

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.16	0
5-yr UST	0.34	0
10-yr UST	0.78	0
30-yr UST	1.57	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.83	-3	1.89	-2
5-yr	2.18	0	2.14	-1
7-yr	2.39	-2	2.34	-1
10-yr	2.66	2	2.60	0
15-yr	3.07	6	3.15	0
20-yr	3.30	-2	3.49	1
30-yr	3.72	0	4.04	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.89	0
3-yr	1.96	0
5-yr	2.15	0
7-yr	2.33	0
10-yr	2.63	0

Source : Bloomberg

Upcoming Government Bond Tender

New issuance of RM5.0b of 10Y MGS 4/31 on Wednesday, 14th Oct 2020

Fixed Income Daily Market Snapshot

US Treasuries

- Financial markets were closed on Monday to celebrate Columbus Day. Traders continue to look for leads in the current impasse between Democratic and Republican lawmakers pertaining to a COVID-19-related fiscal stimulus package. Meanwhile for now, the markets are seen to be adjusting for the possibility of a Biden victory in November and a related "Blue-wave" which are believed to spur some sell-off on the longer-ends amid optimism for more fiscal stimulus. Separately, Fed's securities and mortgage derivatives holdings rose \$51b last week to \$6.62 trillion, the most in history. Expect some volatility in UST levels leading up to the November presidential election. On the data front we have the inflation numbers for September expected out tonight with estimates seen slightly lower from prior month.

MGS/GII

- Local govies closed mostly mixed on Monday with the front ends richer; arising from slight expectations of another interest rate cut going forward due to a resurgence in COVID-19 infections and partial lock-down in several states. Secondary market volume grinded lower to a mere RM1.89b as overall benchmark yields closed between -3 to +6bps across the curve. The benchmark 5Y MGS 9/25 closed almost unchanged at 2.18% whilst the 10Y MGS 8/29 yields edged 2bps higher at 2.66%. Interest was mainly seen in the off-the-runs 21's and 3Y benchmark GII. Nevertheless, GII bond trades rose sharply to form 44% of overall trades. Meanwhile the nation's industrial production data for August saw a minor gain in production growth of 0.3% YOY (July:1.2%); against earlier estimates of 0.5%. Expect attention to focus on the upcoming 10Y MGS auction tomorrow.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space continued to see tepid secondary market volume of RM263m with interest in about 20 various bonds. Overall yields closed mixed again with some interest seen along the GG to single-A part of the curve. Govt-guaranteed PRASA 9/24 and DANA 2/25 saw yields rise between 2-6bps compared to previous-done levels at 2.23% and 2.35% respectively. LPPSA 26-27's saw a total of RM50m in nominal trades; closing at 2.47% and 2.52% each. AA-rated space saw IJM 4/21 close sharply lower on yields at 2.79% whilst the banking space saw MBSB close unchanged at 3.58% on RM30m volume.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 09/21	1.541	437	1.580	09/10/2020	-4
MGS 11/21	1.606	2	1.589	09/10/2020	2
MGS 08/22	1.761	70	1.780	09/10/2020	-2
MGS 03/23	1.825	74	1.856	09/10/2020	-3
MGS 04/23	1.837	48	1.887	08/10/2020	-5
MGS 08/23	1.929	40	1.927	09/10/2020	0
MGS 06/24	2.027	30	2.034	09/10/2020	-1
MGS 07/24	2.025	21	2.040	09/10/2020	-2
MGS 09/25	2.176	148	2.180	09/10/2020	0
MGS 04/26	2.291	5	2.338	09/10/2020	-5
MGS 07/26	2.332	1	2.310	09/10/2020	2
MGS 11/26	2.394	1	2.384	09/10/2020	1
MGS 05/27	2.390	1	2.408	09/10/2020	-2
MGS 11/27	2.431	3	2.425	09/10/2020	1
MGS 08/29	2.659	32	2.635	09/10/2020	2
MGS 06/31	2.788	11	2.781	09/10/2020	1
MGS 07/34	3.073	106	3.014	09/10/2020	6
MGS 09/43	3.876	14	3.847	09/10/2020	3
MGS 03/46	3.826	7	3.843	06/10/2020	-2
MGS 07/48	3.892	3	3.928	09/10/2020	-4
GII 04/21	1.506	50	1.683	06/10/2020	-18
GII 05/23	1.893	640	1.914	09/10/2020	-2
GII 10/24	2.135	6	2.148	08/10/2020	-1
GII 09/27	2.343	10	2.352	09/10/2020	-1
GII 10/28	2.612	106	2.615	09/10/2020	0
GII 08/37	3.535	10	3.490	28/09/2020	4
GII 09/39	3.493	10	3.487	07/10/2020	1
		<u>1885</u>			

