

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- The US financial markets were closed on Friday to celebrate Independence day. To recap, UST's were well-bid going into the long weekend. Meanwhile traders are still searching for clues to the Fed's array on its next moves with thoughts of yield-curve control and negative interest rates, conflicting views based on the recent growth recovery and improvement in June employment data. Nevertheless expect attention to focus on the ongoing updates on the COVID-19 virus threat. The upcoming auctions of \$46b of 3Y notes, \$29b of 10Y bonds and also \$19b of 30Y bonds this week will also be watched carefully.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	0
5-yr UST	0.30	0
10-yr UST	0.67	0
30-yr UST	1.43	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.15	-2	2.25	1
5-yr	2.39	0	2.34	-10
7-yr	2.60	1	2.67	-2
10-yr	2.81	-4	2.81	-1
15-yr	3.27	0	3.34	-3
20-yr	3.60	2	3.70	0
30-yr	4.00	1	3.98	-5

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.07	-2
3-yr	2.10	0
5-yr	2.29	1
7-yr	2.53	0
10-yr	2.71	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GIII

- Local govies saw overall strength maintain last Friday with some interest swaying to GII; amid the halving of secondary market volume to RM4.16b. Overall benchmark MGS/GII yields closed mixed between -10 to +2bps with trades mainly centred in the off-the-run 20-21's/26-28's and also 10Y benchmark bonds. The benchmark 5Y MGS 9/25 closed within 1bps higher at 2.39% whilst the 10Y MGS 8/29 rallied 4bps instead at 2.81%. GII bond trades rose to form ~53% of overall trades. Global funds which correctly predicted the country's earlier rating outlook downgrade are nevertheless still seen to have confidence in the resilience of local govies. Talk of a possible snap election after the upcoming 13th July parliamentary sitting is however bound to raise the stakes for investors. The data front is light with the BNM MPC meeting scheduled for 7th July i.e tomorrow.

