

Global Markets Research
Fixed Income
Fixed Income Daily Market Snapshot
US Treasuries

- US Treasuries showed subdued activity earlier in the session before ending marginally weaker on Wednesday. Overall benchmark yields closed between 0-3bps higher with the UST 2Y almost unchanged at 0.16% and the much-watched UST 10Y yields rising by 2bps at 0.67%. Meanwhile the auction of \$46b of 10Y notes ended with strong bidding metrics as BTC ratio notched 2.62x (previous 10 auctions: 2.46x) and awarded at 0.653%. Overall bond demand is currently reflecting investors expectations for the shorter-end rates to be maintained low as indicated by the Fed earlier. Meanwhile expect attention to focus on the ongoing updates on the COVID-19 virus threat and also remaining auctions involving \$19b of 30Y bonds tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.16	0
5-yr UST	0.30	1
10-yr UST	0.67	2
30-yr UST	1.40	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.07	-2	2.10	-4
5-yr	2.22	-12	2.23	-9
7-yr	2.45	-10	2.52	-13
10-yr	2.68	-5	2.70	-8
15-yr	3.18	-8	3.19	-6
20-yr	3.45	-13	3.51	-17
30-yr	3.85	-5	3.88	-10

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.94	-9
3-yr	1.95	-12
5-yr	2.11	-11
7-yr	2.37	-11
10-yr	2.57	-4

Source : Bloomberg

Upcoming Government Bond Tender

Reopening of RM5.0b of 3Y MGS 3/23 on Thursday
9th July 2020

MGS/GII

- Local govvnies continued to see elevated activity yesterday; prompted by the OPR cut on Tuesday and higher foreign holdings data in June. Secondary market volume increased to RM7.94b. as overall benchmark MGS/GII yields closed between 2-17bps lower with interest across the curve especially in the the 10Y benchmarks bonds. The benchmark 5Y MGS 9/25 rallied pushing yields down 12bps at 2.22% whilst the 10Y MGS 8/29 saw yields decline 5bps at 2.68%. GII bond trades rose to form ~45% of overall trades. Traders are still expecting further support for MYR bonds with a view for potential further easing later this year. Meanwhile investors continue to watch for further updates on the fiscal position and government's measures to improve the economy. Expect some attention to shift to the industrial production data for May this Friday.

