

Global Markets Research
Fixed Income
Fixed Income Daily Market Snapshot
US Treasuries

• US Treasuries saw tremendous volatility on Thursday as the curve steepened following the Fed's steps to alleviate funding constraints via liquidity injection to the financial markets including \$1 trillion worth of additional short-term cash loans to banks. Overall benchmark yields ended mixed between -4 to +5bps with the UST 2Y spiking 10bps at 0.61% whilst the much-watched UST 10Y rose 6bps at 0.81%. Meanwhile the \$16b worth of 30Y bond auction notched decent demand on a BTC ratio of 2.36x (previous 10 auctions: 2.30x); drawing a high yield of 1.32%. Elsewhere, the ECB failed to shore up confidence as it left rates unchanged but embarked on LTRO and also expanding QE by EUR120b. Expect updates on the COVID-19 pandemic to overshadow upcoming news on import, export prices along with consumer sentiment.

MGS/GIII

• Local govies sold-off on a myriad of factors that included additional supply concerns that could arise from another revision in fiscal deficit due to headwinds caused by the plunge of oil prices along with the ongoing COVID-19 fears hitting most regional financial markets. Secondary market volume was higher at RM5.8b as overall benchmark yields were mostly higher i.e. between 0-12bps with interest mainly seen in both the off-the-run 20's, 23's and 10Y benchmark MGS/GII. The benchmark 5Y MGS 6/24 ended 5bps higher at 2.75% whilst the 10Y MGS 8/29 spiked 10bps at 3.00%. GII bonds rose to form about ~ 41% of overall trades. Separately, FTSE Russell will announce its Fixed Income country classification March 2020 Interim Update on the 2nd of April. Meantime we expect investors to remain cautious.

Corp Bonds/Sukuk

• Corporate bonds/Sukuk space continued to attract strong interest amid high secondary market volume of RM883m with interest seen intact across the GG-AA part of the curve. Overall yields declined; albeit by slightly smaller margins yesterday. The long-end Govt-guaranteed PTPTN 3/39 and 4/41 bonds traded RM110m in nominal amounts; edging between 0-1bps lower compared to previous-done levels at 3.33% and 3.43% respectively. AAA-rated DANGA 33 and DANUM 34 however edged 1bps higher at 3.24 and 3.26% each. AA-rated highway operator KESTURI 27-28's declined between 32-49bps between 3.72-77%. The banking sector saw AmBank and Affin 27NC22 move opposite ends at 3.08% and 4.25% each.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.48	-4
5-yr UST	0.61	-10
10-yr UST	0.81	-6
30-yr UST	1.44	5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.67	2	2.67	0
5-yr	2.75	6	2.78	4
7-yr	2.92	12	2.80	0
10-yr	3.00	10	3.00	9
15-yr	3.21	9	3.17	6
20-yr	3.29	0	3.30	9
30-yr	3.52	0	3.53	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.62	1
3-yr	2.57	6
5-yr	2.61	7
7-yr	2.69	9
10-yr	2.86	5

