

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries rallied on safe-haven bids; spurred by a decline in equities and concerns over the resurgence of COVID-19 infections. The Supreme Court ruling that the New York City grand jury was allowed access to president trump's financial documents including his tax returns was also a factor in Thursday's bond rally. Overall benchmark yields closed between 1-9bps lower with the UST 2Y edging 1bps lower at 0.15% and the much-watched UST 10Y yields declining sharply by 5bps at 0.61%. Meanwhile the stellar auction of \$19b of 30Y notes also was seen boosting confidence in the longer-ends; ending on an impressive BTC ratio of notched 2.50x (previous auction: 2.30x) and awarded at 1.33%. Interestingly, the Fed's holdings of bonds and other assets shrank for the 4th straight week to just below \$7 trillion; mainly due to the fall in the balance of outstanding repos as banks were not seen tapping the Fed for this source of short-term funding. Expect attention to focus on the ongoing updates on the COVID-19 virus threat whilst the PPI numbers for June are released tonight .

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	-1
5-yr UST	0.28	-2
10-yr UST	0.61	-5
30-yr UST	1.31	-9

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.99	-8	2.04	-6
5-yr	2.17	-5	2.17	-6
7-yr	2.41	-4	2.48	-5
10-yr	2.63	-5	2.65	-5
15-yr	3.12	-6	3.16	-2
20-yr	3.40	-5	3.44	-7
30-yr	3.87	2	3.88	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.92	-2
3-yr	1.93	-2
5-yr	2.08	-3
7-yr	2.35	-2
10-yr	2.51	-6

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GII

- Local govvnies saw heightened investor activity for the 3rd day running yesterday; prompted manly by the OPR cut on Tuesday. Secondary market volume rose further to to RM8.87b. Overall benchmark MGS/GII yields closed sharply lower between 2-8bps save for the long bonds with interest seen across the curve. Both the benchmark 5Y MGS 9/25 and 10Y MGS 8/29 rallied 5bps to close at 2.17% and 2.63% respectively. GII bond trades maintained at ~46% of overall trades. The auction reopening of 3Y MGS 3/23 saw stellar bidding metrics with BTC notching 2.51x; whilst being awarded at 2.002%. Traders are seen expecting further support for MYR bonds with a view for potential further easing later this year. Expect investors to continue monitoring updates on the stretched fiscal position and government's measures to improve the economy.

