

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

- US Treasuries ended slightly better on Thursday with the curve flattening out further on the curve following the solid \$19b 30Y auction which drew a BTC ratio of 2.43x (below last month's 2.54x but above Nov 2019's 2.23x) and awarded at 2.061%. Bonds also drew further support from updates that new coronavirus cases were being underreported. Overall benchmark yields ended between 0-2bps lower with both the UST 2Y closing within 1 bps higher at 1.45% whilst the much-watched 10Y edging 1bps lower at 1.62% respectively. Meanwhile the Fed is seen to eventually exit from short-term funding markets despite elevated demand by investors for the central bank's cash. Up next are the retail sales numbers for January expected to be released tonight.

MGS/GIII

- Local govies saw slight profit-taking emerge following recent strong movement post softer 4Q19 GDP numbers. Secondary market volume maintained at a high RM7.42b with interest mainly across the 20-22's and 10Y, 15Y and also 30Y bonds extending out from the curve. Overall benchmark yields ended mostly mixed between -14 to +5bps. Both the benchmark 5Y MGS 6/24 and 10Y MGS 8/29 moved opposite direction by 2bps each at 2.72% and 2.89% respectively. GII bonds eased to form about ~ 40% of overall trades. To recap, BNM governor earlier said the country has "that policy space" for another rate cut to support the economy. MYR bonds which have rallied the past two (2) months may see range-bound trading today.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk space saw interest ramped up on Thursday amid a doubling of secondary market volume @ RM1.23b with interest mainly seen across the AAA part of the followed by GG and AA segments as yields continued to close lower on higher number of names (i.e. 51). The Govt-guaranteed DANA and PASB 22's closed 17-46bps sharply lower compared to previous-done levels between 2.79-82% levels. AAA-rated CAGAMAS 11/20 saw substantial volume traded, closing 31bps lower at 2.81% whereas the 10/24 tranche made its debut trade at 3.06% (issued in Oct 2019 with a coupon of 3.60%). SEB dominated trades with the 6/26 and 4/36 tranche closing between 7-46bps lower at 3.24% and 3.61% each. Single-A rated UMW perp i.e. 2118NC28 closed at 4.23% on RM 282m in nominal amounts traded.

UST

Tenure	Closing (%)	Chg (bps)
2-yr UST	1.45	0
5-yr UST	1.44	-1
10-yr UST	1.62	-1
30-yr UST	2.07	-2

MGS
GII*

Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.65	2	2.71	1
5-yr	2.72	-2	2.76	-10
7-yr	2.82	-12	2.81	-2
10-yr	2.89	2	2.92	-14
15-yr	3.09	0	3.10	5
20-yr	3.22	2	3.30	-2
30-yr	3.61	1	3.60	0

