

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries continued to back-track significantly following ECB's additional stimulus of 600b euros to deal with the COVID-19 pandemic and also the Labor Department's report on initial jobless claims for week ended 30th May. The curve steepened as overall benchmark yields ended between 1-10bps higher. The UST 2Y edging 1bps up at 0.20% and the much-watched UST 10Y spiking by 8bps at 0.83%; its weakest in more than two (2) months. The bear-steepening of late is expected to continue based on supply considerations which will include next week's 3Y, 10Y and 30Y UST's and also Germany's 30Y syndicated deal to some effect. Expect trading patterns to be impacted by the upcoming May jobs numbers tonight which are expected to be weak.

MGS/GII

- Local govies continued to weaken on Thursday amid steady secondary market volume of RM4.19b. Overall benchmark MGS/GII yields closed between 0-15bps higher with the 10Y GII facing the brunt. Interest was mainly centred in the off-the-run 20's, and also 7Y, 10Y benchmark MGS/GII. The benchmark 5Y MGS 9/25 rose 3bps at 2.52% whilst the 10Y MGS 8/29 spiked 6bps at 2.91%. GII bonds maintained to form ~38% of overall trades. Meanwhile Asian FX may be expected to hold steady following the recent rally on risk-on mode. Expect attention to remain focused on the government's navigation of the current delicate economic situation as the Prime Minister addresses the nation in a televised broadcast later this evening on medium term recovery plan.

Corp Bonds/Sukuk

- Investor interest remained intact in the Corporate bonds/Sukuk space amid slightly lower secondary market volume of RM858m with trades mainly seen across the AAA part of the curve followed by the GG and AA-space. Overall yields closed mostly mixed-to-lower. Govt-guaranteed PTPTN 8/26 and 2/30 closed between 0-9bps lower compared to previous-done levels at 3.03% and 3.20% respectively on RM40m trades each. AAA-rated PLUS 30-31's however rose 4-5bps between 3.42-48% whilst DANUM 5/23 similarly spiked 6bps at 2.88%. AA-rated energy-related bonds TANJUNG BIN Power 24-25's rallied between 34-57bps between 3.41-48% area whereas IJM 6/23 saw strong bids resulting in a 13bps decline to 3.38%. The banking space saw HLFG 9/21 churn RM80m in nominal amounts; closing sharply lower on yields at 2.89% whilst MAYBANK 2117NC26 perps closed unchanged at 3.63%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.20	1
5-yr UST	0.41	4
10-yr UST	0.83	8
30-yr UST	1.63	10

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.30	2	2.33	2
5-yr	2.52	3	2.54	6
7-yr	2.73	7	2.81	7
10-yr	2.91	6	2.85	15
15-yr	3.19	0	3.29	1
20-yr	3.44	0	3.57	10
30-yr	3.86	0	3.82	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.18	5
3-yr	2.24	9
5-yr	2.39	9
7-yr	2.50	7
10-yr	2.70	5

