

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.13	1
5-yr UST	0.23	2
10-yr UST	0.56	3
30-yr UST	1.23	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.86	-3	1.88	0
5-yr	2.03	-2	2.00	-1
7-yr	2.16	-2	2.30	8
10-yr	2.45	6	2.44	3
15-yr	2.87	8	2.86	-2
20-yr	3.13	8	3.23	6
30-yr	3.47	-3	3.63	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.83	-1
3-yr	1.84	-1
5-yr	2.02	1
7-yr	2.24	1
10-yr	2.45	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended almost at the weekly lows last Friday; unassisted by equity losses in US ignited by strong July jobs reports. Overall benchmark yields ended between 1-4bps higher as the UST 2Y edged 1bps higher at 0.13% whilst the much-watched UST 10Y rose 3bps at 0.56%. Nevertheless from a technical perspective the UST10Y yield remains etched in a downward move for the past two(2) months. The curve traded steeper with the 2s10s spread still at ~43bps since reaching its flattest levels in April whilst the 5s10s spread widened to ~99bps. The Fed bought \$8.9b of UST's in the week ended 7th of August; adding to its total of ~\$1.7 trillion, since slashing rates in March. Expect some attention to shift to the July production numbers tomorrow and CPI data on Wednesday.

MGS/GIII

- Local govies ended mixed last Friday ahead of the weekend amid a drastic drop in secondary market volume to RM2.05b. Overall benchmark yields ended mixed between -3 to +8bps with the benchmark 5Y MGS 9/25 edging 2bps lower at 2.03% and the 10Y MGS 8/29 yields being sold-off by 6bps at 2.45%. Interest was mainly seen in the off-the-run 20's and also 7Y, 10Y, 15 MGS/GII benchmarks. GII bond trades maintained to form ~42% of overall trades. The country's statutory debt limit to 60% of GDP from 55% presently. The Finance Minister said the nation's fiscal deficit was expected to rise to 5.8-6.0% of GDP this year due to the COVID-19 crisis and fiscal injection for the economic stimulus packages. Focus will be on 2Q GDP data release this Friday.

