

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

• US Treasuries saw yields plunge again on Monday with the entire curve reaching new lows; as both collapse in oil-prices and COVID-19 outbreak roil markets worldwide. Overall benchmark yields closed a massive 13-29bps lower with the UST 2Y at 0.38% and the much-watched UST 10Y sinking 22bps at 0.54%. Meanwhile Saudi Arabia which saw negotiations between OPEC-led countries and Russia fall through has announced a massive cut to its official selling price for April and plans to ramp-up oil production. Expect UST's to benefit from the sell-off in equities. Meanwhile investors may look to the upcoming Treasury's auction of \$38b of 3Y notes tonight.

MGS/GII

• Local govies closed weaker as investors turned cautious on concerns over headwinds caused by the collapse of oil prices that may impact the MYR and the economy. Secondary market volume eased but remained decent at RM5.77b as overall benchmark yields wilted higher between 0-9bps with interest mainly seen in off-the-run 21's and 10y benchmark MGS/GII. The benchmark 5Y MGS 6/24 edged 2bps higher at 2.67% whilst the 10Y MGS 8/29 spiked 9bps at 2.87%. GII bonds rose to form about ~ 55% of overall trades. Expect cautious stance by investors as investors digest the new cabinet line-up and look for further clues on whether the nation's fiscal position requires a revisit.

Corp Bonds/Sukuk

• Corporate bonds/Sukuk space saw improved investor appetite amid a spike in secondary market volume of RM1.04b with interest seen across the curve i.e.GG-A; on a high number of various bonds traded i.e. 64 compared to prior day. Overall yields ended mostly lower again yesterday. Govt-guaranteed bonds saw DANA dominate with the 22's and 24's closing between 13-55bps lower compared to previous-done levels at 2.72-73% area and 2.77-79% levels respectively. The long-end 2049 tranches however closed mixed between -2 to +3bps at 3.66-69%. AAA-rated PUTRAJAYA 24-25's closed between 2.97-3.06%. AA-rated ANIH saw its 2021, 2024 and 2026 tranches decline between 29-50bps at 3.13% , 3.28% and 3.3.6% each. The banking sector saw AmBank Islamic and Affin Bank 27NC22 dip 4-8bps lower in yields at 3.08% and 3.52% respectively.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.38	-13
5-yr UST	0.48	-13
10-yr UST	0.54	-22
30-yr UST	1.00	-29

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.61	2	2.61	5
5-yr	2.67	2	2.64	0
7-yr	2.76	6	2.77	6
10-yr	2.87	9	2.84	0
15-yr	3.07	9	3.07	5
20-yr	3.16	0	3.17	3
30-yr	3.50	0	3.53	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.63	-2
3-yr	2.54	-1
5-yr	2.53	-4
7-yr	2.64	-4
10-yr	2.84	-1

