

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries extended its rally on Monday as flight to safety persisted amid ongoing concerns over possibility of a deeper economic fallout from the Coronavirus epidemic as the number of new cases and death tolls remained on the rise. Benchmark yields ended 1-2bps lower across the curve with the spread between the 3-month and 10-year Treasuries inverted again. Benchmark 2Y and 10Y USTs shed 1bp each to 1.40% and 1.57% respectively. We would expect UST to stay biddish as markets remain watchful of development in the latest virus outbreak and assess its disruption on supply chain and growth. This should overshadow a lighter economic calendar this week with eyes on US inflation numbers on Thursday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.40	-1
5-yr UST	1.39	-2
10-yr UST	1.57	-1
30-yr UST	2.04	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.78	-4	2.84	0
5-yr	2.84	-5	2.87	-9
7-yr	2.89	-12	2.96	-8
10-yr	3.00	-9	3.14	-3
15-yr	3.20	-6	3.26	-6
20-yr	3.36	-4	3.41	-5
30-yr	3.76	1	3.72	-4

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.93	-1
3-yr	2.92	-1
5-yr	2.95	-2
7-yr	3.02	-2
10-yr	3.15	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Corp Bonds/Sukuk

- Corporate bonds/Sukuk space also maintained strong appetite yesterday with secondary market volume hovering near the RM1.0bn mark, at RM902m. GG issuances accounted for a third of overall trade while AAA-rated papers made up close to 40% of total deals which saw yields closing lower by and large. Popular names namely DANAINFRAa PRASA, and I dominated trades in the GG space while in the AAA-rated segment, energy and telco names were evident. Of note, SEB 26, 27, and '33 saw a combined RM140m changed hands, with yields ended 9-38bps inner at 3.308%, 3.321%, and 3.571% respectively.

Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date	Chg (bp)
MGS 09/43	3.653	70	3.705	07/02/20	-5
MGS 07/20	2.751	187	2.807	07/02/20	-6
MGS 03/20	2.76	254	2.856	07/02/20	-10
MGS 05/40	3.36	46	3.4	07/02/20	-4
MGS 07/48	3.756	30	3.743	07/02/20	1
MGS 02/21	2.732	90	2.774	07/02/20	-4
MGS 06/28	3.042	113	3.109	07/02/20	-7
MGS 07/34	3.196	71	3.252	07/02/20	-6
MGS 11/27	3.011	47	3.082	07/02/20	-7
MGS 11/21	2.771	104	2.756	07/02/20	2
MGS 05/35	3.358	10	3.406	06/02/20	-5
MGS 04/33	3.238	20	3.28	07/02/20	-4
MGS 06/24	2.836	93	2.885	07/02/20	-5
MGS 11/33	3.243	110	3.319	07/02/20	-8
MGS 10/20	2.778	278	2.811	07/02/20	-3
MGS 07/21	2.741	42	2.800	07/02/20	-6
MGS 09/21	2.750	422	2.795	07/02/20	-4
MGS 03/22	2.784	22	2.827	07/02/20	-4
MGS 09/22	2.782	43	2.818	07/02/20	-4
MGS 03/23	2.782	131	2.806	07/02/20	-2
MGS 04/23	2.831	138	2.831	07/02/20	0
MGS 08/23	2.861	1	2.912	07/02/20	-5
MGS 07/24	2.913	24	2.930	07/02/20	-2
MGS 09/24	2.852	96	2.918	07/02/20	-7
MGS 03/25	2.877	0	2.937	07/02/20	-6
MGS 09/25	2.844	94	2.882	07/02/20	-4
MGS 07/26	2.893	74	3.010	07/02/20	-12
MGS 11/26	2.976	346	3.081	05/02/20	-11
MGS 05/27	2.965	243	3.063	07/02/20	-10
MGS 08/29	2.997	313	3.091	07/02/20	-9
MGS 04/30	3.058	4	3.178	07/02/20	-12
MGS 04/37	3.364	0	3.396	07/02/20	-3
MGS 03/46	3.751	30	3.767	07/02/20	-2
GII 04/22	2.789	5	2.809	07/02/20	-2
GII 05/23	2.814	20	2.827	07/02/20	-1
GII 10/23	2.821	110	2.892	07/02/20	-7
GII 11/23	2.828	365	2.877	07/02/20	-5
GII 10/24	2.872	15	2.964	06/02/20	-9
GII 08/25	2.921	30	2.985	07/02/20	-6
GII 03/26	2.962	30	3.042	07/02/20	-8
GII 06/27	3.012	4	3.139	06/02/20	-13
GII 08/28	3.128	30	3.174	07/02/20	-5
GII 10/28	3.097	320	3.166	07/02/20	-7
GII 07/29	3.141	980	3.172	07/02/20	-3
GII 09/30	3.111	30	3.227	28/01/20	-12
GII 06/33	3.254	150	3.324	07/02/20	-7
GII 11/34	3.262	230	3.323	07/02/20	-6
GII 10/35	3.367	75	3.412	07/02/20	-4
GII 08/37	3.410	100	3.476	07/02/20	-7
GII 09/39	3.411	200	3.459	07/02/20	-5
GII 05/47	3.750	40	3.799	06/02/20	-5
GII 11/49	3.716	130	3.762	07/02/20	-5
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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*
Khazanah Nasional Berhad	14/08/23	GG	3	30	3.042	05/02/20	-4	17
DanInfra Nasional Berhad	20/10/23	GG	3.001	30	3.035	06/02/20	-3	17
DanInfra Nasional Berhad	21/02/25	GG	3.117	5	3.448	22/11/19	-33	27
Pengurusan Air SPV Berhad	05/02/26	GG	3.099	10	3.129	07/02/20	-3	19
Prasarana Malaysia Berhad	26/02/26	GG	3.119	20	3.280	28/01/20	-16	21
Lembaga Pembiayaan Perumahan Sektor Awam	21/09/26	GG	3.199	5	3.369	13/01/20	-17	23
DanInfra Nasional Berhad	08/02/28	GG	3.178	10	3.330	22/01/20	-15	17
Turus Pesawat Sdn Berhad	10/03/28	GG	3.321	30	3.309	07/02/20	1	32
DanInfra Nasional Berhad	02/05/28	GG	3.178	10	3.460	22/01/20	-28	17
Prasarana Malaysia Berhad	28/09/29	GG	3.225	15	3.276	07/02/20	-5	21
Perbadanan Tabung Pendidikan Tinggi Nasional	12/03/32	GG	3.298	15	3.610	16/01/20	-31	28
DanInfra Nasional Berhad	08/02/33	GG	3.360	10	3.589	17/01/20	-23	14
DanInfra Nasional Berhad	29/04/33	GG	3.360	10	3.431	30/01/20	-7	14
Perbadanan Tabung Pendidikan Tinggi Nasional	28/02/34	GG	3.419	30	3.451	06/02/20	-3	20
DanInfra Nasional Berhad	11/02/39	GG	3.549	25	3.630	31/01/20	-8	17
DanInfra Nasional Berhad	21/04/39	GG	3.560	10	3.609	06/02/20	-5	18
DanInfra Nasional Berhad	06/04/40	GG	3.579	10	3.781	22/01/20	-20	20
Prasarana Malaysia Berhad	12/09/42	GG	3.690	5	3.771	06/02/20	-8	31
DanInfra Nasional Berhad	01/04/43	GG	3.689	20	3.751	06/02/20	-6	31
Telekom Malaysia Berhad	25/06/21	AAA	3.197	25	3.246	06/02/20	-5	43
Telekom Malaysia Berhad	10/12/21	AAA	3.259	20	4.209	20/04/17	-95	49
Bank Pembangunan Malaysia Berhad	02/03/22	AAA	3.314	35	3.465	13/01/20	-15	54
DiGi Telecommunications Sdn Berhad	14/04/22	AAA	3.204	10	3.335	31/12/19	-13	43
Telekom Malaysia Berhad	13/05/22	AAA	3.283	20	3.731	27/06/19	-45	51
TTM Sukuk Berhad	15/11/22	AAA	3.194	10	4.029	24/10/16	-84	40
Putrajaya Holdings Sdn Berhad	28/07/23	AAA	3.197	10	3.999	24/05/19	-80	41
TTM Sukuk Berhad	15/11/23	AAA	3.236	10	4.334	23/10/18	-110	40
Telekom Malaysia Berhad	21/03/24	AAA	3.366	20	3.438	28/08/19	-7	53
Telekom Malaysia Berhad	20/12/24	AAA	3.385	20	3.496	21/01/20	-11	53
Aman Sukuk Berhad	08/05/25	AAA	3.349	10	3.502	17/01/20	-15	50
Projek Lebuhraya Usahasama Berhad	12/01/26	AAA	3.412	15	3.463	03/02/20	-5	50
Sarawak Energy Berhad	23/06/26	AAA	3.308	100	3.639	19/12/19	-33	40
Sarawak Energy Berhad	19/01/27	AAA	3.321	20	3.409	06/02/20	-9	36
Pengurusan Air SPV Berhad	04/06/29	AAA	3.581	4	3.380	07/02/20	20	55
Sarawak Energy Berhad	25/11/33	AAA	3.571	20	3.948	26/12/19	-38	35
Malayan Banking Berhad	31/01/29	AA1	3.402	15	3.626	22/01/20	-22	37
BGSM Management Sdn Berhad	28/12/22	AA3	3.440	40	3.704	18/12/19	-26	65
WCT Holdings Berhad	23/10/23	AA-	4.145	75	4.198	06/02/20	-5	131
Southern Power Generation Sdn Berhad	31/10/24	AA-	3.490	5	4.078	17/06/19	-59	64
Penang Port Sdn Berhad	24/12/26	AA-	3.809	2	4.150	03/01/20	-34	84
Penang Port Sdn Berhad	27/12/29	AA-	3.946	2	4.099	17/01/20	-15	93
Lebuhraya DUKE Fasa 3 Sdn Berhad	22/08/36	AA-	4.519	20	4.820	17/07/19	-30	130
Lebuhraya DUKE Fasa 3 Sdn Berhad	21/08/37	AA-	4.584	10	4.873	24/12/19	-29	120
Lebuhraya DUKE Fasa 3 Sdn Berhad	23/08/39	AA-	4.711	70	5.019	25/10/19	-31	133
Bank Islam Malaysia Berhad	15/12/25	A1	3.288	10	3.410	10/01/20	-12	38
CIMB Group Holdings Berhad	25/05/16	A1	4.200	3	4.210	07/02/20	-1	82
DRB-Hicom Berhad	12/12/29	A+	4.902	1	4.903	06/02/20	0	189
				<u>902</u>				

