

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	2
5-yr UST	0.27	4
10-yr UST	0.64	7
30-yr UST	1.33	8

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.90	-2	1.92	-4
5-yr	2.08	-2	2.03	-2
7-yr	2.26	-3	2.31	-7
10-yr	2.49	-7	2.49	-9
15-yr	2.90	-2	2.95	-11
20-yr	3.27	15	3.30	-2
30-yr	3.55	7	3.63	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.86	0
3-yr	1.87	-1
5-yr	2.06	0
7-yr	2.28	0
10-yr	2.52	0

Source : Bloomberg

### Upcoming Government Bond Tender

Re-opening of RM4.0b + RM1.5b (private placement) of 20Y MGS 5/40 on Thursday, 13th August, 2020

## Fixed Income Daily Market Snapshot

### US Treasuries

- US Treasuries continued its slide on Tuesday in response to news that Russia had approved a COVID-19 vaccine and also improved US producer prices for the month of July; the largest increase since 2018. Overall benchmark yields rose between 2-8bps as the UST 2Y edged 2bps higher at 0.15% whilst the much-watched UST 10Y spiked 7bps to a 1-month high of 0.64%. Meanwhile the auction of \$48b of UST 3Y notes attracted average demand on a BTC ratio of 2.44x whilst being awarded at 0.179% (10 previous auction average: 2.46x). Traders are beginning to note the eventual increase in issuance sizes at the longer-end by the Treasury in a follow-up to last week's refunding announcement. The additional supply of \$112b is projected to result in curve-steepening. Expect some attention to shift to the CPI data tomorrow and 10Y auction totaling \$38b today.

### MGS/GII

- Local govies reversed previous sessions by closing stronger on Tuesday amid higher secondary market volume of RM4.14b. Overall benchmark yields ended mostly lower between 0-11bps save for the long-ends with the benchmark 5Y MGS 9/25 edging 2bps lower at 2.08% and the 10Y MGS 8/29 yield bucking the recent trend by rallying 7bps instead at 2.49%. Interest was mainly seen in the off-the-run 20-22's, 7Y GII and 10Y,15Y MGS benchmarks. GII bond trades eased to form ~32% of overall trades. The government's intention of raising the country's statutory debt limit to 60% of GDP from 55% may have triggered profit-taking and selling activities earlier. Nevertheless demand for fixed-income instruments remain supportive due to easing monetary policy and tepid inflationary conditions. Expect attention to shift to the 20Y bond auction tomorrow followed by 2Q GDP data on Friday.

