

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries bear-steepened sharply last Friday following the release of strong jobs data in August. This continued throughout the session due to the expected surge in upcoming UST's and corporate bonds issuances as well. Overall benchmark yields jumped between 2-11bps higher with the UST 2Y edging 2bps up at 0.14% whilst the much-watched 10Y spiked 8bps from prior day's close at 0.72%. Profit-taking was also evident ahead of the extended holidays on Monday. The Fed's holdings of UST's rose by ~\$28b; the most in 3 months to \$4.4 trillion. The economic calendar remains light for the remainder of this week with bond traders likely to shift attention to the upcoming 3Y, 10Y and 30Y bonds. We do not expect much excitement about the consumer and producer price data which will be released later this week; judging by the Fed's indication that it no longer feels threatened about inflation.

| UST | | |
|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) |
| 2-yr UST | 0.14 | 2 |
| 5-yr UST | 0.30 | 5 |
| 10-yr UST | 0.72 | 8 |
| 30-yr UST | 1.47 | 11 |

| MGS | | GII* | | |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr | 1.81 | 0 | 1.81 | -2 |
| 5-yr | 2.03 | 1 | 2.01 | 2 |
| 7-yr | 2.31 | 0 | 2.33 | 1 |
| 10-yr | 2.56 | -1 | 2.57 | 0 |
| 15-yr | 3.00 | -1 | 3.08 | 1 |
| 20-yr | 3.43 | 12 | 3.37 | 0 |
| 30-yr | 3.71 | 11 | 3.65 | 0 |

* Market indicative levels

| MYR IRS Levels | | |
|----------------|-------------|-----------|
| IRS | Closing (%) | Chg (bps) |
| 1-yr | 1.90 | 0 |
| 3-yr | 1.93 | 0 |
| 5-yr | 2.14 | 0 |
| 7-yr | 2.32 | 0 |
| 10-yr | 2.58 | 0 |

Source : Bloomberg

MGS/GIII

- Local govies continued to see continued intermittent profit-taking activities last Friday as overall benchmark yields ended mostly mixed between -2 to +12bps (with the longer ends MGS pressured the most); amid a tepid secondary market volume of RM1.75b. The benchmark 5Y MGS 9/25 yields edged 1bps up at 2.03% whilst the 10Y MGS 8/29 yields edged similarly the other way round i.e. 1bps lower at 2.56%. Interest was mainly seen in the benchmark 7Y and 10Y MGS. GII bond trades fell to form ~20% of overall trades. Meanwhile FTSE Russell will announce its decision on Malaysia's weightage of sovereign bonds in its WGBI on 24th Sep. Expect attention to shift to several economic upcoming releases that includes the MPC meeting's decision on OPR come Thursday and the industrial production numbers for July come Friday.

Corp Bonds/Sukuk

- Investor interest ramped up last Friday amid a doubling of secondary market volume of RM881m with transactions seen in 39 various bonds mainly along the GG-AA-part of the curve. Overall yields closed mostly lower overall. Govt-guaranteed DANA 5/22 saw huge volumes transacted as yields fell sharply by 98bps compared to previous-done levels at 1.85%. Similarly the long-end DANA 2/48 closed sharply lower on yields at 3.84% whilst the 11/49 tranche edged 1bps lower at 3.90%. AAA-rated PUTRAJAYA dominated the AAA-space with a slew of tranches i.e. 2021-2026 traded 6-53bps lower at yields between 2.20-67% area. The AA-space saw energy bonds TADAU 28-31's close lower on yields between 3.87-4.17% whilst YTL Power 8/23 ended 4bps lower at 2.91%. The banking space saw MAYBANK 29NC24 close 9bps lower at 2.80% levels.

