

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries witnessed further upside on Wednesday following the release of private payroll processor ADP's weaker-than-expected job growth for August. The curve extended its flattening stance again since Fed Chair Powell's comments on "average inflation targeting"; overall benchmark yields closed between 0-4bps lower with the UST 2Y almost unchanged from prior day's close at 0.13% and the much-watched UST 10Y edging 2bps lower at 0.65% levels. The Fed's Beige book covering 12 Fed districts noted some modest increases in economic activity. Long-dated UST's are expected to drift lower as investors show concern over the fragility of the US economy. Expect attention to shift to the upcoming Services PMI numbers tonight followed by the all-important monthly jobs report tomorrow.

MGS/GIII

- Local govies embarked on its 2nd day of recovery on Wednesday as overall benchmark yields ended lower between 0-7bps (save for the odd-lot trades on the 7Y and 30Y MGS) amid a higher secondary market volume of RM4.95b. The benchmark 5Y MGS 9/25 rallied 6bps at 2.00% whilst the 10Y MGS 8/29 yields ended 2bps lower at 2.55%. Interest was mainly seen in the short off-the-run 20-21's, 29's and also benchmark 10Y MGS. GII bond trades maintained to form ~26% of overall trades. Meanwhile FTSE Russell will publish its Fixed Income Country classification annual announcement on the 24th Sep; according to a statement released on 26th Aug. The data front is light this week with a slew of economic releases next week involving the MPC meeting and industrial production numbers for July. Expect attention to shift to the 7Y MGS auction today.

Corp Bonds/Sukuk

- In a surprising turn of events, investor interest spiked amid high secondary market volume of RM986m yesterday with transactions seen in 51 various boonds along the GG-AA-part of the curve whilst yields closed mixed overall. The Govt-guaranteed LPPSA and DANA 24's edged 1-2bps lower compared to previous-done levels at 2.18% levels. The longer ends i.e. DANA 35's, 46 and also PRASA 3/40 however ended 1-12bps higher at 3.25%, 3.51% and 3.77% each. AAA-rated DANUM 5/23 and PUTRAJAYA 4/25 closed between 2-6bps lower at 2.30% and 2.56% each whilst DANGA 2/26 edged 1bps higher at 2.61%. The AA-space saw energy bonds i.e. TG BIN and Southern Power dominate this space. TG BIN 21, 28 and 29 saw huge interest with RM120m in nominal amounts exchanging hands with yields falling sharply at 2.62%, 3.34% and 3.44% respectively. The banking space saw BPMB 11/26 edge 1bps lower at 2.70%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.13	0
5-yr UST	0.25	0
10-yr UST	0.65	-2
30-yr UST	1.38	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.81	-3	1.82	-4
5-yr	2.00	-6	2.00	-2
7-yr	2.25	-9	2.31	-5
10-yr	2.55	-2	2.55	0
15-yr	2.99	-1	3.07	-2
20-yr	3.33	-7	3.37	-3
30-yr	3.60	-12	3.65	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.90	-2
3-yr	1.94	-2
5-yr	2.13	-2
7-yr	2.33	-1
10-yr	2.58	-1