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
MGS 03/20	2.355	41	2.489	11/03/2020	-13
MGS 10/20	2.545	307	2.543	11/03/2020	0
MGS 02/21	2.549	1	2.505	11/03/2020	4
MGS 07/21	2.609	42	2.554	11/03/2020	6
MGS 09/21	2.603	1	2.583	11/03/2020	2
MGS 11/21	2.656	125	2.578	11/03/2020	8
MGS 03/22	2.617	406	2.603	11/03/2020	1
MGS 08/22	2.617	5	2.597	11/03/2020	2
MGS 09/22	2.612	60	2.611	11/03/2020	0
MGS 03/23	2.700	491	2.651	11/03/2020	5
MGS 04/23	2.736	303	2.675	11/03/2020	6
MGS 08/23	2.707	5	2.667	11/03/2020	4
MGS 06/24	2.774	80	2.687	11/03/2020	9
MGS 03/25	2.802	85	2.750	11/03/2020	5
MGS 09/25	2.752	11	2.738	11/03/2020	1
MGS 04/26	2.980	10	2.784	10/03/2020	20
MGS 07/26	2.962	342	2.805	11/03/2020	16
MGS 11/26	2.997	33	2.812	11/03/2020	19
MGS 05/27	2.920	20	2.801	10/03/2020	12
MGS 11/27	3.045	14	2.872	11/03/2020	17
MGS 06/28	3.022	8	2.861	11/03/2020	16
MGS 09/28	3.006	20	2.971	11/03/2020	3
MGS 08/29	3.037	561	2.897	11/03/2020	14
MGS 04/30	3.157	50	2.989	11/03/2020	17
MGS 06/31	3.171	20	3.042	11/03/2020	13
MGS 04/32	3.165	4	3.126	11/03/2020	4
MGS 04/33	3.231	20	3.096	10/03/2020	14
MGS 07/34	3.230	251	3.126	11/03/2020	10
MGS 04/37	3.401	4	3.188	10/03/2020	21
MGS 06/38	3.377	30	3.266	11/03/2020	11
MGS 03/46	3.636	1	3.588	11/03/2020	5
MGS 07/48	3.665	78	3.515	11/03/2020	15
GII 05/20	2.548	110	2.542	11/03/2020	1
GII 06/20	2.550	60	2.719	11/02/2020	-17
GII 08/20	2.551	120	2.485	11/03/2020	7
GII 04/22	2.663	5	2.668	11/03/2020	-1
GII 05/23	2.719	10	2.671	11/03/2020	5
GII 07/23	2.718	80	2.694	11/03/2020	2
GII 10/23	2.763	60	2.707	11/03/2020	6
GII 11/23	2.766	43	2.697	11/03/2020	7
GII 10/24	2.766	400	2.733	11/03/2020	3
GII 08/25	2.806	120	2.760	11/03/2020	5
GII 03/26	2.961	60	2.795	11/03/2020	17
GII 07/27	2.863	44	2.838	11/03/2020	2
GII 10/28	2.918	70	2.881	11/03/2020	4
GII 07/29	3.050	430	2.916	11/03/2020	13
GII 09/30	3.024	60	2.983	10/03/2020	4
GII 06/33	3.163	20	3.108	11/03/2020	5
GII 08/33	3.151	70	3.105	11/03/2020	5
GII 11/34	3.127	328	3.114	11/03/2020	1
GII 09/39	3.370	280	3.211	10/03/2020	16
		<u>5797</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*
Cagamas Berhad	10/20	GG	2.795	30	3.269	11/09/2019	-47	23
Khazanah Nasional Berhad	08/23	GG	2.810	30	2.821	03/03/2020	-1	14
Perbadanan Tabung Pendidikan Tinggi Nasional	08/23	GG	2.801	10	2.859	14/02/2020	-6	13
Turus Pesawat Sdn Berhad	02/25	GG	2.926	20	3.500	03/12/2019	-57	17
Pengurusan Air SPV Berhad	02/26	GG	2.906	10	2.910	11/03/2020	0	8
Perbadanan Tabung Pendidikan Tinggi Nasional	07/26	GG	2.945	20	3.013	14/02/2020	-7	12
DanaInfra Nasional Berhad	10/26	GG	2.910	10	2.997	18/02/2020	-9	0
DanaInfra Nasional Berhad	04/29	GG	3.100	10	3.692	12/12/2019	-59	13
DanaInfra Nasional Berhad	11/29	GG	3.100	10	2.990	10/03/2020	11	10
Jambatan Kedua Sdn Berhad	07/31	GG	3.101	40	3.789	07/11/2019	-69	10