Corp Bonds/Sukuk

- Investors remained active amid a sustained and strong secondary market volume of RM436m. Transactions were seen across the curve i.e. GG to AA as overall yields continued to close mostly unchanged-to-lower. Govt-guaranteed PRASA and DANA dominated this space with the 2023 tranches closing 12-22bps lower compared to previous-done levels between 2.00-18%. AAA-rated DANUM Capital 25 declined 7vps at 2.61% whereas the 5/27 and 5/30 tranches ended between 13-17bps lower at 2.62-96% levels. The AA-space saw CYPARK Red 31-32's close unchanged between 4.35-43% area. The banking space was relatively active with AmBank Islamic's and AmBank Bhd's 28NC23 bonds closing 4bps and a whopping 100bps lower each at 2.94% and 3.07% each.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	10/20	1.502	234	1.528	06/08/2020	-3
MGS	02/21	1.620	60	1.619	06/08/2020	0
MGS	07/21	1.650	46	1.650	06/08/2020	0
MGS	09/21	1.681	23	1.652	06/08/2020	3
MGS	11/21	1.650	13	1.658	06/08/2020	-1
MGS	03/22	1.738	12	1.760	06/08/2020	-2
MGS	09/22	1.820	9	1.803	06/08/2020	2
MGS	03/23	1.864	78	1.889	06/08/2020	-2
MGS	04/23	1.895	1	1.914	06/08/2020	-2
MGS	08/23	1.945	30	1.926	06/08/2020	2
MGS	06/24	1.984	1	1.971	06/08/2020	1
MGS	07/24	2.017	26	1.986	06/08/2020	3
MGS	09/24	2.008	10	2.001	06/08/2020	1
MGS	03/25	2.044	2	2.078	05/08/2020	-3
MGS	09/25	2.029	41	2.043	06/08/2020	-1
MGS	11/26	2.185	3	2.146	05/08/2020	4
MGS	05/27	2.164	16	2.181	06/08/2020	-2
MGS	11/27	2.235	5	2.196	06/08/2020	4
MGS	08/29	2.450	275	2.393	06/08/2020	6
MGS	06/31	2.589	1	2.584	06/08/2020	0
MGS	11/33	2.891	40	2.883	06/08/2020	1
MGS	07/34	2.873	46	2.798	06/08/2020	8
MGS	05/40	3.126	95	3.048	06/08/2020	8
MGS	07/48	3.719	10	3.631	06/08/2020	9
MGS	06/50	3.473	120	3.506	06/08/2020	-3
GII	04/21	1.660	50	1.644	06/08/2020	2
GII	03/22	1.755	1	1.758	06/08/2020	0
GII	04/22	1.776	12	1.809	04/08/2020	-3
GII	07/23	1.946	40	1.920	06/08/2020	3
GII	11/23	1.926	2	1.958	05/08/2020	-3
GII	10/24	1.996	1	2.003	06/08/2020	-1
GII	08/25	2.084	2	2.103	04/08/2020	-2
GII	03/26	2.154	1	2.139	05/08/2020	2
GII	07/27	2.274	1	2.306	03/08/2020	-3
GII	09/27	2.299	320	2.223	06/08/2020	8
GII	10/28	2.451	21	2.408	06/08/2020	4
GII	07/29	2.529	44	2.482	06/08/2020	5
GII	10/30	2.443	22	2.412	06/08/2020	3
GII	06/33	2.954	110	2.904	06/08/2020	5
GII	08/33	2.931	20	2.923	06/08/2020	1
GII	11/34	2.860	120	2.875	06/08/2020	-2
GII	08/37	3.335	50	3.286	06/08/2020	5
GII	09/39	3.232	40	3.168	06/08/2020	6
			<u>2054</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*
Prasarana Malaysia Berhad	02/23	GG	1.995	15	2.213	13/07/2020	-22	11
DanaInfra Nasional Berhad	10/23	GG	2.178	10	2.300	14/07/2020	-12	30
Lembaga Pembiayaan Perumahan Sektor Awam	04/28	GG	2.643	5	3.041	28/05/2020	-40	31
Prasarana Malaysia Berhad	02/30	GG	2.650	20	2.750	03/08/2020	-10	20
DanaInfra Nasional Berhad	09/34	GG	3.095	50	3.450	08/07/2020	-36	23
DanaInfra Nasional Berhad	05/46	GG	3.659	10	3.749	29/07/2020	-9	56
Cagamas Berhad	10/21	AAA	2.085	5	2.185	05/08/2020	-10	39
GENM Capital Berhad	07/23	AAA	3.000	10	3.983	24/07/2020	-98	112
Putrajaya Holdings Sdn Berhad	07/24	AAA	2.528	10	2.938	13/05/2020	-41	53
Danum Capital Berhad	05/25	AAA	2.607	20	2.678	16/07/2020	-7	53
DiGi Telecommunications Sdn Berhad	09/26	AAA	2.608	20	2.668	24/07/2020	-6	45
Sarawak Energy Berhad	01/27	AAA	2.678	15	2.807	24/07/2020	-13	52
Danum Capital Berhad	05/27	AAA	2.618	15	2.790	24/07/2020	-17	42
Genting RMTN Berhad	11/29	AAA	3.540	1	3.550	29/07/2020	-1	115
Putrajaya Bina Sdn Berhad	05/30	AAA	3.011	20	4.188	15/05/2019	-118	56
Danum Capital Berhad	05/30	AAA	2.956	20	3.081	22/07/2020	-13	51
Putrajaya Bina Sdn Berhad	05/31	AAA	3.076	10	3.938	05/11/2019	-86	63
Malayan Banking Berhad	10/25	AA1	2.436	10	2.461	05/08/2020	-2	36
Benih Restu Berhad	06/25	AA2	3.043	5	3.040	03/08/2020	0	96
Edra Energy Sdn Berhad	01/27	AA3	3.384	26	3.374	24/07/2020	1	122
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/22	AA-	3.117	10	3.119	23/07/2020	0	132
MMC Corporation Berhad	11/27	AA-	3.984	10	4.247	10/07/2020	-26	179
AmBank Islamic Berhad	10/28	AA3	2.944	20	2.986	29/07/2020	-4	61
AmBank (M) Berhad	11/28	AA3	3.067	40	4.063	26/03/2020	-100	74
Cypark Ref Sdn Berhad	06/31	AA3	4.349	10	4.351	06/08/2020	0	190
Cypark Ref Sdn Berhad	06/32	AA3	4.429	5	4.430	06/08/2020	0	198
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/29	A3	3.498	1	3.697	06/08/2020	-20	111
AEON Credit Service (M) Berhad	12/14	-	4.688	1	4.621	02/06/2020	7	159
YNH Property Berhad	08/19	-	6.148	7	6.181	04/08/2020	-3	305
LBS Bina Group Berhad	03/20	-	5.922	1	5.917	06/08/2020	0	282
WCT Holdings Berhad	03/19	A	5.880	35	5.881	06/08/2020	0	278
				<u>436</u>				