Corp Bonds/Sukuk

- Strong trading activity was seen on Wednesday following the OPR cut prior day amid a rise in secondary market volume to RM1.29b with interest across the GG to single-A part of the curve; with overall yields closing mostly lower. Govt-guaranteed DANA 24-25's saw RM300m in nominal amounts traded between 2-29bps lower compared to previous-done levels at 2.45-50% levels. AAA-rated TELEKOM saw its 4/23, 6/24 and 9/27 tranches decline between 32-36bps at 2.55%, 2.62% and 2.91% respectively. AA-space saw several energy cum power related bonds exchange hands with YTL Power 27-28's moving 7-9bps lower between 3.51-61% area with EDRA, JEP and Teknologi Tenaga Perlis being the others traded.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 08/20	1.616	704	2.154	07/07/2020	-54
MGS 10/20	1.801	370	1.820	07/07/2020	-2
MGS 02/21	1.853	6	1.851	07/07/2020	0
MGS 07/21	1.879	47	1.880	07/07/2020	0
MGS 09/21	1.902	24	1.991	06/07/2020	-9
MGS 11/21	1.896	43	1.997	07/07/2020	-10
MGS 03/22	1.983	100	2.083	07/07/2020	-10
MGS 08/22	2.102	87	2.102	07/07/2020	0
MGS 09/22	2.020	110	2.062	07/07/2020	-4
MGS 03/23	2.069	477	2.094	07/07/2020	-2
MGS 08/23	2.110	151	2.177	07/07/2020	-7
MGS 06/24	2.170	178	2.276	07/07/2020	-11
MGS 07/24	2.218	51	2.283	06/07/2020	-6
MGS 09/24	2.210	12	2.266	07/07/2020	-6
MGS 09/25	2.217	364	2.338	07/07/2020	-12
MGS 04/26	2.535	10	2.563	06/07/2020	-3
MGS 07/26	2.406	32	2.484	07/07/2020	-8
MGS 05/27	2.446	398	2.550	07/07/2020	-10
MGS 11/27	2.503	171	2.607	07/07/2020	-10
MGS 06/28	2.609	91	2.765	07/07/2020	-16
MGS 09/28	2.711	20	2.830	07/07/2020	-12
MGS 08/29	2.682	529	2.736	07/07/2020	-5
MGS 04/30	2.785	90	2.901	07/07/2020	-12
MGS 06/31	2.919	10	3.069	07/07/2020	-15
MGS 11/33	3.178	10	4.335	07/07/2020	-116
MGS 07/34	3.177	85	3.259	07/07/2020	-8
MGS 04/37	3.412	16	3.492	07/07/2020	-8
MGS 06/38	3.444	70	3.590	07/07/2020	-15
MGS 05/40	3.449	43	3.583	07/07/2020	-13
MGS 09/43	3.765	20	3.854	07/07/2020	-9
MGS 03/46	3.806	2	3.894	07/07/2020	-9
MGS 06/50	3.846	30	3.897	07/07/2020	-5
GII 04/21	2.023	99	2.018	07/07/2020	1
GII 04/21	1.800	10	2.031	19/06/2020	-23
GII 08/21	1.900	226	2.050	07/07/2020	-15
GII 11/22	2.067	20	2.249	29/06/2020	-18
GII 05/23	2.096	420	2.140	07/07/2020	-4
GII 07/23	2.169	110	2.224	07/07/2020	-6
GII 08/24	2.223	30	2.325	03/07/2020	-10
GII 10/24	2.234	70	2.319	06/07/2020	-9
GII 08/25	2.250	30	2.421	06/07/2020	-17
GII 10/25	2.297	10	2.404	07/07/2020	-11
GII 03/26	2.382	100	2.446	07/07/2020	-6
GII 09/26	2.466	20	2.566	07/07/2020	-10
GII 09/27	2.523	240	2.649	07/07/2020	-13
GII 10/28	2.773	220	2.846	07/07/2020	-7
GII 07/29	2.784	840	2.847	07/07/2020	-6
GII 09/30	2.802	350	2.913	07/07/2020	-11
GII 10/30	2.696	41	2.773	07/07/2020	-8
GII 06/33	3.199	100	3.260	07/07/2020	-6
GII 08/33	3.298	13	3.281	07/07/2020	2
GII 11/34	3.186	210	3.244	07/07/2020	-6
GII 08/37	3.476	254	3.601	18/06/2020	-13
GII 09/39	3.508	31	3.677	07/07/2020	-17
GII 05/47	3.854	80	3.895	07/07/2020	-4
GII 11/49	3.880	60	3.978	06/07/2020	-10
		<u>7935</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	04/25	GG	2.500	155	2.785	30/04/2020	-29	29
DanaInfra Nasional Berhad	11/24	GG	2.451	145	2.471	07/07/2020	-2	29
Jambatan Kedua Sdn Berhad	05/25	GG	2.580	70	2.740	12/06/2020	-16	37
Lembaga Pembiayaan Perumahan Sektor Awam	04/24	GG	2.402	60	2.447	07/07/2020	-4	24
DanaInfra Nasional Berhad	09/34	GG	3.450	50	3.546	25/06/2020	-10	28
Jambatan Kedua Sdn Berhad	07/23	GG	2.419	50	2.683	06/05/2020	-26	36
Jambatan Kedua Sdn Berhad	07/26	GG	2.700	40	2.909	09/06/2020	-21	31
Perbadanan Tabung Pendidikan Tinggi Nasional	06/22	GG	2.295	40	2.427	18/06/2020	-13	30
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	3.430	40	3.401	15/05/2020	3	26
DanaInfra Nasional Berhad	09/26	GG	2.597	35	2.969	13/02/2020	-37	21
Prasarana Malaysia Berhad	02/27	GG	2.752	25	2.897	05/03/2020	-15	30
DanaInfra Nasional Berhad	07/27	GG	2.717	20	2.819	07/07/2020	-10	27