* Market indicative levels

MYR IRS Levels

IRS	Closing (%)	Chg (bps)
1-yr	2.88	0
3-yr	2.83	0
5-yr	2.86	-1
7-yr	2.93	-2
10-yr	3.06	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.583	173	2.669	12/02/2020	-9
MGS 07/20	2.590	1	2.759	12/02/2020	-17
MGS 10/20	2.618	244	2.771	12/02/2020	-15
MGS 02/21	2.621	250	2.607	12/02/2020	1
MGS 07/21	2.631	159	2.604	12/02/2020	3
MGS 09/21	2.648	227	2.704	12/02/2020	-6
MGS 11/21	2.639	165	2.626	12/02/2020	1
MGS 03/22	2.652	120	2.632	12/02/2020	2
MGS 08/22	2.663	30	2.816	07/02/2020	-15
MGS 09/22	2.656	230	2.667	12/02/2020	-1
MGS 03/23	2.661	185	2.714	12/02/2020	-5
MGS 04/23	2.690	70	2.699	12/02/2020	-1
MGS 08/23	2.697	70	2.717	12/02/2020	-2
MGS 06/24	2.715	183	2.729	12/02/2020	-1
MGS 07/24	2.735	34	2.859	12/02/2020	-12
MGS 09/24	2.747	160	2.727	12/02/2020	2
MGS 03/25	2.750	2	2.877	10/02/2020	-13
MGS 09/25	2.741	2	2.721	12/02/2020	2
MGS 07/26	2.824	342	2.942	12/02/2020	-12
MGS 11/26	2.844	20	2.833	12/02/2020	1
MGS 05/27	2.824	200	2.800	12/02/2020	2
MGS 11/27	2.855	90	2.864	12/02/2020	-1
MGS 08/29	2.891	534	2.868	12/02/2020	2
MGS 06/31	3.033	60	3.137	12/02/2020	-10
MGS 04/32	3.068	29	3.062	12/02/2020	1
MGS 04/33	3.083	103	3.071	12/02/2020	1
MGS 11/33	3.085	3	3.062	12/02/2020	2
MGS 07/34	3.092	300	3.087	12/02/2020	0
MGS 05/40	3.223	58	3.204	12/02/2020	2
MGS 03/46	3.638	101	3.697	12/02/2020	-6
MGS 07/48	3.613	365	3.603	12/02/2020	1
GII 04/20	2.616	4	2.807	11/02/2020	-19
GII 03/21	2.643	190	2.793	06/02/2020	-15
GII 08/21	2.668	55	2.806	06/02/2020	-14
GII 03/22	2.711	4	2.705	12/02/2020	1
GII 04/22	2.716	4	2.702	12/02/2020	1
GII 07/22	2.717	1	2.667	12/02/2020	5
GII 05/23	2.690	40	2.681	12/02/2020	1
GII 07/23	2.686	170	2.820	11/02/2020	-13
GII 10/23	2.691	80	2.821	10/02/2020	-13
GII 11/23	2.709	240	2.698	12/02/2020	1
GII 08/24	2.759	38	2.878	11/02/2020	-12
GII 10/24	2.757	20	2.860	11/02/2020	-10
GII 08/25	2.800	350	2.806	12/02/2020	-1
GII 10/25	2.801	60	2.762	12/02/2020	4
GII 03/26	2.812	145	2.831	12/02/2020	-2
GII 09/26	2.859	260	2.901	12/02/2020	-4
GII 07/27	2.904	7	2.848	12/02/2020	6
GII 07/29	2.917	551	3.058	12/02/2020	-14
GII 06/33	3.064	230	3.069	12/02/2020	0
GII 08/33	3.065	40	3.174	12/02/2020	-11
GII 11/34	3.100	90	3.046	12/02/2020	5
GII 10/35	3.279	2	3.352	11/02/2020	-7
GII 08/37	3.319	70	3.383	12/02/2020	-6
GII 09/39	3.302	121	3.321	12/02/2020	-2
GII 05/47	3.613	60	3.617	12/02/2020	0
GII 11/49	3.600	82	3.601	12/02/2020	0
		<u>7423</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*
DanaInfra Nasional Berhad	04/22	GG	2.787	20	3.251	25/09/2019	-46	15
Pengurusan Air SPV Berhad	06/22	GG	2.820	10	2.987	07/02/2020	-17	18
Pengurusan Air SPV Berhad	02/23	GG	2.880	5	3.321	25/11/2019	-44	21
Prasarana Malaysia Berhad	02/23	GG	2.881	5	3.299	12/12/2019	-42	21
Perbadanan Tabung Pendidikan Tinggi Nasional	07/23	GG	2.877	20	3.301	05/09/2019	-42	21
Jambatan Kedua Sdn Berhad	07/23	GG	2.899	5	3.369	09/12/2019	-47	23
Khazanah Nasional Berhad	08/23	GG	2.854	5	3.000	10/02/2020	-15	15
DanaInfra Nasional Berhad	10/23	GG	2.851	5	3.001	10/02/2020	-15	15
Lembaga Pembiayaan Perumahan Sektor Awarr	04/24	GG	2.957	50	3.453	01/11/2019	-50	26
DanaInfra Nasional Berhad	11/24	GG	2.955	20	3.441	03/12/2019	-49	23
Pengurusan Air SPV Berhad	02/26	GG	2.999	50	3.527	12/11/2019	-53	22
Lembaga Pembiayaan Perumahan Sektor Awarr	09/26	GG	3.081	20	3.199	10/02/2020	-12	26
DanaInfra Nasional Berhad	09/26	GG	2.969	30	-	-	-	15
DanaInfra Nasional Berhad	10/26	GG	3.004	20	3.360	17/01/2020	-36	18
DanaInfra Nasional Berhad	07/27	GG	3.018	10	3.419	08/01/2020	-40	20
Lembaga Pembiayaan Perumahan Sektor Awarr	09/48	GG	3.730	10	-	-	-	50
DanaInfra Nasional Berhad	02/49	GG	3.689	15	3.701	12/02/2020	-1	46
Mydin Mohamed Holdings Berhad	05/20	AAA	3.635	10	3.834	03/12/2019	-20	101
Cagamas Berhad	11/20	AAA	2.806	160	3.120	12/02/2020	-31	18
Aman Sukuk Berhad	04/22	AAA	2.948	5	3.251	05/02/2020	-30	31
Mercedes-Benz Services Malaysia Sdn Berhad	05/22	AAA	3.184	15	3.502	01/11/2019	-32	54
Mercedes-Benz Services Malaysia Sdn Berhad	06/22	AAA	3.168	10	3.500	01/11/2019	-33	53
Cagamas Berhad	10/24	AAA	3.060	25	-	-	-	34
Sarawak Energy Berhad	06/26	AAA	3.237	160	3.308	10/02/2020	-7	46
Genting Capital Berhad	06/27	AAA	3.635	3	3.930	20/11/2019	-30	82
Genting RMTN Berhad	11/29	AAA	3.777	15	3.869	04/02/2020	-9	91
Manjung Island Energy Berhad	11/31	AAA	3.319	5	3.559	29/01/2020	-24	45
GENM Capital Berhad	07/33	AAA	3.939	20	4.244	20/11/2019	-31	85
Genting RMTN Berhad	11/34	AAA	3.997	4	4.252	21/01/2020	-26	91
Sarawak Energy Berhad	04/36	AAA	3.611	20	4.071	02/01/2020	-46	52
Tenaga Nasional Berhad	08/37	AAA	3.616	1	3.759	29/01/2020	-14	53
Sabah Credit Corporation	05/20	AA1	3.259	30	3.309	06/02/2020	-5	64
CIMB Group Holdings Berhad	06/20	AA1	3.108	5	-	-	-	49
Hong Leong Financial Group Berhad	09/21	AA1	3.216	10	3.345	11/02/2020	-13	58
Batu Kawan Berhad	06/23	AA1	3.336	10	3.698	31/12/2019	-36	67
Hong Leong Financial Group Berhad	06/29	AA2	3.519	30	3.786	20/01/2020	-27	66
Fortune Premiere Sdn Berhad	03/23	AA	3.379	20	3.709	07/10/2019	-33	71
Fortune Premiere Sdn Berhad	09/26	AA	3.551	40	3.958	20/12/2019	-41	73
CIMB Group Holdings Berhad	11/29	AA	3.450	10	-	-	-	58
Perbadanan Kemajuan Negeri Selangor	06/22	AA3	3.427	10	3.809	21/08/2019	-38	79
BGSM Management Sdn Berhad	03/26	AA3	3.568	5	3.882	17/01/2020	-31	79
IJM Corporation Berhad	08/28	AA3	3.889	2	4.118	20/01/2020	-23	103
Malayan Banking Berhad	02/17	AA3	3.778	7	3.782	12/02/2020	0	55
Affin Bank Berhad	02/27	A1	4.049	1	3.657	16/01/2020	39	123
Affin Bank Berhad	09/27	A1	3.557	10	4.299	07/02/2020	-74	71
UMW Holdings Berhad	04/18	A1	4.229	282	4.647	06/02/2020	-42	100
IJM Land Berhad	03/19	A2	6.251	1	6.782	12/02/2020	-53	302
MBSB Bank Berhad (fka Asian Finance Bank Be	12/29	A3	4.814	1	5.045	27/12/2019	-23	195
MBSB Bank Berhad (fka Asian Finance Bank Be	12/31	A3	4.998	1	5.200	23/12/2019	-20	213
Bank Muamalat Malaysia Berhad	11/21	A	4.396	1	3.892	12/02/2020	50	176
Eco World International Berhad	05/23	-	5.628	1	5.350	11/02/2020	28	296
				<u>1229</u>				

