend.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space similarly saw interest wane amid the halving of secondary market volume at RM493m yesterday as overall yields closed mostly mixed-to-lower with interest mainly across the AAA-AA part of the curve. The sole govt-guaranteed trade was BPMB 9/21 which edged 1bps higher compared to previous-done levels at 2.01%. AAA-rated CAGAMAS saw RM40m in nominal amounts traded with yields falling lower to 2.24%. AA-rated energy-related bonds dominated this space with JEV 21's sharply declining 62-95bps lower at 2.60% whilst both BGSM 12/22 and MALAKOFF 12/20 edged 1bps lower at 2.64% and 2.41% each. The banking space saw CIMB 25NC20 move 2bps higher instead 2.18%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.13	0
5-yr UST	0.27	0
10-yr UST	0.68	-1
30-yr UST	1.46	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.99	0	2.04	0
5-yr	2.27	2	2.23	2
7-yr	2.44	1	2.42	7
10-yr	2.69	2	2.62	-1
15-yr	3.04	2	3.16	1
20-yr	3.37	5	3.56	0
30-yr	3.79	-2	4.11	6

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.92	0
3-yr	2.01	0
5-yr	2.20	-1
7-yr	2.36	0
10-yr	2.64	0

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)	
MGS	10/20	1.770	503	2.055	30/09/2020	-29
MGS	02/21	1.599	406	1.747	30/09/2020	-15
MGS	07/21	1.673	1391	1.763	30/09/2020	-9
MGS	09/21	1.680	330	1.771	30/09/2020	-9
MGS	11/21	1.740	189	1.797	30/09/2020	-6
MGS	03/22	1.882	22	1.809	30/09/2020	7
MGS	09/22	1.858	155	1.861	30/09/2020	0
MGS	03/23	1.991	175	1.994	30/09/2020	0
MGS	04/23	1.997	56	2.018	30/09/2020	-2
MGS	08/23	2.015	7	2.065	30/09/2020	-5
MGS	06/24	2.137	3	2.132	30/09/2020	0
MGS	07/24	2.163	60	2.148	30/09/2020	1
MGS	09/24	2.177	79	2.167	30/09/2020	1
MGS	03/25	2.267	25	2.333	30/09/2020	-7
MGS	09/25	2.268	580	2.242	30/09/2020	3
MGS	04/26	2.414	8	2.389	30/09/2020	3
MGS	07/26	2.369	33	2.378	30/09/2020	-1
MGS	11/26	2.415	137	2.392	30/09/2020	2
MGS	05/27	2.442	77	2.426	30/09/2020	2
MGS	11/27	2.460	70	2.467	30/09/2020	-1
MGS	06/28	2.545	120	2.579	30/09/2020	-3
MGS	09/28	2.656	71	2.679	30/09/2020	-2
MGS	08/29	2.677	72	2.667	30/09/2020	1
MGS	04/30	2.724	9	2.786	30/09/2020	-6
MGS	06/31	2.845	2	2.852	30/09/2020	-1
MGS	04/32	3.039	13	3.061	30/09/2020	-2
MGS	04/33	3.093	119	3.135	30/09/2020	-4
MGS	11/33	3.150	22	3.141	30/09/2020	1
MGS	07/34	3.040	67	3.024	30/09/2020	2
MGS	05/35	3.317	1	3.285	30/09/2020	3
MGS	04/37	3.428	5	3.390	30/09/2020	4
MGS	06/38	3.472	12	3.506	30/09/2020	-3
MGS	05/40	3.371	56	3.324	30/09/2020	5