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

Market/Corporate News: What's Brewing

Hotels in Malaysia reported a total of 95,972 room cancellations due to the fast-spreading 2019 novel coronavirus (2019-nCoV), resulting in a loss of revenue of over RM40 million as of last Saturday (Feb 8). This was revealed by the Malaysian Association of Hotels (MAH) in a statement today, which highlighted it has met with relevant ministries in preparation of a government stimulus package for the tourism industry. MAH president Kamaruddin Baharin said most of the room cancellations are up until the end of this month, with the majority originating from China. "There are also cancellations from local Malaysians, from Hong Kong, Singapore, Taiwan, Vietnam, South Korea and other countries. "We are tracking cancellations from our member hotels and the number is growing everyday... People are afraid to travel and that is a problem, despite the situation

in Malaysia being well under control and we remain safe for tourism," he said. According to data provided by MAH, hotels in Kuala Lumpur and Sabah took the biggest blow, with losses of revenue due to cancellations for the period Jan 22 to Feb 29 amounting to RM11.29 million and RM10.48 million respectively. MAH said it has met with Finance Minister Lim Guan Eng and Tourism, Arts and Culture Minister Datuk Mohamaddin Ketapi, as well as key industry stakeholders, in a meeting called by the finance ministry in preparation of the government stimulus package for the tourism industry. "We are happy that both the Minister of Finance, and the Minister of Tourism were receptive to our ideas, particularly on easing industry stakeholders' cash flow constraints. "The ministers openly expressed willingness to consider the temporary suspension of certain mandatory contributions by tourism employers, as well as to introduce a personal tax relief for individual Malaysians traveling within the country in 2020," said MAH chief executive officer Yap Lip Seng. Yap said the industry is also seeking a reduction in the rate of the tourism tax from RM10 to RM1 per room per night until the end of this year, to boost international tourist arrivals. To encourage locals to travel and stay in hotels, MAH called for a personal income tax relief of up to RM1,000 per person for those staying in hotels registered with the tourism ministry. The association also proposed a temporary exemption of service tax for hotels, as part of the Visit Malaysia Year's initiative to counter the negative impact of the coronavirus. It is also asking for a 10% discount on water bills for six months, a temporary suspension on employers' contribution to EPF and the minimum wage order, amongst others. Furthermore, MAH said the industry could benefit from special set ups including a tourism marketing fund, recovery campaign and relief guarantee facility, and general banking support. (Source: *The Edgemarkets*)

Malaysia's economy is expected to expand by 4.8% this year, Prime Minister Tun Dr Mahathir Mohamad said on Monday, maintaining the government's forecast as it braces for a potential global slowdown tied to the novel coronavirus outbreak. Dr Mahathir said the government expects the economy to improve on the 4.7% growth projected for 2019 "despite challenging times". He did not elaborate. "With good fiscal discipline, our budget deficit will narrow to 3.2% this year. We are committed to provide a stable business environment for investors. We will be business friendly," he said in a speech at a business conference. The Finance Ministry has floated a stimulus package to cushion the potential hit to the economy from the ongoing coronavirus outbreak, which has so far killed over 900 people and infected more than 40,000 worldwide. Finance Minister Lim Guan Eng said on Friday that his ministry is currently seeking feedback from other ministries and will present the stimulus plan to cabinet once completed. It (the virus outbreak) will definitely have an effect, but we need to look at it over the entire year," Lim said. (Source: *The Edgemarkets*)

Rating Action			
Issuer	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 Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my

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