DanaInfra Nasional Berhad	10/33	GG	3.299	20	3.364	23/04/2020	-6	13
Lembaga Pembiayaan Perumahan Sektor Awam	09/23	GG	2.346	20	2.555	25/06/2020	-21	28
Lembaga Pembiayaan Perumahan Sektor Awam	04/26	GG	2.568	20	2.882	05/06/2020	-31	18
Small Medium Enterprise Development Bank Malay	03/24	GG	2.478	20	3.749	25/03/2020	-127	32
DanaInfra Nasional Berhad	05/30	GG	2.969	10	3.080	07/07/2020	-11	27
DanaInfra Nasional Berhad	09/29	GG	2.999	10	3.150	03/06/2020	-15	32
DanaInfra Nasional Berhad	11/35	GG	3.530	10	3.440	27/05/2020	9	36
Prasarana Malaysia Berhad	08/26	GG	2.603	10	2.869	19/06/2020	-27	22
Prasarana Malaysia Berhad	02/31	GG	3.141	10	3.249	23/04/2020	-11	44
Prasarana Malaysia Berhad	08/34	GG	3.409	10	3.479	17/06/2020	-7	24
Danum Capital Berhad	05/30	AAA	3.179	20	3.310	03/06/2020	-13	48
Danum Capital Berhad	02/26	AAA	2.949	5	3.090	30/06/2020	-14	56
Manjung Island Energy Berhad	11/26	AAA	2.918	10	3.728	21/11/2019	-81	53
Manjung Island Energy Berhad	11/27	AAA	2.989	10	3.260	22/06/2020	-27	54
TNB Northern Energy Berhad	05/21	AAA	2.377	5	4.356	20/01/2016	-198	52
Putrajaya Bina Sdn Berhad	09/26	AAA	2.914	10	3.097	02/07/2020	-18	53
Telekom Malaysia Berhad	04/23	AAA	2.545	10	2.880	29/06/2020	-34	48
Telekom Malaysia Berhad	06/24	AAA	2.616	10	2.979	24/06/2020	-36	46
Sarawak Energy Berhad	07/24	AAA	2.728	5	2.854	22/05/2020	-13	57
Telekom Malaysia Berhad	09/27	AAA	2.907	20	3.228	05/06/2020	-32	46
Danga Capital Berhad	09/33	AAA	3.419	10	3.478	20/05/2020	-6	25
Danum Capital Berhad	05/23	AAA	2.696	15	2.899	10/06/2020	-20	63
Malayan Banking Berhad	01/29	AA1	3.159	1	3.296	20/05/2020	-14	48
Malayan Banking Berhad	01/31	AA1	3.249	1	4.148	27/03/2020	-90	55
Public Bank Berhad	10/28	AA1	3.252	20	3.446	21/04/2020	-19	63
YTL Power International Berhad	05/27	AA1	3.511	30	3.598	03/07/2020	-9	106
Teknologi Tenaga Perlis Consortium Sdn Berhad	07/21	AA1	2.619	10	3.174	20/02/2020	-56	76
Kuala Lumpur Kepong Berhad	09/22	AA1	2.713	20	2.879	16/06/2020	-17	72
YTL Power International Berhad	08/28	AA1	3.609	1	3.679	01/07/2020	-7	99
Hong Leong Financial Group Berhad	06/29	AA2	3.278	7	3.338	22/06/2020	-6	60
Konsortium ProHAWK Sdn Berhad	06/29	AA2	3.638	1	3.918	20/01/2020	-28	96
Jimah East Power Sdn Berhad	12/23	AA-	3.151	10	4.128	02/07/2019	-98	109
MMC Corporation Berhad	04/27	AA-	4.228	10	4.288	26/06/2020	-6	178
MMC Corporation Berhad	11/27	AA-	4.299	10	4.356	18/06/2020	-6	185
CIMB Thai Bank Public Company Limited	07/29	AA3	3.749	1	3.788	01/07/2020	-4	107
Edra Energy Sdn Berhad	01/32	AA3	3.899	1	4.064	03/07/2020	-17	120
TG Excellence Berhad	02/20	AA-	3.231	40	3.623	22/06/2020	-39	-26
MMC Corporation Berhad	03/28	AA-	4.349	31	4.388	30/06/2020	-4	173
CIMB Group Holdings Berhad	09/29	AA	3.096	30	3.319	02/07/2020	-22	41
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/39	AA-	5.210	5	5.645	31/03/2020	-44	172
Sinar Kamiri Sdn Berhad	01/35	AA-	5.240	5	5.249	02/07/2020	-1	207
Sinar Kamiri Sdn Berhad	01/36	AA-	5.340	5	5.349	02/07/2020	-1	217
Bandar Serai Development Sdn Berhad	10/20	AA3	2.772	4	2.842	24/06/2020	-7	91
Fortune Premiere Sdn Berhad	09/26	AA	3.539	1	3.738	22/04/2020	-20	115
UMW Holdings Berhad	04/18	A1	4.901	1	4.905	26/06/2020	0	142
YNH Property Berhad	08/19	-	6.049	1	5.871	07/07/2020	18	256
Eco World International Berhad	10/21	-	4.279	1	5.477	06/07/2020	-120	242
Tropicana Corporation Berhad	06/25	A+	5.321	1	5.499	06/07/2020	-18	311
Tropicana Corporation Berhad	05/27	A+	5.740	15	5.749	02/07/2020	-1	329
DRB-Hicom Berhad	12/29	A+	5.181	10	5.257	19/05/2020	-8	250
Quantum Solar Park (Semenanjung) Sdn Berhad	04/31	A+	5.030	2	5.049	26/06/2020	-2	233
Tropicana Corporation Berhad	06/23	A+	4.771	2	5.444	07/07/2020	-67	271
IJM Land Berhad	03/19	A2	4.400	1	4.698	07/07/2020	-30	91
MBSB Bank Berhad (fka Asian Finance Bank Berh	12/31	A3	3.947	2	3.599	07/07/2020	35	125
WCT Holdings Berhad	03/19	A	5.921	10	5.986	12/05/2020	-6	244
Tropicana Corporation Berhad	09/19	-	5.744	1	5.842	07/07/2020	-10	226
				<u>1286</u>				