Source : Bloomberg

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	03/20	2.536	3	2.562	06/03/2020	-3
MGS	07/20	2.532	1	2.542	06/03/2020	-1
MGS	10/20	2.533	173	2.509	06/03/2020	2
MGS	02/21	2.535	229	2.484	05/03/2020	5
MGS	07/21	2.561	133	2.545	06/03/2020	2
MGS	09/21	2.571	16	2.546	06/03/2020	3
MGS	11/21	2.547	5	2.542	06/03/2020	1
MGS	03/22	2.529	128	2.563	06/03/2020	-3
MGS	09/22	2.574	112	2.566	06/03/2020	1
MGS	03/23	2.613	48	2.595	06/03/2020	2
MGS	04/23	2.617	27	2.589	06/03/2020	3
MGS	08/23	2.640	30	2.603	06/03/2020	4
MGS	06/24	2.665	264	2.641	06/03/2020	2
MGS	07/24	2.661	5	2.644	06/03/2020	2
MGS	03/25	2.676	23	2.662	04/03/2020	1
MGS	09/25	2.716	217	2.641	06/03/2020	8
MGS	04/26	2.708	4	2.692	06/03/2020	2
MGS	11/26	2.721	36	2.747	05/03/2020	-3
MGS	03/27	2.823	10	2.721	04/03/2020	10
MGS	05/27	2.764	90	2.704	06/03/2020	6
MGS	11/27	2.772	33	2.723	06/03/2020	5
MGS	06/28	2.725	30	2.761	06/03/2020	-4
MGS	08/29	2.868	500	2.782	06/03/2020	9
MGS	04/30	2.947	2	2.857	06/03/2020	9
MGS	06/31	3.025	41	2.945	06/03/2020	8
MGS	04/33	3.060	30	3.052	06/03/2020	1
MGS	11/33	3.105	8	3.051	05/03/2020	5
MGS	07/34	3.068	177	2.975	06/03/2020	9
MGS	05/35	3.078	30	3.086	06/03/2020	-1
MGS	05/40	3.157	80	3.158	06/03/2020	0
MGS	03/46	3.575	40	3.560	05/03/2020	2
MGS	07/48	3.500	62	3.500	06/03/2020	0
GII	05/20	2.645	15	2.560	05/03/2020	9
GII	03/21	2.551	860	2.547	05/03/2020	0
GII	04/21	2.577	70	2.541	05/03/2020	4
GII	03/22	2.607	4	2.554	06/03/2020	5
GII	03/26	2.769	251	2.708	06/03/2020	6
GII	09/26	2.785	20	2.715	04/03/2020	7
GII	06/27	2.789	10	2.783	04/03/2020	1
GII	07/27	2.793	110	2.772	06/03/2020	2
GII	10/28	2.833	348	2.814	06/03/2020	2
GII	07/29	2.838	717	2.835	06/03/2020	0
GII	06/33	3.045	251	3.037	06/03/2020	1
GII	08/33	3.093	50	3.069	05/03/2020	2
GII	11/34	3.074	125	3.028	06/03/2020	5
GII	08/37	3.151	270	3.152	06/03/2020	0
GII	09/39	3.168	21	3.137	06/03/2020	3
GII	05/47	3.566	60	3.526	06/03/2020	4
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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*
Bank Pembangunan Malaysia Berhad	09/21	GG	2.749	10	3.928	05/03/2019	-118	18
DanaInfra Nasional Berhad	05/22	GG	2.719	55	3.262	06/12/2019	-54	15
DanaInfra Nasional Berhad	07/22	GG	2.722	25	2.724	05/03/2020	0	15
DanaInfra Nasional Berhad	11/22	GG	2.732	5	3.279	28/08/2019	-55	12
DanaInfra Nasional Berhad	04/24	GG	2.770	45	3.501	11/07/2019	-73	12
DanaInfra Nasional Berhad	07/24	GG	2.790	20	2.919	17/02/2020	-13	14
Pengurusan Air SPV Berhad	02/26	GG	2.884	15	2.980	17/02/2020	-10	16
Prasarana Malaysia Berhad	08/26	GG	2.868	50	2.895	04/03/2020	-3	14
DanaInfra Nasional Berhad	11/26	GG	2.889	30	2.899	03/03/2020	-1	13
Perbadanan Tabung Pendidikan Tinggi Nasional	03/29	GG	3.030	25	3.278	24/02/2020	-25	23
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	3.189	20	3.399	25/02/2020	-21	15
DanaInfra Nasional Berhad	11/48	GG	3.540	15	3.690	18/02/2020	-15	38
DanaInfra Nasional Berhad	02/49	GG	3.660	10	3.630	06/03/2020	3	50
DanaInfra Nasional Berhad	11/49	GG	3.690	20	3.710	26/02/2020	-2	53
GENM Capital Berhad	08/20	AAA	2.939	60	3.001	02/03/2020	-6	39
Cagamas Berhad	03/21	AAA	2.826	5	3.780	22/04/2019	-95	28
Cagamas Berhad	03/21	AAA	2.826	15	3.778	22/04/2019	-95	28