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)	(bp)
MGS	07/20	1.987	48	1.997	03/06/2020	-1
MGS	10/20	1.950	540	2.015	03/06/2020	-7
MGS	02/21	2.033	9	2.020	03/06/2020	1
MGS	07/21	2.038	140	2.097	03/06/2020	-6
MGS	11/21	2.143	5	2.099	03/06/2020	4
MGS	03/22	2.185	97	2.178	03/06/2020	1
MGS	08/22	2.220	8	2.199	03/06/2020	2
MGS	03/23	2.297	153	2.272	03/06/2020	3
MGS	04/23	2.305	120	2.296	03/06/2020	1
MGS	08/23	2.365	18	2.335	03/06/2020	3
MGS	06/24	2.463	10	2.396	03/06/2020	7
MGS	07/24	2.502	10	2.478	03/06/2020	2
MGS	09/24	2.481	46	2.451	03/06/2020	3
MGS	03/25	2.517	50	2.507	01/06/2020	1
MGS	09/25	2.517	96	2.482	03/06/2020	3
MGS	07/26	2.677	36	2.665	03/06/2020	1
MGS	11/26	2.713	14	2.649	03/06/2020	6
MGS	03/27	2.900	10	2.674	01/06/2020	23
MGS	05/27	2.726	66	2.658	03/06/2020	7
MGS	11/27	2.883	113	2.777	03/06/2020	11
MGS	06/28	2.881	1	2.843	03/06/2020	4
MGS	08/29	2.906	846	2.850	03/06/2020	6
MGS	04/30	3.008	76	3.001	03/06/2020	1
MGS	06/31	3.133	40	3.065	02/06/2020	7
MGS	04/32	3.088	8	3.208	03/06/2020	-12
MGS	04/33	3.300	13	3.250	03/06/2020	5
MGS	04/37	3.492	1	3.461	03/06/2020	3
MGS	06/38	3.500	4	3.502	03/06/2020	0
MGS	03/46	3.850	1	3.872	03/06/2020	-2
GII	03/21	2.093	3	2.089	03/06/2020	0
GII	04/22	2.208	7	2.188	03/06/2020	2
GII	05/23	2.335	70	2.307	03/06/2020	3
GII	07/23	2.350	25	2.350	03/06/2020	0
GII	11/23	2.398	179	2.387	03/06/2020	1
GII	08/24	2.524	20	2.484	03/06/2020	4
GII	10/24	2.543	166	2.483	03/06/2020	6
GII	08/25	2.516	1	2.560	03/06/2020	-4
GII	03/26	2.642	89	2.603	02/06/2020	4
GII	09/26	2.764	2	2.670	29/05/2020	9
GII	07/27	2.842	81	2.718	01/06/2020	12
GII	09/27	2.812	330	2.741	02/06/2020	7
GII	08/28	3.048	20	2.874	29/05/2020	17
GII	10/28	2.992	40	2.926	03/06/2020	7
GII	07/29	2.987	231	2.920	03/06/2020	7
GII	09/30	3.071	80	2.922	29/05/2020	15
GII	10/30	2.847	116	2.703	03/06/2020	14
GII	11/34	3.285	100	3.273	03/06/2020	1
GII	09/39	3.568	10	3.465	02/06/2020	10
GII	05/47	3.932	40	3.868	27/05/2020	6
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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*
Pengurusan Air SPV Berhad	04/21	GG	2.190	10	2.692	17/04/2020	-50	13
Prasarana Malaysia Berhad	08/23	GG	2.568	5	2.516	18/05/2020	5	27
Prasarana Malaysia Berhad	12/25	GG	2.792	10	2.946	24/04/2020	-15	14
Perbadanan Tabung Pendidikan Tinggi Nasional	08/26	GG	3.032	40	3.119	22/04/2020	-9	38
GovCo Holdings Berhad	09/27	GG	3.048	40	3.485	09/01/2020	-44	32
Prasarana Malaysia Berhad	09/29	GG	3.139	10	3.244	16/03/2020	-11	27
Perbadanan Tabung Pendidikan Tinggi Nasional	02/30	GG	3.198	40	3.200	02/06/2020	0	30
MKD Kencana Sdn Berhad	10/32	GG	3.310	30	3.107	04/03/2020	20	41
Danainfra Nasional Berhad	09/34	GG	3.390	25	3.411	30/04/2020	-2	16
Rantau Abang Capital Berhad	12/20	AAA	2.509	10	2.497	28/05/2020	1	45
Sarawak Energy Berhad	06/21	AAA	2.572	40	2.629	15/05/2020	-6	51
Cagamas Berhad	09/21	AAA	2.534	20	2.903	18/02/2020	-37	47
Cagamas Berhad	12/21	AAA	2.564	25	4.120	04/12/2018	-156	50
Danum Capital Berhad	05/23	AAA	2.879	10	2.816	29/05/2020	6	58
Cagamas Berhad	10/24	AAA	2.898	15	2.981	19/02/2020	-8	47
Pengurusan Air SPV Berhad	06/27	AAA	3.300	5	-	-	-	57
Danga Capital Berhad	09/27	AAA	3.193	20	3.188	03/06/2020	0	46
Bakun Hydro Power Generation Sdn Berhad (fka S	10/28	AAA	3.080	25	3.570	02/01/2020	-49	26
Projek Lebuhraya Usahasama Berhad	01/30	AAA	3.419	10	3.368	15/05/2020	5	52
Projek Lebuhraya Usahasama Berhad	01/31	AAA	3.479	20	3.438	19/05/2020	4	58
Sarawak Energy Berhad	04/31	AAA	3.349	20	3.350	27/05/2020	0	45
Sarawak Energy Berhad	12/32	AAA	3.458	20	3.449	27/05/2020	1	23
Danga Capital Berhad	01/33	AAA	3.480	5	3.440	02/06/2020	4	25
Tenaga Nasional Berhad	08/33	AAA	3.448	10	3.499	27/04/2020	-5	22
Hong Leong Financial Group Berhad	09/21	AA1	2.888	80	3.243	20/04/2020	-36	83
Kuala Lumpur Kepong Berhad	09/34	AA1	3.821	40	3.821	02/06/2020	0	60
Konsortium ProHAWK Sdn Berhad	06/24	AA2	3.270	10	3.348	09/03/2020	-8	84
Tanjung Bin Power Sdn Berhad	08/24	AA2	3.407	10	3.981	15/08/2019	-57	97
Tanjung Bin Power Sdn Berhad	08/25	AA2	3.475	10	3.817	20/01/2020	-34	96
Gamuda Berhad	11/22	AA3	3.339	45	3.480	14/04/2020	-14	114
IJM Corporation Berhad	06/23	AA3	3.381	30	3.513	28/04/2020	-13	108
AmBank Islamic Berhad	10/28	AA3	3.281	10	3.313	19/05/2020	-3	46
IJM Corporation Berhad	04/29	AA3	3.939	2	4.329	11/11/2019	-39	107
Penang Port Sdn Berhad	12/26	AA-	3.439	2	4.170	23/03/2020	-73	71
Penang Port Sdn Berhad	12/31	AA-	3.869	1	3.890	13/05/2020	-2	97
Malayan Banking Berhad	02/17	AA3	3.626	20	3.631	29/05/2020	0	15
Eco World International Berhad	10/21	-	5.933	2	5.749	02/06/2020	18	387
Mah Sing Group Berhad	04/17	-	5.553	51	5.537	03/06/2020	2	208
DRB-Hicom Berhad	12/22	A+	4.171	10	3.530	21/05/2020	64	187
IJM Land Berhad	03/19	A2	4.898	60	5.402	22/05/2020	-50	142
IJM Land Berhad	03/19	A2	4.807	10	4.872	28/05/2020	-6	133
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Cypark Resources Bhd is planning to issue up to RM500mil Islamic medium term notes with no maturity date (Sukuk Musharakah), as it seeks fresh funds for its renewable energy projects. Proceeds from the proposed issuance of the perpetual Sukuk Musharakah will be utilised by wholly owned Cypark Renewable Energy Sdn Bhd to refinance existing borrowings, capital expenditure and working capital. The Sukuk may be issued in one or more tranches, Cypark said in a filing with Bursa Malaysia today. "The secured perpetual Sukuk Musharakah shall be secured by the security allocated for such tranche," it added. RHB Investment Bank Bhd is the principal adviser, lead arranger and lead manager for the perpetual Sukuk Musharakah programme. (Source: The Star)

