

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries benefited from lingering uncertainty about a new COVID-19 relief bill, as Democratic leaders and Trump administration officials continue to struggle to reach a deal. Overall benchmark yields ended between 0-2bps lower as the UST 2Y closed within 1bps at 0.12% whilst the much-watched UST 10Y edged 1bps lower at 0.54%. Bull flattening in UST's has sent the 2s10s spread to its lowest level since end-April, the latest evidence that U.S. yield curve continues to struggle to steepen following the refunding announcement. Elsewhere, ahead of the monthly report, the Labor Department released a report this morning showing initial jobless claims pulled back by 249k to 1.186m; much more than expected in the week ended 1st August following two straight weekly increases. Expect attention to shift to the all-important job payrolls data for July tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.12	0
5-yr UST	0.21	-1
10-yr UST	0.54	-1
30-yr UST	1.20	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.89	1	1.88	-1
5-yr	2.04	2	2.00	2
7-yr	2.18	4	2.22	-1
10-yr	2.39	-1	2.41	1
15-yr	2.80	-2	2.88	3
20-yr	3.05	-3	3.17	-3
30-yr	3.51	-2	3.63	-2

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.85	0
3-yr	1.85	-1
5-yr	2.01	-3
7-yr	2.22	-3
10-yr	2.45	-3

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GIII

- Local govies saw mixed results yesterday on some profit-taking activities mainly in the short and belly amid sustained secondary market volume of RM6.14b. Overall benchmark yields ended between -3 to +4bps with the benchmark 5Y MGS 9/25 up 2bps at 2.04% and the 10Y MGS 8/29 yields edging 1bps lower instead at 2.39%. Interest was mainly seen in the off-the-run 20-21's and also 3Y, 5Y MGS and 7Y benchmark GII benchmarks. GII bond trades rose slightly to form ~41% of overall trades. The Finance Ministry is seeking to raise the country's statutory debt limit to 60% of GDP from 55% presently. The Finance Minister said the fiscal deficit was expected to rise to 5.8-6.0% of GDP this year due to the COVID-19 crisis and fiscal injection for the economic stimulus packages which were fully funded through domestic borrowings. However, this remains below the 6.7% deficit recorded during the 2009 Global Financial Crisis. Expect some attention to focus on the release of June's industrial production numbers this afternoon.