Corp Bonds/Sukuk

- Investor interest remained decent on Friday despite the fall in secondary market volume to RM561m with interest mainly across the AA part of the curve; with overall yields closing mostly mixed-to-lower. Govt-guaranteed KHAZANAH 8/23 edged 2bps lower compared to previous-done levels at 2.53% levels whilst the 2/25 tranche moved 26bps sharply lower at 2.67%. A slew of AAA-rated names in the 2027 belly i.e. DANUM, PASB and DANGA saw yields end mixed between -3 to +3bps between 3.15-22%. AA-rated energy cum power-related bonds EDRA dominated this segment with the 2026-20288 and 2033-2034 tranches closing mostly lower on yields between 3.65-79% area and 4.18-22% area respectively save for the 32's which rose 6-8bps to end at 4.06-10%. The banking space saw PUBLIC 29NC24 edge 1bps lower at 3.37%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/20	1.988	50	2.021	01/07/2020	-3
MGS 10/20	2.001	156	1.999	02/07/2020	0
MGS 02/21	2.000	68	1.960	01/07/2020	4
MGS 07/21	1.989	403	2.000	02/07/2020	-1
MGS 09/21	1.996	1	2.021	02/07/2020	-2
MGS 11/21	2.020	6	2.028	02/07/2020	-1
MGS 03/22	2.087	55	2.090	02/07/2020	0
MGS 09/22	2.202	7	2.173	01/07/2020	3
MGS 03/23	2.147	212	2.173	02/07/2020	-3
MGS 04/23	2.212	30	2.221	02/07/2020	-1
MGS 08/23	2.228	5	2.300	02/07/2020	-7
MGS 06/24	2.276	23	2.282	02/07/2020	-1
MGS 07/24	2.270	72	2.289	02/07/2020	-2
MGS 09/24	2.285	9	2.278	02/07/2020	1
MGS 03/25	2.388	1	2.429	02/07/2020	-4
MGS 09/25	2.389	113	2.386	02/07/2020	0
MGS 04/26	2.586	5	2.600	02/07/2020	-1
MGS 07/26	2.552	121	2.569	02/07/2020	-2
MGS 11/26	2.582	22	2.578	02/07/2020	0
MGS 05/27	2.603	69	2.597	02/07/2020	1
MGS 11/27	2.715	5	2.713	02/07/2020	0
MGS 06/28	2.796	36	2.800	02/07/2020	0
MGS 08/29	2.808	76	2.796	02/07/2020	1
MGS 06/31	3.076	29	3.169	02/07/2020	-9
MGS 04/32	3.179	1	3.242	02/07/2020	-6
MGS 04/33	3.284	1	3.407	30/06/2020	-12
MGS 11/33	3.307	1	3.348	01/07/2020	-4
MGS 07/34	3.274	195	3.277	02/07/2020	0
MGS 04/37	3.543	3	3.543	02/07/2020	0
MGS 06/38	3.557	27	3.598	02/07/2020	-4
MGS 05/40	3.601	1	3.580	02/07/2020	2
MGS 03/46	3.994	22	3.997	02/07/2020	0
MGS 07/48	4.030	54	4.045	02/07/2020	-1
MGS 06/50	3.996	74	3.990	02/07/2020	1
GII 03/21	1.992	20	1.995	02/07/2020	0
GII 04/21	1.996	10	2.027	30/06/2020	-3
GII 08/21	2.016	7	2.032	02/07/2020	-2
GII 03/22	2.132	60	2.146	02/07/2020	-1
GII 04/22	2.119	30	2.113	02/07/2020	1
GII 07/22	2.112	30	2.199	26/06/2020	-9
GII 05/23	2.253	45	2.243	02/07/2020	1
GII 07/23	2.292	216	2.300	02/07/2020	-1
GII 10/23	2.292	120	2.296	02/07/2020	0
GII 11/23	2.296	70	2.280	02/07/2020	2
GII 08/24	2.325	20	2.509	24/06/2020	-18
GII 10/24	2.344	84	2.450	02/07/2020	-11
GII 08/25	2.431	247	2.472	02/07/2020	-4
GII 10/25	2.521	1	2.543	02/07/2020	-2
GII 03/26	2.529	160	2.544	02/07/2020	-2
GII 09/26	2.592	140	2.636	01/07/2020	-4
GII 09/27	2.664	100	2.687	02/07/2020	-2
GII 10/28	2.846	220	2.872	02/07/2020	-3
GII 07/29	2.912	330	2.942	02/07/2020	-3
GII 09/30	2.957	50	2.962	02/07/2020	-1
GII 10/30	2.814	20	2.827	02/07/2020	-1
GII 11/34	3.335	40	3.361	02/07/2020	-3
GII 09/39	3.700	100	3.701	02/07/2020	0
GII 05/47	3.953	80	4.092	02/07/2020	-14
GII 11/49	3.976	10	4.031	30/06/2020	-5
		<u>4163</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*
Khazanah Nasional Berhad	08/23	GG	2.530	25	2.551	27/05/2020	35
Lembaga Pembiayaan Perumahan Sektor Awam	10/28	GG	2.997	30	3.150	22/06/2020	26
Aman Sukuk Berhad	02/21	AAA	2.543	10	2.871	16/04/2020	52
Cagamas Berhad	06/22	AAA	2.648	20	-	-	53
Putrajaya Holdings Sdn Berhad	05/26	AAA	3.051	10	3.139	17/06/2020	53
Danum Capital Berhad	05/27	AAA	3.182	15	3.149	03/06/2020	58
Pengurusan Air SPV Berhad	06/27	AAA	3.224	30	3.224	02/07/2020	63
Danga Capital Berhad	09/27	AAA	3.150	5	3.180	01/07/2020	55
YTL Power International Berhad	05/27	AA1	3.598	20	3.608	01/07/2020	100
Public Bank Berhad	07/29	AA1	3.374	60	3.381	29/06/2020	59
CIMB Bank Berhad	08/26	AA+	3.302	1	3.402	02/07/2020	79
Cahaya Mata Sarawak Berhad	05/22	AA3	3.041	10	3.081	30/06/2020	92
Edra Energy Sdn Berhad	07/26	AA3	3.645	20	3.669	30/06/2020	113
Gamuda Berhad	11/26	AA3	3.677	20	4.086	06/01/2020	116
AEON Credit Service (M) Berhad	02/27	AA3	3.648	10	3.509	01/06/2020	105
AEON Credit Service (M) Berhad	02/28	AA3	3.699	10	3.729	23/04/2020	97
AmBank Islamic Berhad	02/28	AA3	3.611	1	3.548	02/07/2020	88
Edra Energy Sdn Berhad	07/28	AA3	3.791	20	4.358	27/09/2019	106
Edra Energy Sdn Berhad	01/32	AA3	4.064	10	3.999	01/06/2020	126
Edra Energy Sdn Berhad	07/32	AA3	4.103	20	4.022	27/02/2020	130
Edra Energy Sdn Berhad	07/33	AA3	4.177	80	4.709	02/04/2020	89
Edra Energy Sdn Berhad	01/34	AA3	4.218	50	4.238	22/06/2020	93
Southern Power Generation Sdn Berhad	10/26	AA-	3.460	10	3.879	23/12/2019	94
Bank Islam Malaysia Berhad	11/28	A1	3.517	40	3.529	30/06/2020	78
Hong Leong Financial Group Berhad	11/17	A1	3.609	1	4.255	29/06/2020	1
DRB-Hicom Berhad	12/24	A+	4.502	10	4.422	29/05/2020	219
Tropicana Corporation Berhad	06/25	A+	5.429	1	5.430	02/07/2020	304
IJM Land Berhad	03/19	A2	4.671	1	4.533	29/06/2020	107
Eco World International Berhad	10/21	-	4.933	1	5.219	25/06/2020	291
Eco World International Berhad	05/23	-	5.448	1	5.630	01/07/2020	327
Tropicana Corporation Berhad	09/19	-	5.941	1	6.633	02/07/2020	234
AEON Credit Service (M) Berhad	#N/A	-	4.846	20	5.510	29/05/2020	66
			<u>561</u>				

