

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US financial markets were closed for Labor Day holiday on Monday. The economic calendar remains light for the remainder of this week with bond traders likely to shift attention to the auction of \$54b of 3-month bills, \$51b of 6-month bills, \$34b of 1-year bills, \$30b of 119-day bills, \$30b of 42-day bills and \$50b of 3-year notes tonight. This will be followed by the upcoming 10Y and 30Y bonds on Wednesday and Thursday respectively.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	0
5-yr UST	0.30	0
10-yr UST	0.72	0
30-yr UST	1.47	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.84	3	1.81	1
5-yr	2.05	2	2.02	1
7-yr	2.25	-6	2.34	0
10-yr	2.56	1	2.57	0
15-yr	2.99	-1	3.11	3
20-yr	3.36	-8	3.37	1
30-yr	3.70	-1	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

Upcoming Government Bond Tender

Nil

MGS/GIII

- Local govovies had a relatively quiet day yesterday with yields slipping in the afternoon on lack of interest as overall benchmark yields ended mostly mixed-to-higher between -8 to +3bps (with GII pressured the most); as secondary market volume remained tepid at RM1.36b. The benchmark 5Y MGS 9/25 yields rose 2bps up at 2.05% whilst the 10Y MGS 8/29 yields edged 1bps higher at 2.56%. Some interest was seen in the benchmark 3Y and 15Y MGS. GII bond trades maintained to form ~22% of overall trades. Meanwhile, foreign holdings in overall govovies for August rose for the 3rd month in-a-row by RM3.1b to RM188.3b. Separately, FTSE Russell will announce its decision on Malaysia's weightage of sovereign bonds in its WGBI on 24th Sep. Expect attention to shift to the MPC meeting's decision on OPR on Thursday and the industrial production numbers for July come Friday.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space however was vibrant on Monday amid a high secondary market volume of RM902m with transactions seen in 45 various bonds across the curve. Overall yields closed mostly mixed-to-lower. Govt-guaranteed PTPTN 8/21 and 7/23 ended 2-8bps lower compared to previous-done levels at 1.77% and 2.05% each whilst DANA and PRASA 28's fell 46-50bps sharply lower between 2.56-62% levels. The short AAA-rated RANTAU 12/20 closed 23bps lower at 1.98% whilst SEB 11/28 closed unchanged at 2.86%. The AA-space saw toll-operator DUKE3 grind lower in yield-terms for 2035-2039 tranches at 4.77-5.12% on total nominal amounts of RM145m. The banking space saw AmBank Islamic 3/22 make its debut at 2.61%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 10/20	1.649	135	1.702	04/09/2020	-5
MGS 07/21	1.700	51	1.628	04/09/2020	7
MGS 11/21	1.681	7	1.683	04/09/2020	0
MGS 03/22	1.696	3	1.720	04/09/2020	-2
MGS 03/23	1.838	223	1.812	04/09/2020	3
MGS 08/23	1.899	1	1.867	03/09/2020	3
MGS 09/25	2.047	21	2.028	04/09/2020	2
MGS 05/27	2.251	28	2.312	04/09/2020	-6
MGS 11/27	2.376	1	2.355	04/09/2020	2
MGS 08/29	2.562	120	2.557	04/09/2020	0
MGS 04/33	3.087	34	3.083	04/09/2020	0
MGS 11/33	3.139	30	3.088	03/09/2020	5
MGS 07/34	2.992	192	3.001	04/09/2020	-1
MGS 04/37	3.363	4	3.337	04/09/2020	3
MGS 05/40	3.356	190	3.325	04/09/2020	3
MGS 06/50	3.703	20	3.597	03/09/2020	11
GII 05/23	1.813	2	1.805	04/09/2020	1
GII 10/24	2.020	50	2.008	04/09/2020	1
GII 03/26	2.138	30	2.117	03/09/2020	2
GII 09/27	2.336	40	2.333	04/09/2020	0
GII 08/28	2.542	50	2.580	01/09/2020	-4
GII 07/29	2.600	20	2.577	03/09/2020	2
GII 11/34	3.112	50	3.078	04/09/2020	3
GII 10/35	3.254	10	3.250	04/09/2020	0
GII 08/37	3.450	10	3.352	19/08/2020	10
GII 09/39	3.373	40	3.366	02/09/2020	1
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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	02/21	GG	1.770	60	2.200	22/06/2020	-43	9
Khazanah Nasional Berhad	03/21	GG	1.776	35	1.969	30/07/2020	-19	10
Perbadanan Tabung Pendidikan Tinggi Nasional	08/21	GG	1.770	65	1.790	02/09/2020	-2	9
Perbadanan Tabung Pendidikan Tinggi Nasional	07/23	GG	2.045	30	2.128	18/08/2020	-8	22
DanaInfra Nasional Berhad	05/27	GG	2.462	25	3.009	15/06/2020	-55	15
DanaInfra Nasional Berhad	07/27	GG	2.488	15	2.460	26/08/2020	3	17
Prasarana Malaysia Berhad	09/27	GG	2.512	20	2.597	03/08/2020	-9	20
Turus Pesawat Sdn Berhad	11/27	GG	2.533	20	3.002	02/07/2020	-47	22
DanaInfra Nasional Berhad	02/28	GG	2.564	15	3.067	21/05/2020	-50	25
DanaInfra Nasional Berhad	05/28	GG	2.591	10	3.110	25/06/2020	-52	14
Prasarana Malaysia Berhad	09/28	GG	2.617	30	3.077	01/07/2020	-46	16
Lembaga Pembiayaan Perumahan Sektor Awam	10/28	GG	2.641	25	2.644	12/08/2020	0	19