Corp Bonds/Sukuk

- Investors remained active amid a sustained and strong secondary market volume of RM588m. Transactions were seen mainly across the curve i.e. GG to Single-A as overall yields continued to close mostly lower. Govt-guaranteed MKD Kenchana 25's closed a whopping 35-118bps lower compared to previous-done levels at 2.35-36%. AAA-rated GENM Capital 25-28's saw RM80m in nominal amounts exchange hands some 4-8bps lower between 3.23-53% area. The AA-space saw UNITAPAH 27's similarly close sharply lower on yields between 3.23-27% whilst CMSB 5/22 rallied 29bps at 2.75%. The banking space saw AMBank 27NC22 and 28NC23 close triple-digit lower, yield-wise at 2.81% and 3.00% respectively.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 10/20	1.528	534	1.596	05/08/2020	-7
MGS 02/21	1.619	30	1.650	05/08/2020	-3
MGS 07/21	1.650	409	1.666	05/08/2020	-2
MGS 09/21	1.652	5	1.719	05/08/2020	-7
MGS 11/21	1.658	113	1.667	05/08/2020	-1
MGS 03/22	1.760	130	1.758	05/08/2020	0
MGS 08/22	1.803	70	1.804	05/08/2020	0
MGS 09/22	1.803	311	1.810	05/08/2020	-1
MGS 03/23	1.889	401	1.872	05/08/2020	2
MGS 04/23	1.914	7	1.921	04/08/2020	-1
MGS 08/23	1.926	1	1.931	05/08/2020	-1
MGS 07/24	1.986	8	1.992	05/08/2020	-1
MGS 09/24	2.001	123	2.025	05/08/2020	-2
MGS 09/25	2.043	444	2.028	05/08/2020	2
MGS 07/26	2.166	2	2.154	05/08/2020	1
MGS 03/27	2.174	1	2.272	03/08/2020	-10
MGS 05/27	2.181	286	2.146	05/08/2020	4
MGS 11/27	2.196	2	2.237	05/08/2020	-4
MGS 09/28	2.381	40	2.412	05/08/2020	-3
MGS 08/29	2.393	138	2.398	05/08/2020	-1
MGS 04/30	2.477	60	2.510	05/08/2020	-3
MGS 06/31	2.584	20	2.674	04/08/2020	-9
MGS 11/33	2.883	80	2.872	05/08/2020	1
MGS 07/34	2.798	267	2.814	05/08/2020	-2
MGS 05/35	3.082	80	3.119	05/08/2020	-4
MGS 04/37	3.164	1	3.206	05/08/2020	-4
MGS 05/40	3.048	10	3.078	05/08/2020	-3
MGS 07/48	3.631	45	3.667	05/08/2020	-4
MGS 06/50	3.506	18	3.521	05/08/2020	-2
GII 08/20	1.649	100	1.658	05/08/2020	-1
GII 03/21	1.645	101	1.687	05/08/2020	-4
GII 04/21	1.644	100	1.709	05/08/2020	-7
GII 08/21	1.685	68	1.725	05/08/2020	-4
GII 03/22	1.758	50	1.807	04/08/2020	-5
GII 07/22	1.799	80	1.819	05/08/2020	-2
GII 05/23	1.882	150	1.893	05/08/2020	-1
GII 07/23	1.920	210	1.927	05/08/2020	-1
GII 08/24	2.042	30	2.100	22/07/2020	-6
GII 10/24	2.003	110	1.985	05/08/2020	2
GII 10/25	2.106	30	2.098	04/08/2020	1
GII 09/26	2.230	90	2.203	05/08/2020	3
GII 09/27	2.223	406	2.235	05/08/2020	-1
GII 10/28	2.408	50	2.397	05/08/2020	1
GII 07/29	2.482	170	2.460	05/08/2020	2
GII 09/30	2.505	50	2.505	05/08/2020	0
GII 10/30	2.412	180	2.397	05/08/2020	2
GII 06/33	2.904	150	2.917	05/08/2020	-1
GII 08/33	2.923	60	2.928	05/08/2020	0
GII 11/34	2.875	40	2.844	05/08/2020	3
GII 08/37	3.286	118	3.269	05/08/2020	2
GII 09/39	3.168	114	3.197	05/08/2020	-3
GII 11/49	3.634	50	3.658	03/08/2020	-2
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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	06/21	GG	1.910	10	2.044	14/07/2020	-13	21
MKD Kencana Sdn Berhad	02/25	GG	2.350	40	2.696	20/05/2020	-35	32
MKD Kencana Sdn Berhad	04/25	GG	2.361	45	3.539	07/11/2019	-118	33
Prasarana Malaysia Berhad	02/27	GG	2.451	15	2.550	30/07/2020	-10	28
DanaInfra Nasional Berhad	03/27	GG	2.452	10	2.968	29/04/2020	-52	28
DanaInfra Nasional Berhad	07/27	GG	2.450	5	2.499	03/08/2020	-5	28
DanaInfra Nasional Berhad	11/35	GG	3.130	5	3.200	04/08/2020	-7	33
DanaInfra Nasional Berhad	02/39	GG	3.369	20	3.609	28/05/2020	-24	30
Cagamas Berhad	11/20	AAA	1.973	30	2.368	22/06/2020	-40	28
Manjung Island Energy Berhad	11/20	AAA	2.169	5	2.138	21/07/2020	3	47
Danum Capital Berhad	05/23	AAA	2.399	45	2.548	15/07/2020	-15	53
GENM Capital Berhad	08/25	AAA	3.234	20	3.269	09/07/2020	-4	120
GENM Capital Berhad	03/27	AAA	3.411	30	3.489	15/07/2020	-8	124
GENM Capital Berhad	07/28	AAA	3.532	20	3.598	15/07/2020	-7	123
UniTapah Sdn Berhad	06/27	AA1	3.228	10	3.449	09/07/2020	-22	106
UniTapah Sdn Berhad	12/27	AA1	3.269	10	4.698	22/11/2018	-143	110
Malayan Banking Berhad	01/31	AA1	3.002	10	3.129	10/07/2020	-13	61
CIMB Group Holdings Berhad	11/27	AA	2.843	10	3.179	12/06/2020	-34	67
Sime Darby Plantation Berhad (fka Sime Darby Plantati	03/16	AA	3.248	10	3.345	17/07/2020	-10	18
Cahaya Mata Sarawak Berhad	05/22	AA3	2.747	30	3.041	03/07/2020	-29	96
AmBank (M) Berhad	03/27	AA3	2.814	10	4.234	10/06/2020	-142	64
Edra Energy Sdn Berhad	01/28	AA3	3.435	40	3.757	19/05/2020	-32	126
AmBank (M) Berhad	02/28	AA3	3.004	60	4.302	13/05/2020	-130	71
Cypark Ref Sdn Berhad	06/31	AA3	4.351	10	4.577	13/07/2020	-23	196
Cypark Ref Sdn Berhad	06/32	AA3	4.430	5	4.999	29/04/2020	-57	204
Malayan Banking Berhad	02/17	AA3	3.271	10	3.329	20/07/2020	-6	20
Tan Chong Motor Holdings Berhad	11/21	A1	4.211	16	3.698	21/07/2020	51	252
Kedah Cement Sdn Berhad (fka Lafarge Cement Sdn B	07/22	A1	4.199	6	4.199	04/08/2020	0	241
Bank Islam Malaysia Berhad	12/25	A1	2.596	10	2.694	24/07/2020	-10	56
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/29	A3	3.697	5	3.499	05/08/2020	20	133
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	3.599	1	3.599	30/07/2020	0	120
WCT Holdings Berhad	03/19	A	5.881	35	5.919	09/07/2020	-4	281
LBS Bina Group Berhad	03/20	-	5.917	1	5.700	27/07/2020	22	285
				588				