Cagamas Berhad	11/21	AAA	2.848	5	4.068	13/10/2017	-122	28
Sarawak Energy Berhad	01/22	AAA	2.916	10	3.034	26/02/2020	-12	35
Mercedes-Benz Services Malaysia Sdn Berhad	05/22	AAA	3.025	5	3.025	06/03/2020	0	46
Aman Sukuk Berhad	10/23	AAA	2.920	5	3.472	06/01/2020	-55	27
Putrajaya Holdings Sdn Berhad	04/24	AAA	2.965	30	3.409	10/01/2020	-44	31
Putrajaya Holdings Sdn Berhad	04/25	AAA	3.055	30	3.643	18/12/2019	-59	36
Projek Lebuhraya Usahasama Berhad	01/26	AAA	3.155	20	3.369	21/02/2020	-21	43
Bakun Hydro Power Generation Sdn Berhad (fkr	08/26	AAA	2.998	10	3.107	26/02/2020	-11	27
Putrajaya Bina Sdn Berhad	09/26	AAA	3.050	10	3.622	15/10/2019	-57	29
YTL Power International Berhad	06/22	AA1	3.255	1	3.718	04/12/2019	-46	69
YTL Power International Berhad	03/23	AA1	3.238	10	3.418	17/02/2020	-18	63
YTL Corporation Berhad	04/23	AA1	3.229	10	3.227	04/03/2020	0	62
Sabah Development Bank Berhad	04/26	AA1	3.629	50	3.818	21/02/2020	-19	91
Public Bank Berhad	04/27	AA1	3.145	1	3.576	06/12/2019	-43	39
Danajamin Nasional Berhad	10/27	AA+	3.365	10	3.437	28/02/2020	-7	59
Konsortium ProHAWK Sdn Berhad	06/24	AA2	3.348	10	4.008	24/07/2019	-66	69
Konsortium ProHAWK Sdn Berhad	06/25	AA2	3.380	10	3.756	20/01/2020	-38	69
Hong Leong Financial Group Berhad	06/28	AA2	3.378	40	3.878	12/11/2019	-50	60
Anih Berhad	11/21	AA	3.133	10	3.562	19/12/2019	-43	57
Anih Berhad	11/24	AA	3.277	10	3.564	23/01/2020	-29	58
Anih Berhad	11/26	AA	3.357	10	3.858	06/01/2020	-50	60
Country Garden Real Estate Sdn Berhad	03/21	AA3	4.318	50	4.312	05/03/2020	1	177
Gamuda Berhad	04/21	AA3	3.002	20	3.146	03/03/2020	-14	45
Exsim Capital Resources Berhad	01/22	AA3	3.693	33	3.702	06/03/2020	-1	113
BGSM Management Sdn Berhad	12/22	AA3	3.257	1	3.388	12/02/2020	-13	64
AmBank Islamic Berhad	12/25	AA3	3.040	1	3.048	06/03/2020	-1	32
AmBank Islamic Berhad	03/27	AA3	3.079	20	3.163	27/02/2020	-8	32
Tanjung Bin Energy Issuer Berhad	03/32	AA3	3.579	10	4.119	23/09/2019	-54	73
WCT Holdings Berhad	05/22	AA-	3.857	8	4.237	15/01/2020	-38	129
Kimanis Power Sdn Berhad	08/22	AA-	3.283	10	3.899	09/08/2019	-62	72
Southern Power Generation Sdn Berhad	04/25	AA-	3.316	6	3.798	18/12/2019	-48	62
Konsortium Lebuhraya Utara-Timur (KL) Sdn Be	12/25	AA-	3.629	4	3.825	31/01/2020	-20	91
Jimah East Power Sdn Berhad	06/29	AA-	3.614	10	4.246	28/06/2019	-63	81
Jimah East Power Sdn Berhad	12/30	AA-	3.689	30	3.690	06/03/2020	0	84
Jimah East Power Sdn Berhad	12/31	AA-	3.720	10	3.758	06/03/2020	-4	88
TG Excellence Berhad	02/20	AA-	3.672	1	3.558	06/03/2020	11	51
Jimah East Power Sdn Berhad	12/29	AA-	3.635	40	3.709	28/02/2020	-7	79
Affin Bank Berhad	09/27	A1	3.522	20	3.557	13/02/2020	-4	74
Affin Islamic Bank Berhad	10/28	A1	3.661	20	4.032	11/12/2019	-37	86
CIMB Group Holdings Berhad	05/16	A1	3.900	10	4.237	05/03/2020	-34	74
CIMB Group Holdings Berhad	05/16	A1	3.387	1	3.390	06/03/2020	0	22
Anakku Sdn Berhad	03/21	-	6.020	4	-	-	-	347
Anakku Sdn Berhad	03/22	-	6.020	3	-	-	-	345
Anakku Sdn Berhad	03/23	-	6.020	4	-	-	-	341
Anakku Sdn Berhad	03/24	-	6.020	4	-	-	-	337
Eco World International Berhad	05/23	-	5.359	1	5.902	04/03/2020	-54	-
DRB-Hicom Berhad	12/24	A+	3.738	1	4.205	15/01/2020	-47	105
				1042				