Source : Bloomberg

Upcoming Government Bond Tender

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

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 10/20	1.650	263	1.534	01/09/2020	12
MGS 07/21	1.651	663	1.650	01/09/2020	0
MGS 09/21	1.663	302	1.653	01/09/2020	1
MGS 11/21	1.653	274	1.674	01/09/2020	-2
MGS 03/22	1.725	22	1.704	01/09/2020	2
MGS 08/22	1.743	3	1.737	01/09/2020	1
MGS 09/22	1.733	102	1.748	01/09/2020	-1
MGS 03/23	1.808	299	1.843	01/09/2020	-3
MGS 04/23	1.845	9	1.835	01/09/2020	1
MGS 08/23	1.872	51	1.862	01/09/2020	1
MGS 06/24	1.999	11	1.995	01/09/2020	0
MGS 07/24	1.985	16	2.042	01/09/2020	-6
MGS 09/24	2.000	61	2.016	01/09/2020	-2
MGS 03/25	2.046	202	2.120	01/09/2020	-7
MGS 09/25	2.000	650	2.064	01/09/2020	-6
MGS 04/26	2.184	4	2.194	01/09/2020	-1
MGS 07/26	2.176	3	2.188	01/09/2020	-1
MGS 11/26	2.288	2	2.324	28/08/2020	-4
MGS 05/27	2.243	17	2.333	01/09/2020	-9
MGS 11/27	2.352	61	2.397	01/09/2020	-4
MGS 08/29	2.552	372	2.570	01/09/2020	-2
MGS 06/31	2.729	35	2.809	01/09/2020	-8
MGS 04/33	3.060	10	3.079	01/09/2020	-2
MGS 07/34	2.989	22	3.001	01/09/2020	-1
MGS 04/37	3.356	5	3.412	01/09/2020	-6
MGS 06/38	3.388	1	3.460	01/09/2020	-7
MGS 05/40	3.332	158	3.406	01/09/2020	-7
MGS 07/48	3.823	31	3.823	01/09/2020	0
GII 03/21	1.649	20	1.658	28/08/2020	-1
GII 04/21	1.644	50	1.655	26/08/2020	-1
GII 07/22	1.769	2	1.788	01/09/2020	-2
GII 05/23	1.822	172	1.861	01/09/2020	-4
GII 07/23	1.848	50	1.852	28/08/2020	0
GII 10/23	1.857	10	1.885	01/09/2020	-3
GII 11/23	1.850	3	1.898	28/08/2020	-5
GII 05/24	1.951	82	2.109	21/07/2020	-16
GII 08/24	2.018	20	2.035	27/08/2020	-2
GII 10/24	2.003	60	2.026	01/09/2020	-2
GII 03/26	2.117	50	2.110	01/09/2020	1
GII 09/26	2.237	180	2.226	25/08/2020	1
GII 07/27	2.351	1	2.361	28/08/2020	-1
GII 09/27	2.312	40	2.366	01/09/2020	-5
GII 10/28	2.533	60	2.565	01/09/2020	-3
GII 07/29	2.578	200	2.602	01/09/2020	-2
GII 09/30	2.547	1	2.573	18/08/2020	-3
GII 10/30	2.546	95	2.551	01/09/2020	-1
GII 11/34	3.072	120	3.096	01/09/2020	-2
GII 09/39	3.366	91	3.394	01/09/2020	-3
		<u>4954</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*	
Perbadanan Tabung Pendidikan Tinggi Nasional	08/21	GG	1.790	5	2.265	06/05/2020	-48	12
Pengurusan Air SPV Berhad	06/22	GG	1.909	10	2.031	04/08/2020	-12	15
Lembaga Pembiayaan Perumahan Sektor Awam	09/24	GG	2.176	20	2.194	28/08/2020	-2	21
DanaInfra Nasional Berhad	11/24	GG	2.177	20	2.187	28/08/2020	-1	22
PR1MA Corporation Malaysia	07/25	GG	2.267	10	2.380	29/07/2020	-11	26
Small Medium Enterprise Development Bank Malaysia E	04/27	GG	2.530	20	2.623	27/08/2020	-9	28
Bakun Hydro Power Generation Sdn Berhad (fka Saraw	10/28	GG	2.640	20	2.598	24/08/2020	4	21
GovCo Holdings Berhad	02/32	GG	2.969	50	2.970	01/09/2020	0	42
GovCo Holdings Berhad	09/32	GG	3.029	50	3.030	01/09/2020	0	48
MKD Kencana Sdn Berhad	10/32	GG	3.050	50	2.960	10/08/2020	9	50
DanaInfra Nasional Berhad	04/35	GG	3.249	5	3.182	11/08/2020	7	24
DanaInfra Nasional Berhad	05/35	GG	3.248	5	3.240	22/07/2020	1	24
Prasarana Malaysia Berhad	03/40	GG	3.510	10	3.420	05/08/2020	9	16
DanaInfra Nasional Berhad	05/46	GG	3.770	10	3.650	27/08/2020	12	42
DanaInfra Nasional Berhad	04/48	GG	3.829	10	3.900	08/05/2020	-7	48
Pengurusan Air SPV Berhad	02/22	AAA	2.211	40	2.245	25/08/2020	-3	54
Danum Capital Berhad	05/23	AAA	2.301	50	2.318	01/09/2020	-2	47
Putrajaya Bina Sdn Berhad	03/25	AAA	2.589	10	3.545	26/09/2019	-96	58
Putrajaya Holdings Sdn Berhad	04/25	AAA	2.557	30	2.617	12/08/2020	-6	55
Pengurusan Air SPV Berhad	06/25	AAA	2.508	15	2.548	28/08/2020	-4	50
TNB Western Energy Berhad	01/26	AAA	2.628	10	2.659	19/08/2020	-3	62
Danga Capital Berhad	02/26	AAA	2.607	10	2.600	25/08/2020	1	60
Pengurusan Air SPV Berhad	06/26	AAA	2.638	10	2.638	01/09/2020	0	44
Bank Pembangunan Malaysia Berhad	11/26	AAA	2.700	20	2.708	27/08/2020	-1	50
Pengurusan Air SPV Berhad	06/27	AAA	2.719	20	2.718	01/09/2020	0	47
Sarawak Energy Berhad	11/28	AAA	2.860	60	2.799	10/08/2020	6	43
TNB Western Energy Berhad	01/29	AAA	2.899	10	3.289	18/05/2020	-39	47
Pengurusan Air SPV Berhad	02/29	AAA	2.877	10	2.998	22/07/2020	-12	44
Danum Capital Berhad	02/35	AAA	3.308	10	3.230	19/08/2020	8	30
Bank Pembangunan Malaysia Berhad	11/35	AAA	3.527	10	3.461	21/08/2020	7	52
Kuala Lumpur Kepong Berhad	09/29	AA1	3.059	15	3.068	19/08/2020	-1	56
United Overseas Bank (Malaysia) Berhad	08/30	AA1	2.719	1	2.651	26/08/2020	7	17
Tanjung Bin Power Sdn Berhad	08/21	AA2	2.628	20	4.308	24/01/2019	-168	96
Tanjung Bin Power Sdn Berhad	08/28	AA2	3.339	40	3.657	24/06/2020	-32	91
Tanjung Bin Power Sdn Berhad	08/29	AA2	3.440	60	4.748	17/06/2013	-131	94
Lebuh raya DUKE Fasa 3 Sdn Berhad	08/35	AA	4.774	13	4.569	17/02/2020	21	176
BGSM Management Sdn Berhad	06/24	AA3	2.826	10	3.087	16/07/2020	-26	86
Bumitama Agri Ltd	07/24	AA3	3.018	20	3.069	18/08/2020	-5	106
Gamuda Berhad	06/30	AA3	3.649	20	-	-	-	110
UEM Sunrise Berhad	06/21	AA-	3.188	10	3.112	20/02/2020	8	152
Pelabuhan Tanjung Pelepas Sdn Berhad	06/25	AA-	3.100	80	-	-	310	109
Southern Power Generation Sdn Berhad	04/25	AA-	2.837	10	3.377	25/06/2020	-54	83
Southern Power Generation Sdn Berhad	10/25	AA-	2.823	20	3.005	23/07/2020	-18	82
Southern Power Generation Sdn Berhad	10/31	AA-	3.281	10	3.250	19/08/2020	3	73
Southern Power Generation Sdn Berhad	04/32	AA-	3.343	10	3.309	19/08/2020	3	79
Lebuh raya DUKE Fasa 3 Sdn Berhad	08/37	AA-	4.937	14	4.584	10/02/2020	35	193
TG Excellence Berhad	02/20	AA-	3.048	10	3.108	01/09/2020	-6	-30
Eco World International Berhad	10/21	-	4.017	2	3.925	24/08/2020	9	235
Eco World International Berhad	04/23	-	5.204	1	5.799	01/09/2020	-60	338
Eco World International Berhad	05/23	-	5.851	1	5.651	05/08/2020	20	402
BGSM Management Sdn Berhad	12/27	-	3.179	10	3.463	22/05/2020	-28	93
				<u>986</u>				