Corp Bonds/Sukuk

- Trading activity remained steadfast on Thursday following the recent OPR cut as secondary market volume eased to RM764m with interest across the GG to single-A part of the curve. Overall yields still continued to march lower. Govt-guaranteed DANA 32-33's declined between 8-11bps compared to previous-done levels at 3.13-22% whilst whilst the long-end DANA 5/50 made its debut trade at 3.94%; about 5bp higher than its coupon when issued in May. AAA-rated DANUM and SEB 25's ended 21-29bps lower between 2.73-80% whilst TELEKOM 9/21 fell 29bps at 2.34%. AA-space saw energy cum power related bonds YTL Power 3/23 and JEP 6/27 end 25bps sharply lower at 3.00% and 3.42% each. SINAR KAMIRI 35-36's however closed unchanged at 5.24-34%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 08/20	1.585	21	1.616	08/07/2020	-3
MGS 10/20	1.793	315	1.801	08/07/2020	-1
MGS 07/21	1.840	20	1.879	08/07/2020	-4
MGS 09/21	1.848	387	1.902	08/07/2020	-5
MGS 11/21	1.872	268	1.896	08/07/2020	-2
MGS 03/22	1.944	264	1.983	08/07/2020	-4
MGS 08/22	1.970	10	2.102	08/07/2020	-13
MGS 03/23	1.994	1020	2.069	08/07/2020	-8
MGS 08/23	2.051	20	2.110	08/07/2020	-6
MGS 06/24	2.089	71	2.170	08/07/2020	-8
MGS 07/24	2.114	100	2.218	08/07/2020	-10
MGS 03/25	2.195	2	2.329	07/07/2020	-13
MGS 09/25	2.168	363	2.217	08/07/2020	-5
MGS 04/26	2.303	10	2.535	08/07/2020	-23
MGS 07/26	2.401	20	2.406	08/07/2020	-1
MGS 11/26	2.410	85	2.511	08/07/2020	-10
MGS 03/27	2.485	44	2.644	06/07/2020	-16
MGS 05/27	2.408	450	2.446	08/07/2020	-4
MGS 11/27	2.504	237	2.503	08/07/2020	0
MGS 06/28	2.642	43	2.609	08/07/2020	3
MGS 09/28	2.653	10	2.711	08/07/2020	-6
MGS 08/29	2.634	497	2.682	08/07/2020	-5
MGS 06/31	2.859	10	2.919	08/07/2020	-6
MGS 04/33	3.163	105	3.279	07/07/2020	-12
MGS 11/33	3.119	16	3.178	08/07/2020	-6
MGS 07/34	3.122	80	3.177	08/07/2020	-6
MGS 04/37	3.335	60	3.412	08/07/2020	-8
MGS 06/38	3.390	71	3.444	08/07/2020	-5
MGS 05/40	3.401	155	3.449	08/07/2020	-5
MGS 03/46	3.837	5	3.806	08/07/2020	3
MGS 07/48	3.826	3	3.983	07/07/2020	-16
MGS 06/50	3.868	1	3.846	08/07/2020	2
GII 08/20	1.787	100	1.994	01/07/2020	-21
GII 03/21	1.830	110	1.853	07/07/2020	-2
GII 03/22	1.982	68	2.118	06/07/2020	-14
GII 04/22	2.022	10	2.073	07/07/2020	-5
GII 05/23	2.039	890	2.096	08/07/2020	-6
GII 07/23	2.096	170	2.169	08/07/2020	-7
GII 11/23	2.047	20	2.300	07/07/2020	-25
GII 05/24	2.137	45	2.495	23/06/2020	-36
GII 08/24	2.158	50	2.223	08/07/2020	-6
GII 10/24	2.169	170	2.234	08/07/2020	-6
GII 08/25	2.247	10	2.250	08/07/2020	0
GII 03/26	2.344	110	2.382	08/07/2020	-4
GII 09/26	2.431	70	2.466	08/07/2020	-4
GII 07/27	2.533	80	2.698	06/07/2020	-17
GII 09/27	2.477	230	2.523	08/07/2020	-5
GII 10/28	2.698	210	2.773	08/07/2020	-8
GII 07/29	2.741	749	2.784	08/07/2020	-4
GII 10/30	2.648	71	2.696	08/07/2020	-5
GII 06/33	3.160	70	3.199	08/07/2020	-4
GII 08/33	3.176	20	3.298	08/07/2020	-12
GII 11/34	3.161	360	3.186	08/07/2020	-2
GII 08/37	3.470	51	3.476	08/07/2020	-1
GII 09/39	3.435	440	3.508	08/07/2020	-7
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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*
Lembaga Pembiayaan Perumahan Sektor Awam	09/23	GG	2.298	20	2.346	08/07/2020	-5	30
Khazanah Nasional Berhad	08/24	GG	2.486	20	2.599	07/07/2020	-11	38
