

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.93	0
5-yr UST	0.95	1
10-yr UST	1.17	1
30-yr UST	1.72	5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.60	2	2.47	-10
5-yr	2.66	2	2.69	1
7-yr	2.70	-7	2.79	3
10-yr	2.78	-4	2.84	-2
15-yr	3.04	-1	3.08	2
20-yr	3.18	-3	3.20	-6
30-yr	3.57	-2	3.58	-2

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.76	0
3-yr	2.70	0
5-yr	2.70	-1
7-yr	2.80	0
10-yr	2.95	0

Source : Bloomberg

### Upcoming Government Bond Tender

Nil

## Fixed Income Daily Market Snapshot

### US Treasuries

- UST's ended slightly weaker with the long-end pressured on Monday with the curve steeper as verbal "intervention" from many central banks kept risk-sentiment supported with equities rebounding strongly. Overall benchmark yields closed between 0-5bps higher with the UST 2Y almost unchanged at 0.93% and the much-watched UST 10Y edging 1bps to 1.17%. Both traders and economists are talking up the Fed's easing expectations; which has been supporting the front-end up until today. A stronger-than-expected headline was seen for January construction spending whilst the ISM February manufacturing numbers were in-line too. The CME Group Fed fund futures is still pricing in a 100% probability of a 25bps rate cut in the upcoming FOMC meeting in March. The Fed Fund Futures too is pricing in a 100% chance of a similar cut as well.

### MGS/GII

- Local govies closed mostly lower-to-mixed across the curve on Monday amid a volume of RM4.07b with the the short-belly coming under slight pressure. Overall benchmark yields closed between -10 to +3bps with interest mainly seen in off-the-run 20-21's and also the 7Y benchmark MGS/GII. The benchmark 5Y MGS 6/24 edged up 2bps at 2.66% whilst the 10Y MGS 8/29 moved 4bps lower instead at 2.78%. GII bonds maintained to form about ~ 28% of overall trades. Lingering concerns remain over the implementation of the recent announcement of the RM20b economic stimulus package. The appointment of Tan Sri Muhyiddin as the new PM has somewhat reduced the current political uncertainty which had earlier added to existing headwinds from lower oil prices and the Covid-19 outbreak. Expect attention to focus on BNM's upcoming MPC announcement today.