MGS	09/43	3.817	7	3.941	30/09/2020	-12
MGS	03/46	3.899	4	3.878	30/09/2020	2
MGS	07/48	3.904	15	3.943	30/09/2020	-4
MGS	06/50	3.794	1	3.810	30/09/2020	-2
GII	03/21	0.000	26	1.724	30/09/2020	-172
GII	08/21	1.700	8	1.783	28/09/2020	-8
GII	03/22	1.818	8	1.815	30/09/2020	0
GII	04/22	1.802	1	1.810	30/09/2020	-1
GII	11/23	2.053	2	2.062	30/09/2020	-1
GII	10/24	2.232	56	2.210	30/09/2020	2
GII	08/25	2.240	8	2.296	30/09/2020	-6
GII	03/26	2.321	80	2.325	30/09/2020	0
GII	09/26	2.393	20	2.395	30/09/2020	0
GII	07/27	2.430	55	2.425	30/09/2020	1
GII	09/27	2.420	155	2.347	30/09/2020	7
GII	08/28	2.666	3	2.571	08/09/2020	9
GII	10/28	2.671	151	2.660	30/09/2020	1
GII	07/29	2.708	26	2.698	30/09/2020	1
GII	10/30	2.621	36	2.631	30/09/2020	-1
GII	11/34	3.164	21	3.151	30/09/2020	1
GII	09/39	3.556	1	3.560	30/09/2020	0
GII	05/47	4.071	3	4.063	30/09/2020	1
GII	11/49	4.105	46	4.050	30/09/2020	6
			<u>5610</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*
Bank Pembangunan Malaysia Berhad	09/21	GG	2.009	10	1.994	11/08/2020	26
First Abu Dhabi Bank PJSC	12/20	AAA	2.160	30	2.574	09/06/2020	41
Gulf Investment Corporation G.S.C	03/21	AAA	2.500	10	2.765	15/07/2020	27
Cagamas Berhad	08/22	AAA	2.240	30	2.677	18/06/2020	44
Cagamas Berhad	10/22	AAA	2.240	10	2.307	18/08/2020	7
TNB Northern Energy Berhad	11/34	AAA	3.485	10	4.019	03/12/2019	53
TNB Northern Energy Berhad	11/35	AAA	3.570	10	4.289	27/06/2019	72
Teknologi Tenaga Perlis Consortium Sdn Berhad	01/21	AA1	2.370	10	2.816	15/05/2020	45
Sabah Development Bank Berhad	02/26	AA1	3.209	60	4.173	01/04/2020	96
Sabah Development Bank Berhad	04/26	AA1	3.223	60	3.640	15/06/2020	42
TRIPIC Medical Sdn Berhad	10/33	AA1	3.700	10	4.249	22/10/2019	55
TRIPIC Medical Sdn Berhad	10/34	AA1	3.770	10	4.329	27/11/2019	56
CIMB Bank Berhad	12/25	AA+	2.180	30	2.161	30/09/2020	2
Anih Berhad	11/21	AA	2.620	20	2.625	29/09/2020	0
Jimah Energy Ventures Sdn Berhad	05/21	AA3	2.600	34	3.547	26/11/2019	95
Jimah Energy Ventures Sdn Berhad	05/21	AA3	2.600	10	3.221	09/04/2020	62
BGSM Management Sdn Berhad	12/22	AA3	2.640	10	2.655	18/09/2020	1
Malakoff Power Berhad	12/20	AA-	2.410	44	2.417	07/09/2020	-1
UEM Sunrise Berhad	06/21	AA-	3.230	40	3.187	03/09/2020	4
Eco World Capital Assets Berhad	08/24	-	5.780	1	6.186	25/09/2020	-41
YNH Property Berhad	08/19	-	6.802	4	6.664	29/09/2020	14
Quantum Solar Park (Semenanjung) Sdn Berhad	10/33	A+	5.140	20	5.139	22/09/2020	0
Quantum Solar Park (Semenanjung) Sdn Berhad	04/34	A+	5.190	20	5.319	24/06/2020	-13
			<u>493</u>				