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

Market/Corporate News: What's Brewing

The ringgit is expected to trade in range-bound mode against the US dollar next week as investors await the upcoming overnight policy rate (OPR) decision by the central bank. An analyst said the announcement would be key in determining the economic position in the next several months as the banking moratorium would end in September. "With the local job market still struggling to face the music from Covid-19 and recession still on the horizon, another rate cut is expected to be on the cards to boost the financial liquidity as well as complement the stimulus package," she told Bernama. Malaysia's OPR now stands at 2.00%, the lowest since the 2008-2009 Global Economic Crisis, and according to research notes, Bank Negara Malaysia is expected to reduce another 25 basis points to 1.75% to safeguard the economy after the fallout due to Covid-19 pandemic. On foreign investments, she said the local note which is now trading on a muted mode due to global market uncertainty would remain so as investors are holding back to reposition their holdings. "The global oil market has remained stagnant at US\$40 per barrel as demand is still slow after economies started to re-open. However, as long as logistics and air travel remain on restriction, demand will continue to be subdued," she said. (Source: *The Edgemarkets*)

Boustead Holdings Bhd said its subsidiary Boustead Naval Shipyard Sdn Bhd (BNS) has been served with a winding up petition over an alleged debt of RM56.04 million. In a filing today, the group said the petition dated today was served by MTU Services (Malaysia) Sdn Bhd. "MTU alleges that BNS is indebted to them for the total sum of RM56.04 million for the equipment supplied and services provided to BNS," Boustead said. "BNS is currently reviewing the details of the winding-up petition and in the midst of engaging solicitors to act on its behalf in this matter. "It is relevant to note that the petitioner did not obtain any judgment from the court on the amount allegedly due and owing to them," the group added. Boustead said the petition is fixed for case management on Jan 7, and for hearing on Feb 10 next year. "BNS is currently assessing the impact on the group, financially and operationally, of the petition," it added. The serving of the petition on BNS was also announced in a separate filing by Boustead Heavy Industries Corporation Bhd, which described BNS as a major associate company. (Source: *The Edgemarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Lucida Capital Berhad	Senior Class A MTNs Senior Class B MTNs (collectively, the Senior MTNs) Stand-Alone Class C MTNs	AAA/Stable AA3/Stable AAA/Stable	Reaffirmed

Source: RAM, MARC

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