### Corp Bonds/Sukuk

- Investors were seen active amid a doubling in secondary market volume at RM760m. Transactions were seen mainly across the entire spectrum of the curve as overall yields ended mostly lower. Both govt-guaranteed LPPSA 10/25 and PRASA 3/30 declined 51bps compared to previous-done levels at 2.33% and 2.70% each. AAA-rated utility giants TELEKOM saw its 2022 and 2024 tranches close shatrllly lower on yields at 2.36-48% levels whilst TENAGA 8/30 made its debut trade at 2.90%. AA-rated GAMUDA Land 25-30's similarly made their debut trades between 3.74-89% area. YTL Power 27-28's moved opposite sides i.e, between -7 to +2bps; closing at 3.39% and 3.49% respectively. Meanwhile the banking space saw Sabah Dev 24's close a whopping 124-177bps lower at 3.03% levels.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 10/20	1.480	354	1.502	10/08/2020	-2
MGS 02/21	1.650	100	1.620	07/08/2020	3
MGS 07/21	1.630	242	1.650	07/08/2020	-2
MGS 11/21	1.661	8	1.650	07/08/2020	1
MGS 03/22	1.762	150	1.772	10/08/2020	-1
MGS 09/22	1.817	101	1.824	10/08/2020	-1
MGS 03/23	1.897	267	1.918	10/08/2020	-2
MGS 08/23	1.918	4	1.945	07/08/2020	-3
MGS 09/24	1.989	2	2.008	07/08/2020	-2
MGS 03/25	2.101	20	2.044	07/08/2020	6
MGS 09/25	2.082	121	2.105	10/08/2020	-2
MGS 04/26	2.214	3	2.193	05/08/2020	2
MGS 11/26	2.288	30	2.256	10/08/2020	3
MGS 03/27	2.300	1	2.174	06/08/2020	13
MGS 05/27	2.258	190	2.289	10/08/2020	-3
MGS 11/27	2.333	10	2.235	07/08/2020	10
MGS 06/28	2.463	93	2.410	10/08/2020	5
MGS 08/29	2.489	530	2.559	10/08/2020	-7
MGS 04/30	2.635	11	2.477	06/08/2020	16
MGS 06/31	2.701	150	2.716	10/08/2020	-2
MGS 04/32	2.902	45	2.941	10/08/2020	-4
MGS 07/34	2.896	258	2.917	10/08/2020	-2
MGS 05/35	3.148	2	3.082	06/08/2020	7
MGS 05/40	3.273	101	3.123	10/08/2020	15
MGS 07/48	3.732	24	3.647	10/08/2020	9
MGS 06/50	3.546	7	3.473	07/08/2020	7
GII 03/21	1.680	1	1.645	06/08/2020	3
GII 04/21	1.669	120	1.720	10/08/2020	-5
GII 05/23	1.915	40	1.953	10/08/2020	-4
GII 11/23	1.980	10	1.926	07/08/2020	5
GII 10/24	2.034	30	2.053	10/08/2020	-2
GII 03/26	2.189	40	2.262	10/08/2020	-7
GII 09/27	2.313	360	2.380	10/08/2020	-7
GII 10/28	2.510	10	2.451	07/08/2020	6
GII 07/29	2.569	40	2.611	10/08/2020	-4
GII 10/30	2.492	62	2.584	10/08/2020	-9
GII 06/33	3.009	100	3.005	10/08/2020	0
GII 08/33	3.015	170	3.049	10/08/2020	-3
GII 11/34	2.946	128	3.055	10/08/2020	-11
GII 08/37	3.426	50	3.335	07/08/2020	9
GII 09/39	3.295	160	3.315	10/08/2020	-2
		<u>4143</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*
Bank Pembangunan Malaysia Berhad	09/21	GG	1.994	20	2.259	02/06/2020	-27	31
Prasarana Malaysia Berhad	02/23	GG	2.045	10	1.995	07/08/2020	5	14
Danainfra Nasional Berhad	10/23	GG	2.162	5	2.178	07/08/2020	-2	26
Prasarana Malaysia Berhad	12/23	GG	2.097	10	2.306	13/07/2020	-21	19
Lembaga Pembiayaan Perumahan Sektor Awam	10/25	GG	2.331	40	2.839	19/06/2020	-51	24
Small Medium Enterprise Development Bank Malaysia E	04/27	GG	2.610	10	2.709	22/07/2020	-10	35
Prasarana Malaysia Berhad	03/30	GG	2.698	80	3.210	26/06/2020	-51	21
Danainfra Nasional Berhad	11/30	GG	2.751	10	2.850	29/07/2020	-10	27
Danainfra Nasional Berhad	04/35	GG	3.182	5	3.220	29/07/2020	-4	26
Danainfra Nasional Berhad	04/43	GG	3.577	10	4.469	27/03/2020	-89	34
Impian Ekspresi Sdn Berhad	11/20	AAA	2.803	20	3.523	27/04/2020	-72	112
Telekom Malaysia Berhad	12/22	AAA	2.356	20	2.837	23/06/2020	-48	56
Telekom Malaysia Berhad	03/24	AAA	2.426	40	2.977	16/06/2020	-55	40
Aman Sukuk Berhad	04/24	AAA	2.644	10	2.785	13/07/2020	-14	62
Telekom Malaysia Berhad	10/24	AAA	2.476	20	3.000	29/06/2020	-52	45
Pengurusan Air SPV Berhad	10/26	AAA	2.658	20	2.887	09/07/2020	-23	46
Sarawak Energy Berhad	01/27	AAA	2.699	20	2.711	10/08/2020	-1	50
Tenaga Nasional Berhad	08/30	AAA	2.900	60			290	42
Rantau Abang Capital Berhad	01/32	AAA	3.059	10	3.401	03/06/2020	-34	57
Danga Capital Berhad	01/33	AAA	3.128	10	3.320	17/07/2020	-19	64
Danum Capital Berhad	02/35	AAA	3.250	10	3.217	05/08/2020	3	33
West Coast Expressway Sdn Berhad	08/35	AAA	3.480	2	5.148	28/03/2018	-167	56
Sabah Development Bank Berhad	03/24	AA1	3.027	20	4.798	15/05/2019	-177	100
Sabah Development Bank Berhad	04/24	AA1	3.039	20	4.281	23/06/2020	-124	102
Kuala Lumpur Kepong Berhad	04/26	AA1	2.812	10	3.009	15/07/2020	-20	61
Sabah Credit Corporation	10/26	AA1	3.130	20			313	93
YTL Power International Berhad	05/27	AA1	3.385	10	3.369	05/08/2020	2	112
YTL Power International Berhad	08/28	AA1	3.492	10	3.559	10/07/2020	-7	111
Kuala Lumpur Kepong Berhad	09/29	AA1	3.118	10	3.119	05/08/2020	0	66
United Overseas Bank (Malaysia) Berhad	08/30	AA1	2.869	5	2.800	29/07/2020	7	38
Kuala Lumpur Kepong Berhad	09/34	AA1	3.538	10	3.821	04/06/2020	-28	62
Perbadanan Kemajuan Negeri Selangor	08/21	AA3	2.975	5	2.957	19/06/2020	2	129
Country Garden Real Estate Sdn Berhad	03/22	AA3	3.208	10	3.504	25/06/2020	-30	141
Tadua Energy Sdn Berhad	07/22	AA3	3.212	5	4.897	21/11/2017	-169	141
Country Garden Real Estate Sdn Berhad	02/23	AA3	5.106	1	5.116	04/08/2020	-1	320
Tanjung Bin Energy Issuer Berhad	09/24	AA3	2.919	10	4.674	08/08/2017	-176	90
Gamuda Land (T12) Sdn Berhad	08/25	AA3	3.740	15	-	-	-	165
Gamuda Land (T12) Sdn Berhad	08/27	AA3	3.748	5	-	-	-	149
Gamuda Land (T12) Sdn Berhad	08/30	AA3	3.890	10	-	-	-	141
Cypark Ref Sdn Berhad	06/39	AA3	5.050	10	5.132	04/08/2020	-8	181
WCT Holdings Berhad	10/21	AA-	3.326	5	3.880	21/02/2020	-55	164
Sports Toto Malaysia Sdn Berhad	06/22	AA-	3.577	10	-	-	-	178
Pelabuhan Tanjung Pelepas Sdn Berhad	06/27	AA-	3.526	10	3.508	05/08/2020	2	127
Sinar Kamiri Sdn Berhad	01/31	AA-	4.639	5	4.959	02/07/2020	-32	215
CIMB Group Holdings Berhad	05/16	A1	2.509	1	3.180	03/08/2020	-67	-73
Affin Islamic Bank Berhad	10/17	A3	4.299	45	4.263	10/08/2020	4	106
Affin Bank Berhad	07/18	A3	4.357	10	4.354	05/08/2020	0	112
Quantum Solar Park (Semenanjung) Sdn Berhad	10/25	A+	4.278	10	4.898	22/08/2019	-62	219
Quantum Solar Park (Semenanjung) Sdn Berhad	04/28	A+	4.590	5	4.600	22/07/2020	-1	221
Quantum Solar Park (Semenanjung) Sdn Berhad	04/32	A+	4.949	10	5.689	16/08/2019	-74	246
Quantum Solar Park (Semenanjung) Sdn Berhad	04/33	A+	5.049	10	5.229	24/06/2020	-18	213
Quantum Solar Park (Semenanjung) Sdn Berhad	04/24	A+	4.065	10	-	-	-	204
Eco World International Berhad	04/23	-	5.832	1	4.965	30/07/2020	87	393
YNH Property Berhad	08/19	-	6.569	1	6.749	10/08/2020	-18	333
				<u>760</u>				