### Corp Bonds/Sukuk

- Corporate bonds/Sukuk space remained active amid higher secondary market volume of RM923m with investor interest seen across the GG-AA part of the curve. There were lesser number i.e. 29 various bonds traded with overall yields closing mostly lower. Govt-guaranteed sector saw a slew of PTPTN and DANA bonds traded. The longer-end PTPTN 33, 37, 39 and closed between 35-54 bps lower compared to previous-done levels between 3.23-45% whereas the 7/41 tranching ended 4bps lower at 3.54%. AAA-rated GENTING Cap 6/22 moved 10 bps lower at 3.20% whilst GENM Cap 8/20 ended 10bps lower at 3.00%. Similarly, AA-rated MMC Corp saw its 2025, 2027 and 2028 tranches close sharply lower on yields at 4.39%, 4.29% and 4.48%.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.772	334	2.654	28/02/2020	12
MGS 02/21	2.524	2	2.529	28/02/2020	0
MGS 07/21	2.572	25	2.586	28/02/2020	-1
MGS 09/21	2.583	313	2.576	28/02/2020	1
MGS 11/21	2.574	11	2.568	28/02/2020	1
MGS 03/22	2.600	80	2.591	28/02/2020	1
MGS 08/22	2.614	3	2.604	28/02/2020	1
MGS 09/22	2.616	3	2.614	28/02/2020	0
MGS 03/23	2.604	215	2.608	28/02/2020	0
MGS 04/23	2.627	124	2.635	28/02/2020	-1
MGS 08/23	2.643	9	2.652	28/02/2020	-1
MGS 06/24	2.656	211	2.632	28/02/2020	2
MGS 07/24	2.667	19	2.703	28/02/2020	-4
MGS 09/24	2.688	28	2.703	28/02/2020	-1
MGS 03/25	2.718	3	2.755	26/02/2020	-4
MGS 09/25	2.671	2	2.683	28/02/2020	-1
MGS 04/26	2.738	16	2.755	28/02/2020	-2
MGS 07/26	2.701	117	2.769	28/02/2020	-7
MGS 11/26	2.739	67	2.819	28/02/2020	-8
MGS 05/27	2.765	549	2.745	28/02/2020	2
MGS 11/27	2.790	15	2.788	28/02/2020	0
MGS 06/28	2.800	12	2.844	28/02/2020	-4
MGS 08/29	2.783	191	2.820	28/02/2020	-4
MGS 04/30	2.891	149	2.966	28/02/2020	-8
MGS 06/31	3.040	13	3.025	28/02/2020	2
MGS 11/33	3.090	21	3.078	28/02/2020	1
MGS 07/34	3.037	135	3.050	28/02/2020	-1
MGS 05/35	3.171	2	3.210	28/02/2020	-4
MGS 04/37	3.196	60	3.218	28/02/2020	-2
MGS 06/38	3.228	5	3.237	28/02/2020	-1
MGS 05/40	3.183	127	3.216	28/02/2020	-3
MGS 09/43	3.455	13	3.560	28/02/2020	-11
MGS 03/46	3.563	4	3.552	28/02/2020	1
MGS 07/48	3.568	70	3.583	28/02/2020	-2
GII 10/21	2.602	50	2.754	19/02/2020	-15
GII 03/22	2.468	4	2.571	28/02/2020	-10
GII 04/22	2.586	1	2.636	28/02/2020	-5
GII 05/23	2.625	10	2.675	27/02/2020	-5
GII 07/23	2.644	110	2.691	28/02/2020	-5
GII 11/23	2.637	12	2.699	26/02/2020	-6
GII 10/24	2.692	100	2.681	28/02/2020	1
GII 08/25	2.740	25	2.768	28/02/2020	-3
GII 03/26	2.789	251	2.760	28/02/2020	3
GII 09/26	2.836	60	2.797	26/02/2020	4
GII 06/27	2.835	50	2.828	28/02/2020	1
GII 07/27	2.834	84	2.840	28/02/2020	-1
GII 10/28	2.884	13	2.875	28/02/2020	1
GII 07/29	2.842	147	2.863	28/02/2020	-2
GII 09/30	2.949	1	2.970	28/02/2020	-2
GII 08/33	3.086	10	3.112	28/02/2020	-3
GII 11/34	3.075	50	3.059	28/02/2020	2
GII 10/35	3.195	70	3.227	26/02/2020	-3
GII 09/39	3.200	61	3.256	28/02/2020	-6
GII 05/47	3.642	10	3.627	27/02/2020	2
GII 11/49	3.577	4	3.592	28/02/2020	-2
		<u>4067</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*
Lembaga Pembiayaan Perumahan Sektor Awarr	04/26	GG	2.917	60	2.909	28/02/2020	1	20
DanaInfra Nasional Berhad	11/26	GG	2.918	300	3.007	14/02/2020	-9	18
DanaInfra Nasional Berhad	10/28	GG	2.980	30	3.041	14/02/2020	-6	19
DanaInfra Nasional Berhad	11/30	GG	3.039	30	3.158	25/02/2020	-12	25
Perbadanan Tabung Pendidikan Tinggi Nasional	01/33	GG	3.229	10	3.769	09/08/2019	-54	18
Perbadanan Tabung Pendidikan Tinggi Nasional	03/37	GG	3.399	20	3.746	20/01/2020	-35	35
Perbadanan Tabung Pendidikan Tinggi Nasional	03/39	GG	3.449	20	3.800	22/01/2020	-35	26
Perbadanan Tabung Pendidikan Tinggi Nasional	07/41	GG	3.539	60	3.582	28/02/2020	-4	35
GENM Capital Berhad	08/20	AAA	3.001	5	3.100	19/02/2020	-10	41
Genting Capital Berhad	06/22	AAA	3.199	10	3.336	12/02/2020	-14	60
DiGi Telecommunications Sdn Berhad	09/26	AAA	3.063	15	3.118	25/02/2020	-5	32
Danum Capital Berhad	02/34	AAA	3.320	5	3.352	28/02/2020	-3	27
YTL Power International Berhad	10/21	AA1	3.251	10	4.101	15/11/2019	-85	65
Kuala Lumpur Kepong Berhad	08/25	AA1	3.193	20	3.698	23/12/2019	-51	54
Westports Malaysia Sdn Berhad	04/26	AA+	3.249	10	3.840	04/10/2019	-59	53
UMW Holdings Berhad	10/21	AA2	3.089	10	3.185	20/02/2020	-10	49
Perbadanan Kemajuan Negeri Selangor	05/22	AA3	3.292	10	3.664	21/01/2020	-37	69
AmBank (M) Berhad	03/27	AA3	4.233	1	3.186	27/02/2020	105	149
Sinar Kamiri Sdn Berhad	01/22	AA-	4.075	10	5.063	11/04/2019	-99	147
MMC Corporation Berhad	11/25	AA-	4.290	10	4.678	12/12/2019	-39	157
MMC Corporation Berhad	03/28	AA-	4.480	10	4.626	26/02/2020	-15	170
CIMB Group Holdings Berhad	05/16	A1	4.239	1	3.911	21/02/2020	33	105
Hong Leong Financial Group Berhad	11/17	A1	3.751	10	3.837	18/02/2020	-9	56
MBSB Bank Berhad (fka Asian Finance Bank B	12/29	A3	4.801	1	4.814	13/02/2020	-1	201
MBSB Bank Berhad (fka Asian Finance Bank B	12/31	A3	5.000	1	4.790	27/02/2020	21	221
WCT Holdings Berhad	03/19	A	5.690	205	-	-	-	250
WCT Holdings Berhad	09/19	A	5.315	20	5.435	22/01/2020	-12	212
MMC Corporation Berhad	11/27	AA-	4.389	30	4.446	28/02/2020	-6	161
Eco World International Berhad	05/23	-	5.793	1	5.251	18/02/2020	54	#N/A
				<u>923</u>				