Pengurusan Air SPV Berhad	06/25	GG	2.438	20	2.960	22/04/2020	-52	27
Prasarana Malaysia Berhad	12/25	GG	2.459	20	2.790	19/06/2020	-33	29
Danainfra Nasional Berhad	05/27	GG	2.669	20	-	-	-	26
Danainfra Nasional Berhad	07/27	GG	2.701	5	2.717	08/07/2020	-2	29
Khazanah Nasional Berhad	10/27	GG	2.801	20	3.014	07/07/2020	-21	39
Prasarana Malaysia Berhad	03/31	GG	3.019	10	3.148	25/02/2020	-13	38
Danainfra Nasional Berhad	03/32	GG	3.130	35	3.210	07/07/2020	-8	49
Danainfra Nasional Berhad	02/33	GG	3.220	15	3.330	23/04/2020	-11	12
Projek Lebuhraya Usahasama Berhad	01/38	GG	3.659	20	3.590	03/06/2020	7	26
Danainfra Nasional Berhad	11/38	GG	3.620	40	3.759	16/01/2020	-14	22
Prasarana Malaysia Berhad	12/38	GG	3.600	40	3.610	02/06/2020	-1	20
Danainfra Nasional Berhad	05/40	GG	3.640	5	3.670	28/05/2020	-3	24
Danainfra Nasional Berhad	05/50	GG	3.940	10	-	-	-	54
Malaysia Airports Capital Berhad	08/20	AAA	2.538	80	2.954	17/04/2020	-42	70
Telekom Malaysia Berhad	09/21	AAA	2.344	5	2.629	06/07/2020	-29	50
GENM Capital Berhad	07/23	AAA	3.068	10	4.041	02/04/2020	-97	107
Sarawak Energy Berhad	07/24	AAA	2.699	10	2.728	08/07/2020	-3	59
Malaysia Airports Capital Berhad	12/24	AAA	3.064	30	3.332	16/06/2020	-27	96
Danum Capital Berhad	02/25	AAA	2.728	15	3.021	02/07/2020	-29	56
Sarawak Energy Berhad	08/25	AAA	2.797	5	3.009	29/06/2020	-21	63
GENM Capital Berhad	08/25	AAA	3.269	10	4.788	02/04/2020	-152	110
TTM Sukuk Berhad	11/25	AAA	2.843	30	4.453	13/03/2017	-161	68
Manjung Island Energy Berhad	11/25	AAA	2.738	10	3.121	18/06/2020	-38	57
Pengurusan Air SPV Berhad	10/26	AAA	2.887	10	3.127	19/02/2020	-24	54
Danum Capital Berhad	05/27	AAA	2.948	40	3.182	03/07/2020	-23	54
Pengurusan Air SPV Berhad	06/27	AAA	2.987	20	3.088	07/07/2020	-10	58
GENM Capital Berhad	07/28	AAA	3.559	5	3.810	11/03/2020	-25	97
Pengurusan Air SPV Berhad	10/34	AAA	3.499	30	3.719	22/04/2020	-22	40
Sabah Development Bank Berhad	05/22	AA1	2.967	5	3.737	25/03/2020	-77	101
YTL Power International Berhad	03/23	AA1	2.995	10	3.244	25/06/2020	-25	100
Batu Kawan Berhad	06/23	AA1	2.883	10	3.374	23/04/2020	-49	88
YTL Power International Berhad	05/27	AA1	3.459	20	3.511	08/07/2020	-5	105
UniTapah Sdn Berhad	06/27	AA1	3.449	2	4.680	23/11/2018	-123	104
DRB-Hicom Berhad	12/24	A+	4.199	10	4.491	06/07/2020	-29	209
Fortune Premiere Sdn Berhad	03/23	AA	3.098	3	3.205	19/06/2020	-11	110
WCT Holdings Berhad	05/22	AA-	3.578	5	3.725	17/06/2020	-15	162
Sinar Kamiri Sdn Berhad	01/35	AA-	5.239	5	5.240	08/07/2020	0	214
Sinar Kamiri Sdn Berhad	01/36	AA-	5.339	5	5.340	08/07/2020	0	224
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/39	AA-	5.209	5	5.210	08/07/2020	0	181
Jimah East Power Sdn Berhad	06/27	AA-	3.419	10	3.671	05/06/2020	-25	101
Perbadanan Kemajuan Negeri Selangor	10/23	AA3	3.209	20	3.796	17/09/2019	-59	121
RHB Islamic Bank Berhad	04/27	AA3	2.998	3	3.375	20/05/2020	-38	59
RHB Islamic Bank Berhad	05/29	AA3	3.229	3	3.356	22/06/2020	-13	61
DRB-Hicom Berhad	12/29	A+	5.179	10	5.181	08/07/2020	0	256
Tropicana Corporation Berhad	05/27	A+	5.738	15	5.740	08/07/2020	0	333
WCT Holdings Berhad	03/19	A	5.919	10	5.921	08/07/2020	0	252
Eco World International Berhad	10/21	-	5.177	2	4.279	08/07/2020	90	334
Eco World International Berhad	04/23	-	4.972	1	5.372	02/07/2020	-40	297
				<u>764</u>				