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

### Market/Corporate News: What's Brewing

**The country's debt and estimated revenue for this year will be among matters to be raised at the Parliament sitting today.** According to the Order of the Meeting on the Parliament official website, the issue will be raised during the Question For Oral Answer session through a question by Alice Lau Kiong Yieng (DAP-Lanang) to the Minister of Finance. Alice also wants to know measures taken by the government to restore the economy and increase the country's revenue following the impact of the COVID-19 pandemic. There will also be a question from Datuk Zakaria Mohd Edris @ Tubau (Bersatu-Libaran) to the Transport Minister on the progress of the child restraint system (CRS) policy which was enforced last Jan 1. Zakaria also wants to know if the ministry intent to extend the implementation of the CRS to the public transport sector. Meanwhile, Dr Nik Muhammad Zawawi Salleh (PAS-Pasir Puteh) will ask the Minister of Communications and Multimedia on the steps taken to ensure the people's satisfaction and acceptance with the quality of the Digital TV broadcasting service provided through MyFreeview. There will also be a question from Lukanisman Awang Sauni (GPS-Sibuti) on the digital lifestyle ecosystem of the Malaysian community in the rural and interior areas that does not have access to broadband and satisfactory 3G / 4G services. The current Dewan Rakyat sitting, which is from July 13 until Aug 27, is held in a new normal by abiding to the prescribed standard operating procedures (SOP) to curb the spread of COVID-19. (Source: *The EdgeMarkets*)

**Global integrated risk assessment firm Moody's Corporation has acquired a minority stake in Malaysian Rating Corporation Berhad (MARC).** In a statement Aug 11, Moody's said the investment strengthens its presence in Southeast Asia and across domestic bond markets globally, and advances its position as a leader in Islamic finance. Managing Director and Head of Moody's Investors Service Asia Pacific Wendy Cheong said Malaysia's robust domestic bond market presents an attractive opportunity for Moody's. "We are excited to build upon our partnership with MARC and its growing portfolio of ratings and services," she said. Cheong said the investment strengthens Moody's presence in Malaysia, a key market within Asean. She said Malaysia has the region's largest domestic corporate bond market and has established itself as a global hub for Islamic finance, with the world's largest sukuk market. Meanwhile, MARC Group Chief Executive Officer Datuk Jamaludin Nasir said this strategic partnership with Moody's deepens MARC's commitment to the sustainable development of Malaysia's capital markets. He said MARC will continue to operate as an independent entity and will remain separate from Moody's Investors Service and its credit rating processes and activities.. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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