DanaInfra Nasional Berhad	03/32	GG	3.140	10	3.859	19/11/2019	-72	14
Perbadanan Tabung Pendidikan Tinggi Nasional	08/32	GG	3.120	10	3.605	20/01/2020	-49	12
DanaInfra Nasional Berhad	04/33	GG	3.200	10	3.360	10/02/2020	-16	0
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	3.189	50	3.191	11/03/2020	0	-2
DanaInfra Nasional Berhad	03/34	GG	3.251	5	3.190	18/02/2020	6	5
Prasarana Malaysia Berhad	08/34	GG	3.200	25	3.180	03/03/2020	2	0
DanaInfra Nasional Berhad	11/34	GG	3.250	5	3.489	28/01/2020	-24	4
Lembaga Pembiayaan Perumahan Sektor Awam	09/36	GG	3.230	20	3.920	27/12/2019	-69	2
Perbadanan Tabung Pendidikan Tinggi Nasional	03/39	GG	3.339	50	3.340	11/03/2020	0	3
Perbadanan Tabung Pendidikan Tinggi Nasional	07/41	GG	3.430	60	3.439	06/03/2020	-1	12
Putrajaya Holdings Sdn Berhad	09/20	AAA	2.795	70	2.820	27/02/2020	-2	23
Bakun Hydro Power Generation Sdn Berhad (fkc)	08/21	AAA	2.893	10	3.284	11/02/2020	-39	32
Berjaya Land Berhad	12/21	AAA	3.481	10	3.508	04/03/2020	-3	86
Malaysia Airports Capital Berhad	12/22	AAA	2.971	1	3.064	26/02/2020	-9	30
Danum Capital Berhad	05/23	AAA	2.951	30	2.963	03/03/2020	-1	28
Bakun Hydro Power Generation Sdn Berhad (fkc)	08/25	AAA	2.998	10	3.138	20/02/2020	-14	24
Cagamas MBS Berhad	12/25	AAA	3.353	5	3.716	11/09/2019	-36	52
Danga Capital Berhad	09/33	AAA	3.238	30	3.229	06/03/2020	1	3
Danum Capital Berhad	02/34	AAA	3.259	80	3.251	06/03/2020	1	5
Tenaga Nasional Berhad	08/37	AAA	3.450	10	3.616	13/02/2020	-17	25
Sabah Development Bank Berhad	07/20	AA1	2.993	20	4.605	26/03/2019	-161	42
Malayan Banking Berhad	10/25	AA1	3.048	1	3.111	03/03/2020	-6	22
UMW Holdings Berhad	10/21	AA2	3.057	10	3.089	02/03/2020	-3	43
UMW Holdings Berhad	10/26	AA2	3.348	20	3.367	05/03/2020	-2	44
Anih Berhad	11/21	AA	3.112	10	3.133	09/03/2020	-2	49
Anih Berhad	11/22	AA	3.186	2	3.475	23/01/2020	-29	52
BGSM Management Sdn Berhad	06/24	AA3	3.348	10	3.367	10/03/2020	-2	63
AmBank (M) Berhad	03/27	AA3	3.079	10	4.233	02/03/2020	-115	17
BGSM Management Sdn Berhad	12/27	AA3	3.519	5	-	-	-	57
UEM Sunrise Berhad	12/20	AA-	2.976	1	3.106	03/03/2020	-13	41
Malakoff Power Berhad	12/21	AA-	3.131	10	3.487	14/01/2020	-36	51
Segi Astana Sdn Berhad	01/22	AA-	4.336	10	4.777	03/12/2019	-44	171
WCT Holdings Berhad	10/22	AA-	3.886	2	4.408	02/10/2019	-52	122
Konsortium Lebuhraya Utara-Timur (KL) Sdn Be	12/27	AA-	3.718	30	4.039	21/01/2020	-32	77
Konsortium Lebuhraya Utara-Timur (KL) Sdn Be	12/28	AA-	3.768	30	4.258	06/12/2019	-49	79
Affin Bank Berhad	02/27	A1	4.250	10	4.061	11/03/2020	19	134
CIMB Group Holdings Berhad	05/16	A1	3.975	1	4.043	04/03/2020	-7	66
Eco World International Berhad	10/21	-	4.911	1	5.094	03/03/2020	-18	229
Matrix Concepts Holdings Berhad	03/23	-	5.359	1	5.400	11/03/2020	-4	269
Bank Muamalat Malaysia Berhad	11/21	A	3.803	10	3.714	11/03/2020	9	118
				<u>883</u>				