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

Market/Corporate News: What's Brewing

KPJ Healthcare Bhd, which saw its occupancy rate drop significantly during the Movement Control Order (MCO) as many chose to delay hospital visits for check-ups and surgeries, is confident the figure will recover as Malaysia resumes its economy in full swing. KPJ's bed occupancy rate for its hospitals fell to its lowest of 27% in April at the peak of the MCO, before climbing to 31% in May. "In Malaysia, private healthcare has not been spared from Covid-19. However, our view is that it remains positive in the medium to long term. As the demand for healthcare continues, patients will be returning to hospitals. Already we are seeing our occupancy rate coming back to 45% from the lows that we saw in April," said the private healthcare provider's recently appointed president and managing director, Ahmad Shahizam Mohd Shariff. He was addressing a virtual press conference following the company's annual general meeting (AGM) earlier today. This was Ahmad Shahizam's first AGM following his

appointment on July 1. KPJ's net profit fell 1.52% to RM38.53 million for the first quarter ended March 31, 2020 (1QFY20) compared with RM39.13 million a year ago due to higher expenses and the impact from the gestation period of its new hospitals. Ahmad Shahizam said 2QFY20 is expected to see a bigger earnings impact from the full month of MCO. "We are looking at a gradual recovery towards the end of the year and also in 2021, barring any major second wave of Covid-19," he said. KPJ vice president, group finance and investor relations, Norhaizam Mohammad noted that given the global pandemic, the trend of patient numbers for KPJ is not expected to be the same this year. She said the group hopes to double its current outpatient count to 2.2 million by the end of the year, from 1.1 million outpatients as of June. "We are also targeting a minimum of 200,000 inpatients by year end. As of June, we had 118,000 inpatients," she said. The group's expansion plans, both brownfield and greenfield have also been affected as a result of the temporary halt to construction work during the MCO period. Under the group's existing greenfield projects to be launched are KPJ Damansara 2, KPJ Kuching and KPJ Kluang, with target completion to be by 2021, Ahmad Shahizam said. Expansion projects are also underway for KPJ Puteri in Ipoh, KPJ Taiping and KPJ Penang. "Whatever projects we had, we are continuing to get them completed or finalised. However some of the earlier projects that have yet to commence, those are now being reviewed again," he said. Meanwhile, Ahmad Shahizam said one of his priorities on his agenda is to look into increasing the use of technology across the company and its hospitals. "The Covid-19 pandemic has made us acutely aware of the fact that despite the advances that we have made technologically across the world, we are still vulnerable to something like a virus that we are not able to see. This to me provides a perfect background, given that there is now more awareness on the importance of healthcare, especially one that is affordable, effective and high quality. "I will sit down with the board to see how we can drive KPJ's utilisation of technology to better improve our services to our patients. This will go across the board," he said. (Source: *The Edgemarkets*)

EMS Solutions Pte Ltd (UEMS), a 97.46%-owned unit of UEM Edgenta Bhd, has secured contracts estimated to be worth up to RM284.02 million to provide hospital support services to the Ministry of Health of Singapore's restructured hospitals. The final value of the contracts is subject to actual manpower resources deployed, but is estimated to be no less than RM264.55 million, according to UEM Edgenta's stock exchange filing today. The duration of the contracts ranges from two years and three months, to three years and three months, with options to extend for another three to five years. The jobs are expected to start between July 1 this year and April 1 next year. (Source: *The Edgemarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
HSBC Bank Malaysia Berhad	Financial Institution rating	AAA/Stable/P1	Reaffirmed
HSBC Amanah Malaysia Berhad	Financial Institution rating	AAA/Stable/P1	Financial Institution rating

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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