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

Market/Corporate News: What's Brewing

Malaysia's economy is on the right track for a recovery in 2021, said Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz. Judging by the recent pickup in economic performance, the minister said he is optimistic that the country's economy would rebound next year. "Of course, the World Bank and the International Monetary Fund's (IMF) forecasts for Malaysia's gross domestic product (GDP) in 2021 are both very strong, between 6% and 8%, but this is subject to how we Malaysia and the world address the Covid-19 health crisis. "We are watching this closely, but I'm very optimistic after seeing the facts and figures presented before us, especially for June and July," he told reporters after a visit to Vitrox Technologies Sdn Bhd in Batu Kawan here today. He said the unemployment rate's 0.4 percentage point (ppt) decline to 4.9% in June, from a record high of 5.3% in May, bodes well for the country's economy. By comparison, in June, the unemployment rate rose in the Philippines (17.7%), India (11%), the US (11.1%) and China (5.7%). "Most European countries also recorded a double-digit unemployment rate, but for us, it is still under control," he said. Commenting on the upcoming announcement by Bank Negara Malaysia (BNM) on the country's second quarter of 2020 (2Q20) GDP results next Friday, Tengku Zafrul said he expects the figure to be affected by the implementation of the movement control order (MCO). "Having said that, we are not alone as the Covid-19 is a global pandemic; more than 150 countries in the world will face an economic contraction in 2020," he said. As for 3Q20, Tengku Zafrul said the results will depend on how the country handles the pandemic. "If we can sustain the growth, 3Q20 should be better than 2Q20, though 4Q20 will also depend on how the global economy has improved because, as you know, we are a very open economy and we are very much part of the global supply chain," he added. (Source: *The EdgeMarkets*)

The third runway at the KL International Airport (KLIA) is now fully rehabilitated after undergoing comprehensive maintenance works, said Malaysia Airports Holdings Bhd (MAHB). In a statement today, MAHB said the exercise mainly involved overlaying works as well as improving the runway pavement drainage. Group CEO Datuk Mohd Shukrie Mohd Salleh said despite aggressive cost containment measures undertaken in light of the Covid-19 impact to the aviation industry, the airport operator had proceeded with mission critical investments such as the replacement of ageing assets and runway rehabilitation works. "We will never compromise on the safety aspects of airport operations. Now more than ever, we have to be able to reassure the travelling public that air travel is safe. "On top of ensuring safety of flight operations, we have also invested in technology that can provide a contactless and sanitised airport environment so that our guests can have peace of mind when they need to travel," he said. MAHB said the completion of rehabilitation works on the third runway was especially timely, as the company is starting to see a gradual increase in confidence on the safety of air travel. "We are already seeing triple of the traffic numbers we saw in the preceding month," the airport operator said. MAHB said the maintenance works were carried out under a master plan, which it described as a vital framework in ensuring the continuous safety of flight operations at the airport. "We will also be starting the second phase of the Runway Sustainability Master Plan where works on Runway 1 will begin from November 2020 onwards," it added. In order to ensure smooth flight operations during the third runway's rehabilitation period, MAHB said it conducted regular engagement sessions with stakeholders such as the Civil Aviation Authority of Malaysia (CAAM), airline partners and ground handlers operating at KLIA. "Immediately upon the completion of maintenance works, the CAAM had conducted calibration and inspection works to assess infrastructure readiness and ensure that the runway meets all international safety and regulatory guidelines for flight operations," MAHB said. *Source: The EdgeMarkets)*

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
DRB-HICOM Bhd	Sukuk Programme of up to RM3.5 billion and Perpetual Sukuk Musharakah Programme (Perpetual Sukuk) of up to RM2.0 billion	A+ IS and A- IS	Affirmed

Source: RAM, MARC

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