

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	0
5-yr UST	0.23	0
10-yr UST	0.58	1
30-yr UST	1.25	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.92	6	1.95	7
5-yr	2.11	8	2.05	6
7-yr	2.29	13	2.38	8
10-yr	2.56	11	2.58	14
15-yr	2.92	4	3.06	20
20-yr	3.12	0	3.32	8
30-yr	3.47	0	3.63	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.86	2
3-yr	1.88	4
5-yr	2.07	4
7-yr	2.28	4
10-yr	2.52	6

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended weaker on Monday in a rather quiet session as the curve steepened due in part to the rather heavy corporate bond offerings totaling ~\$15b by twelve (12) names; which weighed on the back end. Overall benchmark yields ended between 0-2bps higher as the UST 2Y closed within 1bps higher at 0.14% whilst the much-watched UST 10Y edged 1bps at 0.58%. The bullish effects from the better-than-expected July jobs data lingered on. The additional supply to the tune of \$112b is projected to favour curve-steepening as the refunding cycle that includes 10Y and 30Y auctions begins today. Expect some attention to shift to the July production numbers today and CPI data tomorrow.

MGS/GII

- Local govies ended closed weaker on Monday following last week's reversal as sellers outnumbered buyers in thin liquidity of RM2.75b. Overall benchmark yields ended sharply higher between 0-20bps with the benchmark 5Y MGS 9/25 rising 8bps at 2.11% and the 10Y MGS 8/29 yield continued to bear the brunt of selling with yields spiking 11bps at 2.56%. Interest was mainly seen in the 5Y, 10Y, 15Y MGS/GII benchmarks. GII bond trades maintained to form ~38% of overall trades. The government's intention of raising the country's statutory debt limit to 60% of GDP from 55% presently is thought to have triggered profit-taking and selling activities. Finance Minister Tengku Zafrul 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 various economic stimulus packages. Expect attention to shift to the 2Q GDP data release this Friday.

Corp Bonds/Sukuk

- Investors were relatively quiet; taking cue from the performance of local govies amid lower secondary market volume of RM309m. Transactions were seen mainly across the GG-AAA part of the curve as overall yields surprisingly continued to close mostly lower. Govt-guaranteed PTPTN 23's closed 24bps lower compared to previous-done levels between 2.27-28%. AAA-rated CAGAMAS saw ~RM90m in nominal amounts traded in total with the 10/20 tranche a whopping 127bps lower at 1.92% whilst the 22-23's similarly closed sharply lower on yields between 2.27-37% area. TENAGA 8/40 made its debut trade at 5bps lower than its coupon of 3.55%. There were no AA-rated bond trades. Meanwhile the banking space saw AFFIN Islamic 2117NC23 perps spike 13bps higher at 4.26%.