Prasarana Malaysia Berhad	03/31	GG	2.876	10	3.019	09/07/2020	-14	32
Perbadanan Tabung Pendidikan Tinggi Nasional	07/31	GG	2.963	20	3.097	21/07/2020	-13	41
DanaInfra Nasional Berhad	04/39	GG	3.480	4	3.599	28/05/2020	-12	13
Manjung Island Energy Berhad	11/20	AAA	1.961	4	2.169	06/08/2020	-21	28
Rantau Abang Capital Berhad	12/20	AAA	1.980	45	2.211	27/07/2020	-23	30
Mercedes-Benz Services Malaysia Sdn Berhad	06/22	AAA	2.295	6	3.168	13/02/2020	-87	54
Danga Capital Berhad	02/26	AAA	2.603	2	2.607	02/09/2020	0	57
Projek Lebuhraya Usahasama Berhad	01/27	AAA	2.824	8	2.959	14/07/2020	-14	61
Aman Sukuk Berhad	05/27	AAA	2.750	5	2.989	14/07/2020	-24	44
Putrajaya Bina Sdn Berhad	09/27	AAA	2.798	2	3.328	11/02/2020	-53	48
Telekom Malaysia Berhad	10/28	AAA	2.725	8	2.689	19/08/2020	4	27
Sarawak Energy Berhad	11/28	AAA	2.855	10	2.857	03/09/2020	0	40
Bank Pembangunan Malaysia Berhad	03/32	AAA	3.273	3	3.241	18/08/2020	3	72
Encorp Systembilt Sdn Berhad	11/20	AA1	2.193	5	4.266	04/01/2018	-207	52
Batu Kawan Berhad	06/23	AA1	2.547	30	2.594	03/09/2020	-5	72
Westports Malaysia Sdn Berhad	10/24	AA+	2.681	5	3.752	23/10/2019	-107	71
Westports Malaysia Sdn Berhad	04/26	AA+	2.833	10	4.090	25/03/2020	-126	62
AmBank Islamic Berhad	03/22	AA2	2.609	40	-	-	-	86
Fortune Premiere Sdn Berhad	09/23	AA	2.918	2	3.285	01/07/2020	-37	109
Fortune Premiere Sdn Berhad	11/23	AA	2.937	10	3.477	21/04/2020	-54	111
Bumitama Agri Ltd	07/24	AA3	3.019	1	3.018	02/09/2020	0	105
UEM Sunrise Berhad	05/23	AA-	3.498	7	3.638	24/07/2020	-14	167
MMC Corporation Berhad	11/27	AA-	3.839	10	3.937	24/08/2020	-10	153
MMC Corporation Berhad	03/28	AA-	3.869	30	3.948	25/08/2020	-8	142
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/35	AA-	4.771	10	4.774	02/09/2020	0	175
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/36	AA-	4.859	45	4.620	12/02/2020	24	184
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/37	AA-	4.939	40	4.937	02/09/2020	0	192
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/39	AA-	5.119	50	5.080	26/08/2020	4	177
Tan Chong Motor Holdings Berhad	11/21	A1	3.838	1	3.840	01/09/2020	0	216
DRB-Hicom Berhad	08/25	A+	3.983	3	3.873	04/09/2020	11	195
DRB-Hicom Berhad	12/29	A+	4.910	37	5.029	23/07/2020	-12	240
Malakoff Power Berhad	12/20	AA-	2.417	70	2.497	18/08/2020	-8	74
Celcom Networks Sdn Berhad	10/26	AA+	2.931	20	3.141	17/07/2020	-21	72
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Comfort Gloves Bhd's latest quarterly net profit jumped by six times to RM42.8 million, from RM7.12 million a year ago, on the back of higher prices and sales volume, and better economies of scale that boosted the profit margin to 22% from 6%. Earnings per share for the second quarter ended July 31, 2020 (2QFY21) rose to 7.34 sen from 1.26 sen last year. The net profit was also higher by 2.6 times compared with the RM16.34 million recorded in the preceding quarter, according to the group's results filed with Bursa Malaysia. The profit margin in the preceding quarter was 11%. Quarterly revenue rose 68.28% to RM197.95 million from RM117.64 million a year earlier, and was higher by 29.46% compared with RM152.91 million in the preceding quarter. The group paid an interim dividend of 1.5 sen per share on Aug 28. For the six months ended July 30, Comfort Gloves' cumulative net profit grew by 3.8 times to RM59.14 million, from RM15.53 million a year ago, while revenue increased 47.67% to RM350.86 million from RM237.59 million. On prospects, Comfort Gloves said the flexibility of its manufacturing process and customer base outside the medical market had allowed the group to effectively manage the shortage of synthetic latex in the market. "Speciality premium gloves manufactured by the group from natural latex are equally in demand by the group's partners worldwide as [their] synthetic latex counterpart," the group added. Comfort Gloves said the current market environment has allowed the group to work with its partners worldwide to lock in commitments to purchasing gloves for the next 18 months. To meet this increased demand, the group has begun optimising and streamlining its existing operations to increase productivity and output by 10% during the second quarter compared with a year earlier. The goal, the glove maker said, is achieving an increase of 10% by the fourth quarter. In addition to this, the group will commission additional production lines that will increase overall capacity by 20% by the next first quarter. *(Source: The EdgeMarkets)*

