

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.60	-10
5-yr UST	0.68	-11
10-yr UST	0.91	-14
30-yr UST	1.54	-16

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.58	-2	2.47	0
5-yr	2.66	0	2.64	1
7-yr	2.72	0	2.74	3
10-yr	2.86	-3	2.84	3
15-yr	3.01	-1	3.09	3
20-yr	3.14	-2	3.16	0
30-yr	3.53	-2	3.54	1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.67	0
3-yr	2.59	-2
5-yr	2.63	0
7-yr	2.71	4
10-yr	2.89	3

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

• US Treasuries bull-flattened on Thursday on risk-aversion; led by the longer-ends amid reports of Covid-19 virus outbreak spreading in the US. To recap, the Fed slashed the Fed funds rate to 1.00-1.25% range where easing moves were also seen worldwide i.e. BNM, RBA, BOC etc. Overall benchmark yields reached new lows; closing 10-16bps sharply lower with the UST 2Y at 0.60% and the much-watched UST 10Y spiking 14bps at 0.91%. Meanwhile initial jobless claims for the week ending 28th Feb saw a modest decrease whilst a separate report by Commerce Department saw US manufactured goods fell by 0.5% in January following a 1.9% surge in December. Expect all eyes on tonight nonfarm jobs data for February for further clues on the US economy which may continue to be overshadowed by latest development regarding the virus outbreak.

MGS/GII

• Local govies closed stronger continuing the strong moves seen prior to the 25bps rate cut on Tuesday amid high secondary market volume of RM6.29b. Overall benchmark yields closed mixed between -3 to +3bps with interest mainly seen in off-the-run 20-21's, the 5y and 10Y benchmark MGS/GII. The benchmark 5Y MGS 6/24 however ended unchanged at 2.66% whilst the 10Y MGS 8/29 declined 3bps lower at 2.86%. GII bonds maintained to form about ~ 34% of overall trades. Yesterday's 15Y MGS 7/34 auction saw strong bidding metrics with BTC ratio at 2.247x; drawing an average yield of 3.027%. Expect investor attention to focus on the impact of Covid-19 outbreak on the economy and financial markets.