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 | 10/20 | 1.702 | 88 | 1.702 | 03/09/2020 | 0 |
| MGS | 02/21 | 1.470 | 22 | 1.660 | 24/08/2020 | -19 |
| MGS | 07/21 | 1.628 | 14 | 1.670 | 03/09/2020 | -4 |
| MGS | 09/21 | 1.664 | 60 | 1.680 | 03/09/2020 | -2 |
| MGS | 11/21 | 1.683 | 11 | 1.673 | 03/09/2020 | 1 |
| MGS | 03/22 | 1.720 | 30 | 1.697 | 03/09/2020 | 2 |
| MGS | 08/22 | 1.765 | 139 | 1.743 | 02/09/2020 | 2 |
| MGS | 09/22 | 1.751 | 1 | 1.733 | 02/09/2020 | 2 |
| MGS | 03/23 | 1.812 | 50 | 1.806 | 03/09/2020 | 1 |
| MGS | 04/23 | 1.810 | 3 | 1.802 | 03/09/2020 | 1 |
| MGS | 06/24 | 1.915 | 14 | 2.028 | 03/09/2020 | -11 |
| MGS | 07/24 | 1.969 | 9 | 1.971 | 03/09/2020 | 0 |
| MGS | 09/24 | 1.973 | 22 | 2.032 | 03/09/2020 | -6 |
| MGS | 09/25 | 2.028 | 20 | 2.020 | 03/09/2020 | 1 |
| MGS | 04/26 | 2.145 | 54 | 2.184 | 02/09/2020 | -4 |
| MGS | 07/26 | 2.200 | 34 | 2.185 | 03/09/2020 | 2 |
| MGS | 11/26 | 2.249 | 2 | 2.214 | 03/09/2020 | 4 |
| MGS | 05/27 | 2.312 | 228 | 2.315 | 03/09/2020 | 0 |
| MGS | 11/27 | 2.355 | 20 | 2.355 | 03/09/2020 | 0 |
| MGS | 09/28 | 2.557 | 50 | 2.558 | 03/09/2020 | 0 |
| MGS | 08/29 | 2.557 | 241 | 2.562 | 03/09/2020 | 0 |
| MGS | 04/30 | 2.625 | 19 | 2.627 | 01/09/2020 | 0 |
| MGS | 04/33 | 3.083 | 11 | 3.073 | 03/09/2020 | 1 |
| MGS | 07/34 | 3.001 | 137 | 3.014 | 03/09/2020 | -1 |
| MGS | 04/37 | 3.337 | 1 | 3.321 | 03/09/2020 | 2 |
| MGS | 06/38 | 3.378 | 6 | 3.365 | 03/09/2020 | 1 |
| MGS | 05/40 | 3.434 | 71 | 3.315 | 03/09/2020 | 12 |
| MGS | 06/50 | 3.708 | 50 | 3.597 | 03/09/2020 | 11 |
| GII | 04/22 | 1.749 | 50 | 1.753 | 03/09/2020 | 0 |
| GII | 05/23 | 1.805 | 6 | 1.828 | 03/09/2020 | -2 |
| GII | 07/23 | 1.845 | 50 | 1.841 | 03/09/2020 | 0 |
| GII | 10/23 | 1.855 | 10 | 1.843 | 03/09/2020 | 1 |
| GII | 11/23 | 1.848 | 2 | 1.846 | 03/09/2020 | 0 |
| GII | 10/24 | 2.008 | 23 | 1.985 | 03/09/2020 | 2 |
| GII | 09/26 | 2.238 | 1 | 2.227 | 03/09/2020 | 1 |
| GII | 09/27 | 2.333 | 10 | 2.319 | 03/09/2020 | 1 |
| GII | 10/28 | 2.550 | 80 | 2.544 | 03/09/2020 | 1 |
| GII | 10/30 | 2.569 | 2 | 2.572 | 03/09/2020 | 0 |
| GII | 10/35 | 3.250 | 10 | 3.216 | 03/09/2020 | 3 |
| GII | 05/47 | 3.824 | 100 | 3.759 | 18/08/2020 | 6 |
| | | | <u>1751</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* |
|---|-------|--------|----------------|-----------------|-----------------|--|-------------|---------------------------|
| DanaInfra Nasional Berhad | 05/22 | GG | 1.847 | 150 | 2.831 | 06/04/2020 | -98 | 9 |
| Bank Pembangunan Malaysia Berhad | 09/29 | GG | 2.759 | 70 | 2.879 | 28/07/2020 | -12 | 25 |
| Lembaga Pembiayaan Perumahan Sektor Awam | 02/30 | GG | 2.780 | 20 | 3.142 | 25/02/2020 | -36 | 27 |
| DanaInfra Nasional Berhad | 04/30 | GG | 2.780 | 10 | 2.849 | 28/07/2020 | -7 | 22 |
| Malaysia Rail Link Sdn Berhad | 07/30 | GG | 2.802 | 50 | 2.739 | 21/08/2020 | 6 | 24 |
| DanaInfra Nasional Berhad | 10/31 | GG | 2.930 | 10 | 3.324 | 17/06/2020 | -39 | 37 |