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

Market/Corporate News: What's Brewing

The US-China rivalry is shifting into new and unpredictable areas, engulfing everything from a popular video app to Hong Kong's status as a global financial hub. The latest tensions are overshadowing a trade agreement in January that was meant to draw a line under the trade war and be a boon for business. Instead, differences between both powers are deepening right at a time when the world economy is facing its worst crisis since the Great Depression. This week alone, President Donald Trump said he was considering banning ByteDance Ltd's short video app TikTok as retaliation against China over its handling of Covid-19. Some of his top advisers want the US to undermine the Hong Kong dollar's peg to the greenback to punish China for recent moves to chip away at the former British colony's political freedoms. There are even concerns over the visa status of hundreds of thousands of Chinese students who enroll at US colleges and universities each year. China in turn has promised its own response, warning the US and others to stop interfering in Hong Kong and other issues. "The Ice Age in relations is here to stay," said Pauline Loong, managing director at research company Asia Analytica in Hong Kong and a veteran China watcher. "It will get much colder before there will be any thaw." The economic backdrop could hardly be more stark, with the International Monetary Fund estimating that by the end of this year 170 countries — almost 90% of the world — will have lower per capita income. That is a reversal from January, when it predicted 160 countries would end the year with bigger economies and positive per capita income growth. The deepening divisions are forcing difficult decisions for global business. Facebook Inc, Google, and Twitter Inc — all of which are blocked in the mainland — are at risk of the same fate in Hong Kong. Hours after Hong Kong announced sweeping new powers to police the internet on Monday night, those companies plus the likes of Microsoft Corp and Zoom Video Communications Inc all suspended requests for data from the Hong Kong government. It is not yet clear how the authorities will respond to that lack of compliance with local rules. ByteDance's TikTok, which has Chinese owners, announced it would pull its viral video app from the territory's mobile stores altogether in the coming days. HSBC Holdings plc, which draws more than two-thirds of its pre-tax income from Hong Kong, slumped in Hong Kong trading today on fears it would lose out if the Trump administration moves ahead with any plan to punish banks in the city and destabilise the currency peg to the dollar. The expectations are that threats and counter threats will only ratchet up further ahead of the US presidential election in November, with little prospect of a near-term reset. "I don't see any immediate circuit breaker," said Fraser Howie, author of "Red Capitalism: The Fragile Financial Foundation of China's Extraordinary Rise". "Certainly not in the sense that there is a reset where everyone says 'Weren't we all being foolish? Let's get back to being friends.' I don't see that coming any time soon." And it is not just the world's two biggest economies being affected. India said it will ban 59 of China's largest apps after a deadly Himalayan border clash with Chinese troops that killed 20 Indian soldiers. China warned the UK it will face "consequences" if it chooses to be a "hostile partner" after it emerged the government is preparing to begin phasing out the use of Huawei Technologies Co equipment in the UK's 5G telecommunications networks as soon as this year. Since April, China has imposed crippling tariffs on Australia's barley industry, halted beef imports from four meat plants and urged its tourists and students to avoid going to the nation due to the risk of attacks from racists. The government in Canberra had earlier called for an independent inquiry into the origins of Covid-19. While economists said it is unlikely that the US would follow through on its threat against the Hong Kong dollar, given the risk of damage to US banks and companies, even the discussion of such a move is unnerving for confidence. "It is a nuclear option, which could result in a financial crisis for Hong Kong, as well as considerable collateral damage for US banks and investors," said Kevin Lai, chief economist for Asia excluding Japan at Daiwa Capital Markets. "It is not impossible, but we think it is unlikely to happen."

The idea of striking against the Hong Kong dollar peg — perhaps by limiting the ability of Hong Kong banks to buy US dollars — has been raised as part of broader discussions among advisers to Secretary of State Michael Pompeo and has not been elevated to the senior levels of the White House, Bloomberg News reported. "There is a fast-evolving realignment of forces happening," said Alicia Garcia Herrero, chief Asia-Pacific economist with Natixis SA. "The spiraling threat will remain with us at least until the US election and, very likely, also afterwards. It is just a new paradigm."
(Source: The Edgemarkets/Bloomberg)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.