Corp Bonds/Sukuk

• Corporate bonds/Sukuk space remained active amid high secondary market volume of RM953m with investor interest seen across the GG-AA part of the curve. There were 46 various bonds traded; similar to prior day as overall yields ended lower again. Govt-guaranteed bonds saw a slew of 2022 tranches traded with MDV, DANA, PRASA and LPPSA 22's declining between 4-148 bps sharply lower compared to previous-done levels at 2.74-77% levels. AAA-rated GAS Malaysia 12/22 moved 30bps lower at 3.15% on substantial volume whilst SEB 32-33's ended between 7-24bps lower at 3.24-29 area. AA-rated Country Garden 3/21 edged 1bps lower at 4.31% whereas KLK 9/29 moved 8bps lower at 3.18%. The banking sector saw BPMB 21-22's and 26-27's exchange hands lower on yields at 3.04% and 3.16% levels respectively.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/20	2.537	66	2.573	04/03/2020	-4
MGS	07/20	2.554	176	2.571	04/03/2020	-2
MGS	10/20	2.521	414	2.551	04/03/2020	-3
MGS	02/21	2.484	1	2.503	04/03/2020	-2
MGS	07/21	2.522	184	2.554	04/03/2020	-3
MGS	09/21	2.529	123	2.585	04/03/2020	-6
MGS	11/21	2.537	158	2.589	04/03/2020	-5
MGS	03/22	2.547	197	2.574	04/03/2020	-3
MGS	08/22	2.576	2	2.645	04/03/2020	-7
MGS	09/22	2.568	92	2.588	04/03/2020	-2
MGS	03/23	2.579	60	2.601	04/03/2020	-2
MGS	04/23	2.592	171	2.599	04/03/2020	-1
MGS	08/23	2.537	20	2.613	04/03/2020	-8
MGS	06/24	2.654	323	2.611	04/03/2020	4
MGS	07/24	2.627	26	2.636	04/03/2020	-1
MGS	09/24	2.635	140	2.644	04/03/2020	-1
MGS	09/25	2.627	79	2.630	04/03/2020	0
MGS	04/26	2.669	10	2.701	04/03/2020	-3
MGS	07/26	2.724	93	2.700	04/03/2020	2
MGS	11/26	2.747	25	2.730	04/03/2020	2
MGS	05/27	2.734	174	2.707	04/03/2020	3
MGS	11/27	2.744	5	2.732	04/03/2020	1
MGS	06/28	2.762	36	2.741	04/03/2020	2
MGS	08/29	2.760	348	2.750	04/03/2020	1
MGS	04/30	2.858	26	2.885	04/03/2020	-3
MGS	06/31	2.950	50	2.975	04/03/2020	-2
MGS	04/33	3.056	15	3.052	04/03/2020	0
MGS	11/33	3.051	50	3.059	04/03/2020	-1
MGS	07/34	3.007	771	3.019	04/03/2020	-1
MGS	04/37	3.161	69	3.175	04/03/2020	-1
MGS	06/38	3.217	46	3.220	04/03/2020	0
MGS	05/40	3.138	20	3.153	04/03/2020	-2
MGS	09/43	3.424	18	3.500	04/03/2020	-8
MGS	03/46	3.560	2	3.529	04/03/2020	3
MGS	07/48	3.529	164	3.544	04/03/2020	-2
GII	05/20	2.560	220	2.657	25/02/2020	-10
GII	08/20	2.540	170	2.575	28/02/2020	-4
GII	03/21	2.547	160	2.530	03/03/2020	2
GII	04/21	2.541	50	2.598	28/02/2020	-6
GII	08/21	2.556	115	2.666	04/03/2020	-11
GII	04/22	2.586	91	2.620	04/03/2020	-3
GII	11/22	2.590	20	2.595	04/03/2020	-1
GII	07/23	2.637	70	2.650	04/03/2020	-1
GII	10/23	2.641	40	2.700	26/02/2020	-6
GII	11/23	2.634	45	2.643	04/03/2020	-1
GII	05/24	2.669	10	2.815	19/02/2020	-15
GII	10/24	2.644	312	2.635	04/03/2020	1
GII	08/25	2.701	26	2.669	04/03/2020	3
GII	10/25	2.674	13	2.711	03/03/2020	-4
GII	03/26	2.735	139	2.705	04/03/2020	3
GII	07/27	2.796	22	2.781	04/03/2020	1
GII	10/28	2.797	168	2.828	04/03/2020	-3
GII	12/28	2.822	60	2.815	04/03/2020	1
GII	07/29	2.835	80	2.808	04/03/2020	3
GII	08/33	3.069	30	3.066	04/03/2020	0
GII	11/34	3.090	90	3.059	04/03/2020	3
GII	11/49	3.538	200	3.529	04/03/2020	1
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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*
Perbadanan Tabung Pendidikan Tinggi Nasional	03/21	GG	2.700	15	3.308	05/09/2019	-61	16
Malaysia Debt Ventures Berhad	01/22	GG	2.749	30	3.248	09/10/2019	-50	18
DanaInfra Nasional Berhad	04/22	GG	2.752	5	2.787	13/02/2020	-4	19
Lembaga Pembiayaan Perumahan Sektor Awam	04/22	GG	2.748	10	3.250	25/09/2019	-50	18
DanaInfra Nasional Berhad	07/22	GG	2.724	20	3.278	28/08/2019	-55	16
Prasarana Malaysia Berhad	09/22	GG	2.750	50	2.784	03/03/2020	-3	16
Malaysia Debt Ventures Berhad	12/22	GG	2.772	20	4.247	02/05/2018	-148	18
DanaInfra Nasional Berhad	08/23	GG	2.736	20	3.071	04/02/2020	-34	15
Khazanah Nasional Berhad	03/24	GG	2.810	35	2.906	14/02/2020	-10	20
Khazanah Nasional Berhad	08/24	GG	2.811	25	2.971	19/02/2020	-16	20
DanaInfra Nasional Berhad	02/26	GG	2.856	40	2.859	04/03/2020	0	17
Prasarana Malaysia Berhad	02/27	GG	2.897	90	3.020	24/02/2020	-12	18
DanaInfra Nasional Berhad	03/27	GG	2.910	10	3.488	23/09/2019	-58	19
DanaInfra Nasional Berhad	05/27	GG	2.919	30	3.581	17/10/2019	-66	20
DanaInfra Nasional Berhad	07/27	GG	2.931	10	3.018	13/02/2020	-9	21
DanaInfra Nasional Berhad	09/29	GG	2.935	10	3.061	19/02/2020	-13	15
Prasarana Malaysia Berhad	02/30	GG	3.000	40	3.090	24/02/2020	-9	22
DanaInfra Nasional Berhad	10/36	GG	3.199	10	3.942	27/12/2019	-74	17
Bakun Hydro Power Generation Sdn Berhad (fkc	08/20	AAA	2.901	5	2.928	28/02/2020	-3	36
Bank Pembangunan Malaysia Berhad	04/21	AAA	3.035	10	3.513	22/10/2019	-48	49
Bank Pembangunan Malaysia Berhad	03/22	AAA	3.043	10	3.148	14/02/2020	-11	48
Gas Malaysia Berhad	12/22	AAA	3.149	90	3.446	21/01/2020	-30	56
Mercedes-Benz Services Malaysia Sdn Berhad	11/23	AAA	3.310	5	3.386	30/01/2020	-8	70
DiGi Telecommunications Sdn Berhad	09/26	AAA	3.096	18	3.070	02/03/2020	3	37
Bank Pembangunan Malaysia Berhad	11/26	AAA	3.157	40	3.285	28/02/2020	-13	44
Bank Pembangunan Malaysia Berhad	03/27	AAA	3.166	10	3.739	23/12/2019	-57	44
Bakun Hydro Power Generation Sdn Berhad (fkc	08/29	AAA	3.049	10	3.229	20/02/2020	-18	29
Sarawak Energy Berhad	12/32	AAA	3.239	10	3.312	28/02/2020	-7	21
Danga Capital Berhad	09/33	AAA	3.229	10	3.340	27/02/2020	-11	20
Sarawak Energy Berhad	11/33	AAA	3.289	10	3.531	11/02/2020	-24	26
Sabah Development Bank Berhad	04/21	AA1	3.151	20	3.691	30/09/2019	-54	61
Sabah Development Bank Berhad	04/22	AA1	3.237	30	4.609	02/05/2019	-137	67
Sabah Development Bank Berhad	02/26	AA1	3.620	20	3.762	27/02/2020	-14	93
Kuala Lumpur Kepong Berhad	09/29	AA1	3.177	30	3.261	03/03/2020	-8	39
First Resources Limited	10/21	AA2	3.313	10	3.386	26/02/2020	-7	75
UMW Holdings Berhad	10/26	AA2	3.367	10	3.909	23/09/2019	-54	65
Besraya (M) Sdn Berhad	07/20	AA3	3.084	10	3.451	21/01/2020	-37	54
Country Garden Real Estate Sdn Berhad	03/21	AA3	4.312	30	4.324	04/03/2020	-1	177
Sports Toto Malaysia Sdn Berhad	06/20	AA-	3.601	10	3.908	05/02/2020	-31	106
Malakoff Power Berhad	12/20	AA-	2.981	6	3.235	05/02/2020	-25	44
UEM Sunrise Berhad	04/22	AA-	3.094	10	3.276	25/02/2020	-18	53
TG Excellence Berhad	02/20	AA-	3.595	60	3.660	04/03/2020	-6	43
Special Power Vehicle Berhad	11/21	A1	3.718	4	3.917	07/01/2020	-20	115
CIMB Group Holdings Berhad	05/16	A1	3.799	1	4.112	04/03/2020	-31	64
Matrix Concepts Holdings Berhad	03/23	-	5.450	4	5.190	04/03/2020	26	286
YNH Property Berhad	08/19	-	6.273	1	6.356	03/03/2020	-8	311
				<u>953</u>				