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	120	1.502	07/08/2020	0
MGS 09/21	1.676	40	1.681	07/08/2020	-1
MGS 03/22	1.772	180	1.738	07/08/2020	3
MGS 09/22	1.824	9	1.820	07/08/2020	0
MGS 03/23	1.918	98	1.864	07/08/2020	5
MGS 06/24	2.002	50	1.984	07/08/2020	2
MGS 07/24	2.032	9	2.017	07/08/2020	2
MGS 09/25	2.105	261	2.029	07/08/2020	8
MGS 11/26	2.256	20	2.185	07/08/2020	7
MGS 05/27	2.289	71	2.164	07/08/2020	13
MGS 06/28	2.410	10	2.292	05/08/2020	12
MGS 08/29	2.559	196	2.450	07/08/2020	11
MGS 06/31	2.716	50	2.589	07/08/2020	13
MGS 04/32	2.941	130	2.890	03/08/2020	5
MGS 04/33	3.004	13	2.896	05/08/2020	11
MGS 07/34	2.917	389	2.873	07/08/2020	4
MGS 05/40	3.123	52	3.126	07/08/2020	0
MGS 03/46	3.648	10	3.637	07/08/2020	1
MGS 07/48	3.647	10	3.719	07/08/2020	-7
GII 04/21	1.720	30	1.660	07/08/2020	6
GII 03/22	1.752	12	1.755	07/08/2020	0
GII 05/23	1.953	50	1.882	06/08/2020	7
GII 10/24	2.053	40	1.996	07/08/2020	6
GII 03/26	2.262	140	2.154	07/08/2020	11
GII 07/27	2.332	10	2.274	07/08/2020	6
GII 09/27	2.380	200	2.299	07/08/2020	8
GII 07/29	2.611	90	2.529	07/08/2020	8
GII 09/30	2.600	10	2.505	06/08/2020	10
GII 10/30	2.584	64	2.443	07/08/2020	14
GII 06/33	3.005	180	2.954	07/08/2020	5
GII 08/33	3.049	60	2.931	07/08/2020	12
GII 11/34	3.055	121	2.860	07/08/2020	20
GII 09/39	3.315	30	3.232	07/08/2020	8
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Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*	
Perbadanan Tabung Pendidikan Tinggi Nasional	07/23	GG	2.265	20	2.508	22/05/2020	-24	34
Perbadanan Tabung Pendidikan Tinggi Nasional	08/23	GG	2.278	20	2.516	22/05/2020	-24	36
Pengurusan Air SPV Berhad	02/29	GG	2.661	20	3.131	01/07/2020	-47	19
Perbadanan Tabung Pendidikan Tinggi Nasional	03/29	GG	2.698	40	3.149	01/07/2020	-45	23
MKD Kencana Sdn Berhad	10/32	GG	2.960	25	3.308	05/06/2020	-35	44
Cagamas Berhad	10/20	AAA	1.923	10	3.196	05/12/2019	-127	22
Cagamas Berhad	12/22	AAA	2.268	60	3.274	28/01/2020	-101	45
Cagamas Berhad	11/23	AAA	2.370	20	3.440	18/12/2019	-107	45
Sarawak Energy Berhad	01/27	AAA	2.711	40	2.678	07/08/2020	3	51
Sarawak Energy Berhad	11/28	AAA	2.799	10	2.857	03/08/2020	-6	41
TENAGA IMTN 3.550% 10.08.2040	08/40	AAA	3.500	20	-	-	-	29
Press Metal Aluminium Holdings Berhad	10/29	AA3	3.628	8	-	-	-	116
DRB-Hicom Berhad	12/22	A+	4.028	5	4.171	04/06/2020	-14	221
IJM Land Berhad	03/19	A2	4.201	1	4.282	06/08/2020	-8	99
Affin Islamic Bank Berhad	10/17	A3	4.263	10	4.135	04/08/2020	13	106
YNH Property Berhad	08/19	-	6.749	1	6.148	07/08/2020	60	354
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Supermax Corp Bhd posted a 26.5-fold jump in net profit to RM399.62mil for the fourth quarter ended June 30, bringing its full-year net profit to RM525.6mil, which represents a four-fold increase as compared to the previous year. This marks the glove maker's best-ever quarterly financial performance, mainly due to an exponential rise in demand for medical gloves and other personal protective equipment on the back of the Covid-19 pandemic. During the quarter under review, Supermax achieved industry-leading earnings before interest, tax, depreciation and amortisation, pre-tax profit and net profit margins of 60.4%, 55.9% and 43.9%, respectively. In a statement, Supermax said it is seeing an emergence of new consumers and new consumption that were not previously seen prior to Covid-19. "The surge in demand has resulted in a rapid rise of average selling prices (ASPs) since March 2020. Governments all over the world have increased healthcare spending budgets to contain the effects of the pandemic and in preparation of a possible second or more waves. (Source: *The Star*)

Axiata Group Bhd says today the proposed issuance of US\$1.5 billion (RM6.29 billion)-equivalent Euro medium-term note (EMTN) programme is to mainly refinance its debts and to fund its capital expenditure. The EMTN programme, to be issued by Axiata SPV5 (Labuan) Ltd, has been assigned a rating of BBB+ by Standard & Poor Rating Services. Axiata is still procuring a rating from Moody's, which has assigned issuer rating of Baa2(s) to the company. CIMB has been appointed the sole principal adviser for the EMTN Programme, said Axiata in a bourse filing. Meanwhile, the arrangers and dealers comprise CIMB, Citigroup Global Markets Ltd, Standard Chartered Bank and UBS AG (Singapore branch). The notes may be listed on the Singapore Exchange or other competent authorities to be agreed between Axiata and the relevant dealer. Shares in Axiata rose four sen or 1.27% to close at RM3.19 today, valuing the group at RM29.25 billion. At end-March, Axiata's short-term debts stood at RM9.05 billion while long-term liabilities totalled RM8.87 billion. Its net gearing was at 0.76 times. Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Zamarad Assets Berhad	Tranche 4 RM95 mil Class A Sukuk and RM25 mil Class B Sukuk (Tranche 4 Sukuk is the fourth issuance under Zamarad's RM2 bil Sukuk Murabahah Programme)	AAA/Stable and AA2/Stable	Assigned

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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