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

Market/Corporate News: What's Brewing

Airport operator Malaysia Airports Holdings Bhd (MAHB), which manages 39 airports in the country, said today tenants who have signed up or are going to sign up under its ongoing airport commercial reset programme will get to benefit from a rental reduction of up to 30% from the current rate. This is equivalent to a total annual savings of RM45 million for the participating tenants. AirAsia Group is MAHB's biggest tenant at klia2. "We hope that with this new and more attractive package offered to our existing and potential partners, we can together realise the full potential of our commercial reset initiative," MAHB group chief executive officer Datuk Mohd Shukrie Mohd Salleh said in a statement. "We are not going to allow the pandemic to disrupt our plans in elevating airport experience and service level, and we have to be ready for the time when airports will return to their normal pace. "This new rental model will also help facilitate business recovery for our existing tenants and provide them with some breathing space while we undergo a gradual recovery in terms of traffic numbers," he added. At the same time, MAHB has come up with a relief package amounting to RM22 million to help airport retailers weather the impact of the

Covid-19 pandemic. With this relief package, about 650 retail tenants will enjoy a 50% rental reduction for six months in 2020. "These 650 tenants represent 80% of our retailers and are mainly made up of either small and medium enterprises or small- to mid-scale operators who will be able to gain some respite in terms of cash flow so that they can continue operating," said its newly appointed chairman Datuk Seri Diraja Dr Zambry Abd Kadir. "Although MAHB itself is undergoing aggressive cost containment measures to mitigate the impact on our own business, we feel that it is important to stretch the ringgit further in order to extend a helping hand to our partners so that we can all recover together and take advantage of any potential for future growths," he added. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Projek Lintasan Sungai Besi-Ulu Klang Sdn Bhd (PLSUKE)	Sukuk Wakalah Programme (Sukuk Wakalah) of up to RM2.0 billion	A+IS(s)/Stable	Affirmed with outlook raised from negative to stable
Solar Management (Seremban) Sdn Bhd	Proposed RM260 mil ASEAN Green SRI Sukuk (2020/2038)	AA3/Stable	Assigned

Source: RAM, MARC

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