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

Market/Corporate News: What's Brewing

Global central bankers are cutting interest rates beyond their financial crisis-era lows, underscoring the hit to economies from the coronavirus even as investors question the healing powers of monetary policy. The average of benchmark borrowing costs set by 38 key monetary authorities has now dropped to a record of around 3%, according to a measure compiled by Banque Pictet & Cie. That follows this week's actions by the Federal Reserve and Bank of Canada to reduce rates by half a percentage point, and easing by the Reserve Bank of Australia too. Such an outcome is a reversal from how most policy makers envisaged spending 2020, amid expectations that global growth was strengthening. Instead, the virus has roiled markets and risks consigning the world economy to its weakest year since 2009. Economists see the People's Bank of China, Bank of Japan, European Central Bank and Bank of England also acting this month, among others. They predict the Fed will move again too. Here's a closer look at what we learned in the past few days. Gone is the view of late February that it was premature to tell if the virus would have a lasting global economic impact. Those hopes were dashed by its spread beyond China and sliding stocks. Originally limiting supply by shuttering Chinese factories and forcing workers to stay home, the disease is now curbing demand worldwide. The OECD this week said an intensive outbreak could slash global growth to 1.5% in 2020. Bloomberg Economics says if the whole world repeats China's experience its economy would grind to a halt over the year, costing \$2.7 trillion in lost output. Group of Seven finance chiefs pledged to use "all appropriate policy tools" to safeguard economies. The Fed was so worried, it then acted outside its normal schedule for the first