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

Market/Corporate News: What's Brewing

Several major stock market indices, including in Asia, entered bear market territory for the first time since the 2008 financial crisis after the intensifying coronavirus (Covid-19) panic sent investors scrambling for shelter. Malaysia was not spared from the market rout as heavy selling continued to bash down blue chips and small-cap stocks. The FBM Small Cap Index plunged into bear market, down by 25% since Jan 2. Meanwhile, Bursa Malaysia's benchmark index – FBM KLCI – was down 10.66% year-to-date although it was the least impacted in Asia after China's Shanghai Composite Index. The global equities scene bled heavily yesterday after the much-awaited economic stimulus announcement by US President Donald Trump on Wednesday turned into a disappointment for investors, falling short of expectations with little detail on a proposed payroll tax cut. Jasper Lawler, London Capital Group's head of research, said that "paid sick leave, free testing and a solution for uninsured Americans were all missing" from the stimulus package. In addition, the Trump administration's decision to restrict travel from Europe for 30 days and the Covid-19 declared as pandemic by the World Health Organisation further spooked the markets. Swissquote Bank senior analyst Ipek Ozkardeskaya warned that the current market crisis "is on the verge of becoming one of

the severest economic meltdowns” the world has experienced over the past decades. “Unfortunately, the arms we have in disposition to combat a regular financial crisis doesn’t seem to work in this particular situation,” she said. Across the equities universe, the US’ Dow Jones, Australia’s S&P/ASX 200, Germany’s DAX, the United Kingdom’s FTSE 100 and Europe’s Euro Stoxx 50 indices have all declined by over 20% from their recent highs in the past two or three months – a generally accepted indicator of a bear market. Meanwhile, within Asia, India’s Nifty, Japan’s Nikkei 225, Thailand’s SET and Indonesia’s Jakarta Composite Index also entered into bear market territory. On the domestic front, FBM KLCI wiped out gains made on March 10-11 as the benchmark index declined by 1.69% or 24.4 points yesterday to 1,419.43 points. The 30-stock index performance continued to be bogged down by Covid-19 fears as well as the oil price rout and the country’s recent political development. It was a bloodbath across Bursa Malaysia as losers trumped gainers on the ratio of 5.5:1. Blue chips, including banks, oil and gas counters and plantation players, took a major hit yesterday as panicky investors dumped equities. However, glove makers such as Top Glove Corp Bhd, Hartalega Holdings Bhd, Kossan Rubber Industries Bhd and Supermax Corp Bhd enjoyed an increase in share price as the Covid-19 outbreak raises demand for gloves globally. The overwhelming negative sentiment in the global equities market was also reflected across the commodity sector, with a selldown witnessed in crude oil and crude palm oil yesterday. The oil price war launched by Saudi Arabia and global demand concerns led to a decline in prices of crude oil namely the Brent and West Texas Intermediate grades by 5.1% to US\$33.93 per barrel and by 5% to US\$31.32, respectively. Meanwhile, crude palm oil futures fell by 2.4% to RM2,301. Spot gold price, on the other hand, inched up marginally by 0.22% as investors shifted to haven assets. In a report issued yesterday, Moody’s Analytics senior APAC economist Katrina Eil said that Covid-19 has knocked global growth expectations for 2020 off course, describing it as “global economic threat”. She also added that the virus outbreak is both a demand and supply shock. “This is playing out in long-term bond yields, which are falling in the developed world, including in the US, Europe, Japan and Australia. “The fall in 10-year yields reflects how global recession odds have increased alongside downward revisions to global growth. “The Moody’s Analytics weekly business confidence survey shows that expectations of both current and future conditions have deteriorated to their lowest level since the global recession in 2009,” said Eil. (Source: *The Star*)

Panic hit world financial markets on Thursday after stimulus efforts from the European Central Bank failed to calm investors alarmed by U.S. moves to restrict travel from Europe because of the coronavirus pandemic. An MSCI global gauge of stocks posted its largest daily percentage drop on record, as did European shares. Wall Street’s Dow industrials index recorded its largest daily decline since the Black Monday crash of October 1987. The New York Federal Reserve pumped more liquidity to banks, briefly reversing some of the day’s losses. It was the third substantial increase in repo support announced by the U.S. central bank this week, a sign the Fed is taking drastic steps to inject more liquidity into the banking system as markets show signs of stress. The U.S. dollar responded atypically, rising against numerous currencies and gold in yet another sign of financial market stress. Oil prices sank further, while traditional safe-haven assets like gold and the Japanese yen lost value against the dollar. Trading was halted for 15 minutes shortly after the open in New York after the benchmark S&P 500 stock index tumbled more than 7%. It ended down 9.5%. In a televised address late on Wednesday that included support measures for the economy, U.S. President Donald Trump imposed restrictions on travel from Europe to the United States, shocking investors and travelers. Traders were disappointed after hoping to see broader measures to fight the spread of the virus and blunt its expected blow to economic growth. “The economy is going to grind to a halt in the next month and the recession risk is real now,” said Zhiwei Ren, managing director at Penn Mutual Asset Management in Horsham, Pennsylvania. Trump said the United States would suspend all travel from Europe, except Britain and Ireland, for 30 days starting on Friday. He later said trade would not be affected by the restrictions.

Worries spread far beyond stocks to companies' lines of credit and their ability to finance business activity in the short term. Fear of the unknown "is gripping markets and it's more impactful in the credit markets at the moment; liquidity has effectively evaporated," said John McClain, a portfolio manager at Diamond Hill Capital in Columbus, Ohio. "People are looking ahead and saying 'What's this world going to feel like when we're all working at home?'" The European Central Bank approved fresh stimulus measures and temporarily dropped banks' capital requirements to help the euro zone cope with the shock of the pandemic, but kept interest rates on hold, disappointing markets.. (Source: *The EdgeMarkets/Reuters*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
CJ Capital Sdn Bhd	M114 mil Sukuk Murabahah (2010/2020)	AAA/Stable	Reaffirmed

Source: RAM, MARC

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