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

Market/Corporate News: What's Brewing

Oversea-Chinese Banking Corp.'s profit fell more than analysts anticipated in the second quarter as provisions for loan losses soared and lending income shrank during the pandemic. Net income dropped 40% from a year earlier to S\$730 million (US\$533 million) in the three months ended June 30, Southeast Asia's second-largest bank by assets said Friday. That missed the S\$930 million average estimate of eight analysts surveyed by Bloomberg. OCBC joins its two local rivals in reporting another profit contraction as they build hefty buffers before the expiry of government relief measures leaves businesses more vulnerable to Singapore's worst recession.

"Much uncertainty persists on both the economic front and human cost arising from the pandemic," Chief Executive Officer Samuel Tsien said in a presentation, noting the need to prepare for factors including the withdrawal of government relief. Net interest margin sank as local interest rates plunged. (Source: *The EdgeMarkets/Bloomberg*)

Due to the significant drop in visitor arrivals from February this year amid the Covid-19 pandemic, as well as the temporary closure of its casino and attractions during the circuit breaker period, Genting Singapore (GENS) suffered from a steep drop in its revenue across all segments. For the 2Q20 ended June, GENS registered a loss after taxation of S\$163.3 million, compared to the profit of S\$168.4 million a year ago. According to the group in its business update on Aug 6, the loss marks the worst quarterly performance since the opening of its Singapore Integrated Resorts. Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Bank Muamalat Malaysia Berhad	Financial institution ratings	A2/Stable/P1	Reaffirmed
Widad Capital Sdn Bhd	Sukuk Murabahah Programme of up to RM110.0m	From AA2/Positive to AA1/Stable	Upgraded

Source: RAM, MARC

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