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*	
Prasarana Malaysia Berhad	09/22	GG	2.017	25	2.013	25/09/2020	0	23
Danainfra Nasional Berhad	05/23	GG	2.038	30	2.500	23/06/2020	-46	19
Prasarana Malaysia Berhad	09/24	GG	2.231	25	2.207	18/09/2020	2	19
Danainfra Nasional Berhad	02/25	GG	2.349	5	2.286	12/08/2020	6	31
Pengurusan Air SPV Berhad	06/25	GG	2.332	20	2.353	23/07/2020	-2	15
Lembaga Pembiayaan Perumahan Sektor Awam	09/26	GG	2.471	25	2.901	28/05/2020	-43	15
Lembaga Pembiayaan Perumahan Sektor Awam	04/27	GG	2.520	25	2.521	14/09/2020	0	12
Danainfra Nasional Berhad	02/28	GG	2.619	20	2.564	07/09/2020	6	22
Al Dzahab Assets Berhad	09/22	AAA	2.870	10	4.699	21/09/2018	-183	109
Pengurusan Air SPV Berhad	06/26	AAA	2.709	20	2.638	02/09/2020	7	39
GENM Capital Berhad	07/23	AA1	4.663	1	4.602	07/10/2020	6	281
IJM Corporation Berhad	04/21	AA3	2.785	20	3.326	09/04/2020	-54	117
CIMB Group Holdings Berhad	05/16	A1	3.481	1	3.808	07/10/2020	-33	16
DRB-Hicom Berhad	12/24	A+	4.198	2	4.021	28/09/2020	18	216
Tropicana Corporation Berhad	10/25	A+	5.303	1	4.896	08/10/2020	41	312
IJM Land Berhad	03/19	A2	5.001	1	4.962	02/10/2020	4	168
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/29	A3	3.579	30	3.584	08/10/2020	0	98
Eco World International Berhad	10/21	-	3.406	1	5.208	09/10/2020	-180	179
Eco World International Berhad	05/23	-	5.690	1	6.354	09/10/2020	-66	384
YNH Property Berhad	08/19	-	6.370	2	6.423	02/10/2020	-5	305
			<u>263</u>					

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

Market/Corporate News: What's Brewing

Up to one-quarter of Malaysia's small and medium enterprises (SMEs) are at risk of closure over the next few months because of the Covid-19 pandemic, says the SME Association of Malaysia. Its vice president Chin Chee Seong said many SMEs have started to face the possibility of being wound up, adding it is unfortunate that the second wave of Covid-19 infections has come just after the six-month loan moratorium ended. As such, he said the recovery of SMEs' businesses is very much dependent on how well the country curbs the spread of the pandemic. "Looking at the current situation, I won't dare to say that we will recover fast. It is subject to the public taking serious note by not allowing any more transmission of the Covid-19 virus," he said. Chin said if the transmission is checked, the Malaysian economy "could bounce back fast and could do better than other countries. The next three to six months is a critical period." Speaking at the Malaysian Economic Summit 2020, Chin however added: "But sad to say, there will be more SMEs closing down. "Our unemployment rate, which is now close to 5%, is quite alarming to us. I do hope we all can get through this critical time." Chin said the government's grants to encourage more SME participation in digital platforms is helpful for them, as they get to expand their sources of income. When asked about the role the SME Bank can play in helping SMEs get through this challenging period, Chin said the SME Bank is currently not receiving sufficient funding from the government. Having said that, he believed the government has pushed the commercial banks to provide as much assistance as they can to SMEs, including by extending the loan repayment period. Banks have said they will continue to assist borrowers hit by the pandemic through targeted bank assistance beginning Oct 1, after the blanket moratorium ended on Sept 30. The loan moratorium was introduced as part of the PRIHATIN package, which took effect starting from April 1. A survey carried out by the SME Association in August among 1,713 members revealed that 20% of the respondents were considering permanently shuttering their business in the next six months. The survey also found that 22% of the respondents have sufficient cash flow to last them for a month, while 27% can sustain till November and 31% until December. Since then, the country's Covid-19 cases have been on the rise. As of noon today, Malaysia has reported a total of 16,220 cases.. (Source: *The EdgeMarkets*)

The Association of Banks in Malaysia (ABM) and the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) have said the banking institutions are ready to assist borrowers and customers in areas under Conditional Movement Control Order (CMCO) or Enhanced Movement Control Order. In a joint statement, the associations urged those facing difficulties in making loan or financing repayments to immediately contact their banks to request for repayment assistance. "Banks are ready to facilitate requests for repayment assistance to suit borrowers'/customers' financial circumstances. Borrowers and customers can contact their banks via email or telephone if they are unable to have face-to-face engagements due to restriction of movements," said ABM and AIBIM. Meanwhile, the associations said the banks located in CMCO areas are operating with heightened vigilance and adherence to the Covid-19 standard operating procedures. The banks also advised borrowers and customers in the affected areas to check their respective banks' websites for information on any changes in operating hours or arrangements for over-the-counter services. Meanwhile, banking services at self-service terminals such as automated teller machines (ATMs) and cash deposit machines (CDMs) will continue to be in service within the CMCO areas. Members of the public can contact ABM Connect via the ABM website for further information on repayment assistance or AIBIM at 03-2026 8002/8003 or via email at staff@aibim.com. Those still facing difficulties after consultation with their banks can contact BNMTELELINK at bnmtelelink@bnm.gov.my or by calling 1-300-88-5465, or alternatively explore other assistance options with the Credit Counselling and Debt Management Agency (AKPK) by calling 03-2616 7766. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Sparks Energy 1 Sdn Bhd	Proposed ASEAN Green Sustainable and Responsible Investment (SRI) Sukuk of up to RM220.0 million	AA-IS/Stable	Assigned
Country Garden Real Estate Sdn Bhd	RM1.5 bil Islamic MTN Programme (2015/2035).	AA3(s)/stable	Reaffirmed
First Resources Limited (FRL)	RM2.0 billion Sukuk Musharakah Programme (2012/2022)	AA2/Stable	Reaffirmed

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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