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

Market/Corporate News: What's Brewing

PLUS Malaysia Bhd (PLUS) suffered a loss of RM400 million over three months, starting from March, due to the implementation of the Movement Control Order (MCO) to curb the spread of the COVID-19 pandemic. PLUS managing director (MD) Datuk Azman Ismail said the number of vehicles on the highways under the company's operations fell by 90% during the period, from 1.7 million per day to 170,000. "Our revenue fell by 90% in March, April and May but it increased again starting June 6 after the Government allowed inter-state travel. "RM400 million cannot be recovered and it indirectly affects the company and employees," he said during the Executive Talk: Leadership In Steering The Organisation Across Turbulent Times Towards Recovery From COVID-19 at the Universiti Teknikal Malaysia Melaka (UTeM) here, today. He said the PLUS management will have to make many important decisions to avoid a big impact on PLUS' operations and employee welfare with the agreement of the management and the trade union. Azman said this includes no organisation of various programmes or festive celebrations such as Hari Raya, no new uniforms and no salary increase this year. "Whatever it is, I will not cut the salaries of the workers and will do my best to ensure that about 3,800 people can continue to work in this difficult situation," he said. Azman added that the number of vehicles using PLUS highways has increased to 1.5 million a day, and it is expected to continue to increase if the Government fully opens the Malaysia-Singapore border soon. Meanwhile, he said that PLUS has not forgotten its corporate social responsibility towards the frontliners, especially those in the hospitals nationwide who are dealing with the pandemic. "PLUS has channelled RM1.2 million to provide personal protective equipment and medical equipment to be donated to the Kuala Lumpur Hospital and Sungai Buloh Hospital. "Besides that, PLUS employees also collected RM128,000 to be donated in the form of medical facilities to seven hospitals along the PLUS highway," he said. *(Source: The EdgeMarkets)*

Mr DIY Group is in talks with Aberdeen Standard Investments and BlackRock Inc to become cornerstone investors in its initial public offering (IPO), which could be Malaysia's biggest in more than three years, said people with knowledge of the matter. AIA Group Ltd is also in discussions to take a stake in the first-time share sale by Malaysia's biggest home-improvement retailer, according to the people, who asked not to be identified as the information is private. The company is planning to file an official prospectus as soon as next week and has set the IPO price at RM1.60 each, the people said. The offering could raise about RM1.5 billion based on the number of shares in its draft prospectus. The home-improvement retailer plans to formally confirm the cornerstone investors as soon as the end of the week, the people said. Negotiations are ongoing and the investor line-up could change, the people said. Representatives for Aberdeen Standard, AIA Group, BlackRock, and Mr DIY declined to comment. The return of Mr DIY's IPO comes as its sales surged to a record in May, June, and July after the Malaysian government partially lifted coronavirus-driven restrictions in order to resuscitate the economy, the people said. At US\$362 million, Mr DIY's share sale would be the biggest IPO in Malaysia since Lotte Chemical Titan Holding Bhd raised US\$849 million in 2017, data compiled by Bloomberg show. The potential deal would give a boost to the nation's equity capital market, which has only seen US\$96.5 million worth of IPOs so far this year, putting it on track for the slowest year in more than a decade. Mr DIY, backed by private equity firm Creador, opened its first store in Malaysia in 2005 and now operates more than 622 outlets across the country, according to its website. The company sells over 16,600 types of products in 10 categories including furnishings, computer and mobile accessories, hardware, and toys. It counts Tesco plc and AEON Co among its business partners. *(Source: The EdgeMarkets)*

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd's (Kesturi)	RM2.3 billion Sukuk Musharakah (Senior Sukuk) RM180 million Redeemable Secured Junior Bonds (Junior Bonds)	AA-IS/Stable A-/Stable	Affirmed
Bank Pembangunan Malaysia Berhad	RM5.0 billion Islamic Medium-Term Notes Programme	AAA-IS/Stable	Assigned
BNP Paribas Malaysia Berhad	Financial institution rating	AA2/Stable/P1	Reaffirmed

Source: RAM, MARC

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