Top Glove Corp Bhd has submitted an audit report to the US Customs and Border Protection (CBP), in relation to the alleged the forced labour issue filed against the glove maker. The report, according to the group, was prepared by an independent consultant and entails virtual interviews of about 1,100 of the company's migrant and local workers across various locations. "The report was developed following the completion of verification work performed on [the group's] labour practices by the independent consultant," it said in a statement today. Top Glove said it remains committed to making remediation payment to its migrant workers who joined the company prior to the implementation of its Zero Cost Recruitment Policy in January 2019. The group also noted that it had, on Aug 10, commenced part remediation for recruitment fees amounting to RM4.4 million. "The company's active engagement with the US CBP is ongoing and Top Glove looks forward to an expeditious upliftment of the Withhold Release Order. Top Glove will continue to provide updates on developments as they occur," it said. Top Glove recently made news after the US placed a detention order on the group's disposable gloves and following New Zealand's largest retail grocery organisation Foodstuffs' ban on Top Glove products. It was also reported that the US CBP had on July 15 placed a detention order on disposable gloves manufactured by two of the rubber glove manufacturer's subsidiaries, namely Top Glove Sdn Bhd and TG Medical Sdn Bhd. In light of this, Top Glove executive chairman Tan Sri Dr Lim Wee Chai said the company, which is the world's largest rubber glove manufacturer by output volume, is trying to find a solution to the matter and that the company needs to explain the matter to the US CBP. *(Source: The EdgeMarkets)*

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Pac Lease Berhad	CP/MTN Programme of up to RM1.0 billion (2017/2024).	AA3/Stable/P1	Reaffirmed
Malaysia Airports Holdings Berhad	RM2.5 bil Senior Sukuk Programme (2013/2033) RM2.5 bil Perpetual Subordinated Sukuk Programme (2014/2114)	AAA/Stable AA@/Stable	Reaffirmed
Malaysia Airports Capital Berhad	M3.1 bil Islamic Medium Term Notes Programme (2010/2025)	AAA/Stable	Reaffirmed

Source: RAM, MARC

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