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

Market/Corporate News: What's Brewing

Ongoing worries over the economic fallout from the Covid-19 outbreak and a plunge in global crude oil prices hammered asset classes in Malaysia with the stock and the palm oil markets landing body blows from the global rout. Oil prices

tanked by more than 30%, sending the FBM KLCI sinking by 58.94 points or 3.97% to 1,424.16 at its close yesterday following these latest developments. Saudi Arabia, the biggest oil producer in the world, is planning to increase oil output next month, well above 10 million barrels a day as it responds aggressively to the collapse of its Opec+ alliance with Russia. The price war in the oil markets saw crude oil prices slump by the most in at least 20 years, offering unprecedented discounts in Europe, the Far East and the United States to entice refiners to purchase Saudi crude at the expense of other suppliers. Local oil and gas counters took the brunt of the selling and that weighed on the sentiment of the market. Bursa Malaysia has suspended the short selling activities of multiple oil and gas stocks yesterday following a sharp plunge in their share prices. The top four most actively traded counters were oil and gas stocks and they saw tremendous selling pressure that sent share prices of some limit down in trading. That prompted the suspension of the proprietary day trading and intraday short selling of multiple oil and gas stocks. The affected counters include DAYANG ENTERPRISE HOLDINGS BHD, Veleso Energy Bhd, HIBISCUS PETROLEUM BHD, BUMI ARMADA BHD, Serba Dinamik Holdings Bhd, Dialog Group Bhd, Coastal Contracts Bhd, Wah Seong Corp Bhd, and MUHIBBAH ENGINEERING (M) BHD. Reports said that Goldman had cut its second and third quarter Brent forecast to US\$30 per barrel, and said that prices could dip into the US\$20s range soon. "It certainly feels like the end of the world is upon us with everything happening in the past few weeks: from the government to the coronavirus and now oil prices," said a dealer. The sudden shock to the system with the abrupt fall in oil prices had prompted Aresearch House to downgrade the oil & gas industry to an "underweight" from an "overweight". "If Saudi Arabia restores its capacity of 12 million barrels per day, we expect crude oil price to easily crash below US\$30 per barrel. We are lowering forecasts given the rising excess oil capacity that is likely to flood global markets amid weak demand softened by the covid-19 pandemic," it said. With the fall in oil prices and other commodities such as crude palm oil (CPO) and the strengthening of the US dollar on increased safe haven demand, the ringgit weakened 0.68% to 4.2072 at press time to near the lows of when the political crisis struck Malaysia. Another research outfit said in its report that its ringgit's forecast to the US dollar this year-end is at 4.20. "The ringgit continues to be pressured as investors turned edgy, resulting in foreign fund outflows. The local note was also weighed by the lingering Covid-19 jitters and continued growth slowdown in key major trading partners specifically China," it said. CPO futures plunged as well, continuing its downtrend that was established since Jan 10, 2020 and lost 8% at press time to RM2,255 per tonne. The broader market back on the Bursa Malaysia was very weak with losers vastly outnumbering gainers by 11 to one. Some 6.66 billion shares worth RM3.63bil were traded yesterday. The top loser was CARLSBERG BREWERY MALAYSIA BHD that fell RM1.34 or 4.58% to RM27.94 as investors sold the stock ahead of the cabinet announcement that includes high profile lawmakers from PAS. On the other end of the spectrum, NESTLE (M) BHD was the top gainer and it rose by 80 sen or 0.57% to RM140.80. The sudden shock to the system with the abrupt fall in oil prices had prompted the research house to downgrade the oil & gas industry to an "underweight" from an "overweight". "If Saudi Arabia restores its capacity of 12 million barrels per day, we expect crude oil price to easily crash below US\$30 per barrel. We are lowering forecasts given the rising excess oil capacity that is likely to flood global markets amid weak demand softened by the covid-19 pandemic," it said. With the fall in oil prices and other commodities such as crude palm oil (CPO) and the strengthening of the US dollar on increased safe haven demand, the ringgit weakened 0.68% to 4.2072 at press time to near the lows of when the political crisis struck Malaysia. It said in its report that its ringgit's forecast to the US dollar this year-end is at 4.20. "The ringgit continues to be pressured as investors turned edgy, resulting in foreign fund outflows. The local note was also weighed by the lingering Covid-19 jitters and continued growth slowdown in key major trading partners specifically China," it said. CPO futures plunged as well, continuing its downtrend that was established since Jan 10, 2020 and lost 8% at press time to RM2,255 per tonne.. (Source: The Star)

FIXED INCOME

March 10, 2020

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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