| DanaInfra Nasional Berhad | 02/48 | GG | 3.839 | 10 | 4.649 | 26/03/2020 | -81 | 50 |
| DanaInfra Nasional Berhad | 11/49 | GG | 3.899 | 20 | 3.910 | 03/09/2020 | -1 | 56 |
| Putrajaya Holdings Sdn Berhad | 07/21 | AAA | 2.200 | 20 | 2.729 | 15/05/2020 | -53 | 53 |
| Pengurusan Air SPV Berhad | 02/22 | AAA | 2.204 | 40 | 2.211 | 02/09/2020 | -1 | 53 |
| Putrajaya Holdings Sdn Berhad | 07/22 | AAA | 2.280 | 10 | 2.790 | 20/05/2020 | -51 | 52 |
| Telekom Malaysia Berhad | 12/22 | AAA | 2.207 | 20 | 2.245 | 24/08/2020 | -4 | 45 |
| Danum Capital Berhad | 05/23 | AAA | 2.266 | 20 | 2.301 | 02/09/2020 | -4 | 45 |
| Putrajaya Holdings Sdn Berhad | 07/23 | AAA | 2.365 | 10 | 2.821 | 13/05/2020 | -46 | 55 |
| Cagamas Berhad | 11/24 | AAA | 2.350 | 50 | 2.490 | 04/08/2020 | -14 | 38 |
| Putrajaya Holdings Sdn Berhad | 04/25 | AAA | 2.559 | 10 | 2.999 | 30/06/2020 | -44 | 53 |
| Putrajaya Holdings Sdn Berhad | 05/25 | AAA | 2.567 | 10 | 2.632 | 12/08/2020 | -6 | 54 |
| Putrajaya Holdings Sdn Berhad | 09/26 | AAA | 2.669 | 20 | - | - | - | 47 |
| Projek Lebuhraya Usahasama Berhad | 01/28 | AAA | 2.909 | 10 | 2.929 | 04/08/2020 | -2 | 60 |
| Sarawak Energy Berhad | 06/35 | AAA | 3.341 | 40 | 3.279 | 17/08/2020 | 6 | 33 |
| Tenaga Nasional Berhad | 08/40 | AAA | 3.501 | 2 | 3.501 | 03/09/2020 | 0 | 17 |
| Sepangar Bay Power Corporation Sdn Berhad | 07/23 | AA1 | 2.668 | 10 | 2.934 | 14/07/2020 | -27 | 85 |
| YTL Power International Berhad | 08/23 | AA1 | 2.906 | 60 | 2.947 | 30/07/2020 | -4 | 109 |
| Kuala Lumpur Kepong Berhad | 08/25 | AA1 | 2.678 | 40 | 2.757 | 28/08/2020 | -8 | 65 |
| YTL Corporation Berhad | 11/26 | AA1 | 3.319 | 20 | 3.350 | 19/08/2020 | -3 | 112 |
| Malayan Banking Berhad | 01/29 | AA1 | 2.795 | 20 | 2.886 | 04/08/2020 | -9 | 35 |
| YTL Corporation Berhad | 07/30 | AA1 | 3.519 | 40 | 3.529 | 19/08/2020 | -1 | 96 |
| United Overseas Bank (Malaysia) Berhad | 08/30 | AA1 | 2.719 | 1 | 2.719 | 03/09/2020 | 0 | 16 |
| UniTapah Sdn Berhad | 12/32 | AA1 | 3.648 | 10 | 4.219 | 16/08/2019 | -57 | 109 |
| Zamarad Assets Berhad | 09/27 | AA2 | 3.479 | 10 | 3.802 | 15/06/2020 | -32 | 117 |
| Gamuda Berhad | 11/26 | AA3 | 3.303 | 10 | 3.398 | 24/08/2020 | -10 | 110 |
| Tadau Energy Sdn Berhad | 07/28 | AA3 | 3.868 | 10 | 3.908 | 21/08/2020 | -4 | 142 |
| Tadau Energy Sdn Berhad | 07/29 | AA3 | 3.968 | 10 | 4.297 | 27/02/2020 | -33 | 146 |
| Tadau Energy Sdn Berhad | 07/31 | AA3 | 4.169 | 10 | 4.558 | 24/06/2020 | -39 | 161 |
| Edra Energy Sdn Berhad | 01/35 | AA3 | 4.028 | 10 | 4.318 | 22/06/2020 | -29 | 101 |
| DRB-Hicom Berhad | 08/25 | A+ | 3.873 | 6 | 4.320 | 28/08/2020 | -45 | 184 |
| DRB-Hicom Berhad | 12/26 | A+ | 4.135 | 8 | 4.500 | 28/08/2020 | -37 | 193 |
| Eco World International Berhad | 05/23 | - | 5.265 | 1 | 5.313 | 03/09/2020 | -5 | 345 |
| Cypark Renewable Energy Sdn Berhad | 09/20 | - | 6.450 | 4 | 6.450 | 03/09/2020 | 0 | 311 |
| | | | | <u>881</u> | | | | |