time since 2008 in an effort to shore up confidence, financial conditions, access to credit and demand. "We need to be mindful that the impact from the outbreak could be big," said BOJ Governor Haruhiko Kuroda. Having pushed for action, investors were still not happy, as stocks continued falling and the 10-year Treasury yield, a benchmark for global borrowing, dipped to a historic low of 0.9043% even after the Fed announcement. The reason: Central banks aren't omnipotent. They can't cure a virus, mend supply chains or spur people to shop when there's a health emergency. They are also low on ammunition, which perhaps explains the lack of 2008-style coordinated cuts this week. The Fed's benchmark is now not far from zero, while those of the ECB and BOJ are already negative. When you have limited ammunition you have to conserve it. The Fed has limited ammunition with interest rates so low. Interest rates don't cure the #coronavirus and interest rates don't repair supply chains. But central banks will keep acting. Outgoing BOE Governor Mark Carney says policy makers will deliver a "powerful and timely" defense. China's economy will shrink in the first quarter on a quarterly basis, and global manufacturing contracted in February by the most since 2009. Other measures of economic health will soon worsen. Most central banks were already undershooting their inflation targets. While some wonder if lower supply will force up prices, the consensus is for inflation to fade -- and that will need offsetting. "For us, what really matters of course is not the epidemiology, but the risk to the economy," Fed Chairman Jerome Powell said on Tuesday. "We saw a risk to the outlook for the economy, and chose to act." Bloomberg Economics predicts the Fed will cut another 50 basis points in coming months. The U.S. central bank followed its last six emergency reductions with further moves, so could act as soon as its March 17-18 meeting. The ECB will reduce its deposit rate by 10 basis points next week, and the BOE will trim its benchmark by a quarter point later this month, according to Bloomberg Economics. It sees the People's Bank of China dropping the one-year loan prime rate 40 basis points over the rest of this year, with the next move expected on March 20. While the Fed prefers classic cuts, others may be more inventive. Those with negative rates inflicting side effects on banks may need to use other tools, which they can target at weak spots such as cash-strapped companies. The BOJ has already boosted buying of equity exchange-traded funds, and people familiar with the matter say it is likely to consider a new lending program to help companies. Previously under attack from banks for negative rates, the ECB could also issue cheaper funding to financial institutions that lend it on to businesses, specifically small ones. For CBs, it's mostly about liquidity supply via QE and targeted liquidity to help the survival of viable firms (SMEs) that will lose revenues during months. Liquidity programmes with incentives for banks to continue to finance them and possibly some temporary forbearance. The BOE may also tweak its lending program for banks, and incoming Governor Andrew Bailey suggests uniting with the government to bridge loans to companies. The U.K. budget is next week. Others have already acted. The PBOC is extending 800 billion yuan (\$115 billion) of loans to small companies. The Bank of Korea held rates but raised a cap for cheap loans. Indonesia lowered the amount of money lenders need to hold. Short of firepower, central bankers want help from governments despite their own debt burdens. Fiscal policy is also sharper than monetary policy. It can be directed to health care or struggling companies. Already, China has pledged a "more active" fiscal policy, while South Korea, Malaysia, Singapore and Indonesia are among those crafting stimulus packages. Italy is deploying tax credits and Hong Kong is offering cash handouts. The U.S. seems more reluctant, although the House passed a \$7.8 billion emergency spending bill. But President Donald Trump has balked at pursuing a major fiscal plan, and aides say he is not considering a payroll tax cut or a rollback of tariffs on China. The Fed and ECB are already conducting reviews of how they set monetary policy. Tackling the virus is accelerating the debate and the Fed should consider committing to easy monetary policy and modifying its inflation target, said David Wilcox of the Peterson Institute for International Economics. Ultimately, the virus has highlighted the need for better fiscal and monetary policy coordination despite the traditional walls between central banks and governments. "We must act in a coordinated fashion," the U.K.'s Bailey said. "We can't let our notions of independence get in the way of us." (Source: *The EdgeMarkets/ Bloomberg*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Export-Import Bank of Korea (KEXIM)	Financial institution (FI) rating Medium-Term Notes programme of RM1.0 billion	AAA/Stable AAA/Stable	Affirmed Affirmed
Fortune Premiere Sdn Bhd	RM3.0 billion Multi-Currency Islamic Medium-Term Notes Programme (Sukuk Murabahah)	AA-IS/Stable	Affirmed

Source: RAM, MARC

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