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

## Market/Corporate News: What's Brewing

**China's record-low manufacturing data in February has intensified concerns about the potential impact of the Covid-19 outbreak on the Malaysian economy, particularly in the first quarter.** China, Malaysia's largest trading partner, announced over the weekend that manufacturing Purchasing Managers Index (PMI) had slowed to 35.7, against analyst expectations of 45.0 in a Bloomberg poll. The country's PMI had earlier fallen to 50.0 in January. China's Caixin manufacturing PMI also fell to 40.3, its steepest decline in 11 years from 51.5 in January due to the shutdown of factories and festive holidays. In Malaysia, the manufacturing sector is already feeling the impact, with the headline IHS Markit Malaysia Manufacturing PM falling to 48.5 in February, from 48.8 in January as supply-side disruptions heavily impacted business operations. An analyst told Starbiz she expects Malaysia's Q1 performance "to be hit hard", given that the spread of the virus continues with a spike in cases outside China and expects Malaysia's Q1 performance "to be hit hard", given that the spread of the virus continues with a spike in cases outside China. A reading below the 50 mark points to a contraction in the sector's activity, while a figure above 50 indicates an expansion. The analyst told Starbiz she expects Malaysia's Q1 performance "to be hit hard", given that the spread of the virus continues with a spike in cases outside China. "China's factories are still slow to reopen and economic activity below normal operations. "As the virus spreads to other key manufacturing centres including South Korea, the potential to hit foreign demand and supply chains could dampen a recovery is rising," she said. The extent of the impact on the overall Malaysian economy, she said, would depend on the implementation and effectiveness of the RM20bil economic stimulus package announced by the government last week. IHS Markit, in a statement yesterday, noted that Malaysia's manufacturing sector faced a challenging month in February as the delivery of key raw materials from China was disrupted by the coronavirus outbreak. It said overseas demand was also adversely impacted, causing new export orders to fall at the steepest rate in over seven years. IHS Markit's chief business economist Chris Williamson, however, believes that the worst of the supply shortages may be over. "Much of course depends on how long the Covid-19 outbreak persists, but with China's factories returning to work there's a good chance the worst of the supply shortages are over," he said. Another analyst noted that Malaysia's PMI

was the lowest registered among the Asean-5 countries since January 2020. "We believe that the drop in Malaysia's manufacturing PMI may be prolonged in the near term, especially in Q1'20, due to slower momentum based on tepid overseas demand and global supply chain disruptions," it said in a note saying concerns remain about the prolonged outbreak could translate into a further decline in export sales with China being a main overseas market for Malaysia. Malaysia's exports to China have grown rapidly over the last few years, with China's share of Malaysian exports rising from 3.1% in 2000 to 14.1% currently. (Source: *The Star*)

**ING and Malayan Banking Bhd (Maybank) were the top creditors of Singapore commodity trader Agritrade International, which was last month placed under interim judicial management.** Documents reviewed by Reuters showed Malaysia's Maybank tops the list of secured lenders to Agritrade with US\$118 million owed to it, with Dutch bank ING owed US\$100 million. The trading company has US\$1.55 billion in outstanding liabilities to dozens of creditors, including US\$983 million owed to secured lenders, an affidavit by Agritrade's chief executive officer Xinwei Ng dated Jan 16, showed. A Maybank spokesman declined to comment on specific clients but said it "has a stringent provisioning policy in place and takes appropriate measures as and when required to manage the asset quality of our entire credit portfolio". In February, ING said provisions for bad loans rose in its fourth quarter, due in part to what it said was a single provision for a fraud case at a customer in Asia. ING did not disclose the identity of the customer. French, Indian, Italian, Japanese, Chinese, the United Arab Emirates and Korean banks, along with 10 private funds are among Agritrade's other creditors, according to the list, which also included some global commodity traders. Agritrade said in the affidavit it ran into financial problems around 2018, amid a declining commodities market and its funding issues were compounded after many banks halted funding. "This situation was exacerbated by the sudden withdrawal of numerous credit lines by several of the company's bank lenders," Ng said, adding that the situation affected Agritrade's liquidity and its ability to fulfil its future commitments. Agritrade International is the parent company of Hong Kong-listed Agritrade Resources Ltd. The firm was placed under interim judicial management in February, after the court dismissed an application for a debt moratorium. Consulting firm EY told Reuters that the Singapore court had appointed its partners Angela Ee and Aaron Loh as interim judicial managers of Agritrade International. Agritrade International said its primary assets are in the form of trade receivables and its shares in Agritrade Resources, according to the documents. Agritrade International and Agritrade Resources did not respond to a request for comment.. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Special Coral Sdn Bhd	M250.0 million Senior Class A Medium-Term Notes (MTN)	AAA	Assigned
	RM50.0 million Senior Class B MTN and RM800.0 million Subordinated Class MTN (under the existing RM1.1 billion MTN programme)	AA B-	Assigned Assigned

Source: RAM, MARC

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