The retraction of the 700MHz spectrum band assignment yesterday means that the industry will have to go back to the drawing board in the deployment of the national 5G network. The distribution would have otherwise been by blocks of 2x10MHz each to Celcom Axiata Bhd, Digi Telecommunications Sdn Bhd and Maxis Broadband Sdn Bhd, while Telekom Malaysia and Altel Communications would receive 2x5MHz each. In a note, Kenanga Research said while no details were made known about the costs involved with the distribution of the frequencies, the above allocations could have otherwise derailed the previous vision to establish a consortium to manage the national 5G deployment.

“Retracting the 700MHz spectrum assignment will for now return the industry to the drawing board in the deployment of the national 5G network. “Whether a consortium or individual telecommunication companies (telcos), the awardee(s) would have to bear the brunt of spectrum costs and incur higher capital expenditure (capex) spending to build the necessary infrastructure for the new network,” it said. The research house said it believed that the return on investments on running the 5G network could be limited in the near term, only seeing enterprise adoption as commercial demand could be limited by the narrow network coverage and the affordability of 5G device and subscription plans. It said there was also a possibility that the readiness and commercialisation of the network would be delayed towards 2021 from the initial target of third quarter this year, partly faulted by the Covid-19 pandemic and movement control orders. In a separate note, AmlInvestment Bank said the government might be reviewing the overall spectrum allocation process to enable a more efficient utilisation and integration to the usage of scarce spectrum resources in the race to develop highspeed broadband capability for the country. “At this stage, we are uncertain if the Malaysian Communications and Multimedia Commission (MCMC) has discontinued its pragmatic approach to encourage collaboration amongst 5G operators. “Being negative on the earlier direct ministerial award without tender, we are neutral for now on this turn of events pending further clarification from the MCMC,” it added. (Source: *The EdgeMarkets*)

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

Source: RAM, MARC

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