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

Market/Corporate News: What's Brewing

The East Coast Economic Region Development Council (ECERDC) has proposed to the Ministry of Finance to widen its focus to include development aspects of islands in Terengganu in the 2021 Budget. Its chief executive officer Baidzawi Che Mat said that the development and upgrading of support infrastructure such as jetties, sidewalks, public facilities and solid waste management would help conserve the islands' natural assets. He said that the move will also drive the industry because domestic tourism to the islands is expected to increase post-Covid-19 pandemic, as well as to curb the threat to marine biodiversity. "Other measures, including the improvement of tourism facilities and incentives to local businesses, need to be given serious consideration for implementation to attract more tourists," he said in a statement today. ECERDC stated these matters during an engagement session in the preparation of the 2021 Budget with Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz, today at Kampung Budaya, Terengganu State Museum, here, which was also attended by tourism, oil, gas and petrochemicals (OGP) industry players. It also said that under the East Coast Economic Region (ECER) Master Plan 2.0, apart from the emphasis on infrastructure development in popular island destinations such as Pulau Perhentian and Pulau Lang Tengah, ECERDC has also built the iconic Terengganu landmark, the Kuala Terengganu city centre (KTCC) drawbridge, as well as ecotourism sites in Kenyir Lake and Setiu Wetlands. In the engagement session, ECERDC also proposed new initiatives to be given due consideration by the government, including the upstream sector as part of ECER activities, as well as increasing participation from local companies in vendor programmes. "ECERDC also proposes new areas of focus,

particularly specialty chemicals, to boost growth and attract high value-added downstream investments,” it said. It added that the council will continue to work with federal and state governments’ industry players in driving investment and socio-economic growth in the region. (Source: *The EdgeMarkets*)

| Rating Action | | | |
|--|---|---------------------------------|------------|
| Isuser | PDS Description | Rating/Outlook | Action |
| Genting Berhad (Genting or the Group) and Genting Malaysia Berhad (GenM) | Group ratings | From AAA/stable to AA-/Negative | Downgraded |
| Zamarad Assets Berhad | Tranche 4 RM95 mil Class A Sukuk and RM25 mil Class B Sukuk | AAA/Stable and AA2/Stable | Assigned |

Source: RAM, MARC

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