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

Market/Corporate News: What's Brewing

The construction of the East Coast Rail Link (ECRL) is progressing as scheduled despite the Covid-19 outbreak. Transport Minister Anthony Loke Siew Fook said the rail project, which will connect Port Klang and Kota Bharu, Kelantan is currently 15 percent complete. He said 13 ECRL workers, who went back to China for the Chinese New Year holiday last month, have yet to return to Malaysia but their absence has not affected the construction as most of the workers are locals. "We have also not received any request from the financing company, Export-Import Bank of China (EXIM), to delay the payment of funds for this project. We are confident that ECRL will be fully operational in January 2027," he said after visiting the ECRL Project Public Inspection site here today. Accompanying him were Malaysia Rail Link Sdn Bhd (MRL) chairman Tan Sri Ismail Bakar and MRL chief executive officer Datuk Seri Darwis Abd Razak. Loke said the ECRL will complement the National Transport Policy in the Government's

aspiration to increase cargo movement via railway rather than roads. "Aside from reducing the number of heavy vehicles on the road, the ECRL will also connect two ports in Port Klang, namely West Port and the proposed Carey Island Port," he said. The ECRL project, which was initially suspended by the Pakatan Harapan Government in July 2018 pending negotiations to lower construction costs, was resumed after MRL and China Communications Construction Company Ltd signed a supplementary agreement on April 12, 2019. The agreement entailed reducing the project costs to RM21.5 billion from the original RM65.5 billion. (Source: *The Star*)

Scomi Energy Services Bhd's (SESB) subsidiary, KMCOB Capital Bhd, is seeking another extension of time from bondholders for the settlement of RM55 million worth of bonds. SESB said KMCOB would not be able to meet the Feb 28 deadline to redeem Series E of the KMCOB Bonds as it needs more time to undertake the drawdown of bridging financing for the repayment. The financing was granted to SESB on Dec 10 last year by MIDF Amanah Investment Bank Bhd. In a filing with Bursa Malaysia today, SESB said it has submitted a formal request to the trustee of the bondholders for a further extension up till April 30. "SESB is also expediting the completion of the financing documentation and fulfilment of the conditions precedent and security arrangement to facilitate the drawdown of the bridging financing," the group said. This is the second extension sought by SESB for the redemption of the bonds, which first came due on Dec 13 last year. (Source: *The Edgemarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
MISC Berhad	RM2.5 billion Islamic Medium-Term Notes (IMTN) programme	AAA-IS/Stable	Affirmed

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

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.