

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasury curve saw bull-flattening bias in reaction to Fed chair Powell's comments on the economic outlook warning that the COVID-19 virus outbreak could result in further setbacks to productivity growth and stagnant incomes; causing analysts to doubt a V-shape recovery. Overall benchmark yields fell between 0-3bps with the UST 2Y unchanged at 0.16% whilst the much-watched UST 10Y edged 2bps lower at 0.64%. The Treasury's auction of \$22b of 30Y notes attracted average demand on a BTC ratio of 2.30x (previous 10 auctions: 2.32x) and awarded at 1.342%. Meanwhile, rising US-China tensions caused a sell-off in risk assets whilst dollar funding markets recovered as the Fed scaled back some support that was provided earlier to help maintain liquidity during the recent volatilities. Expect attention to shift to the Labor Department's latest weekly jobless claims reports which may continue to remain at elevated levels.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.16	0
5-yr UST	0.32	-1
10-yr UST	0.64	-2
30-yr UST	1.35	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.32	-4	2.28	0
5-yr	2.58	2	2.51	3
7-yr	2.77	-1	2.66	-4
10-yr	2.87	3	2.95	-4
15-yr	3.18	7	3.05	-15
20-yr	3.39	4	3.38	0
30-yr	3.78	1	3.69	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.21	0
3-yr	2.23	0
5-yr	2.30	-1
7-yr	2.40	0
10-yr	2.63	0

Source : Bloomberg

Upcoming Government Bond Tender

Re-opening of (RM3.5b + RM1.5b Private placement) of 15Y GII 11/34 on Thursday, 14th May

MGS/GII

- Local govies vlosed mixed following the better-than expected 1Q2020 GDP of 0.7% as secondary market volume notched up to RM5.84b. The curve shifted steepend slightly higher as overall benchmark yields closed mixed between -15bps to +7bps with interest mainly continued to be centred in the off-the-run 21's, 25's and also benchmark 10Y bonds. Both the benchmark 5Y MGS 6/24 and the 10Y MGS 8/29 rose 2-3bps at 2.58% and 2.87% respectively. GII bonds eased for the 4th straight session to form a mere ~15% of overall trades. Looking ahead, bonds may continue to be supported on account of overall projected contraction in 2Q2020 as pre-COVID-19 pandemic orders and global lockdowns are likely to weigh heavily on exports.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk space saw strong activity despite secondary market volume easing to RM550m. Interest was seen mainly in both the GG and AAA-segment as overall yields ended mostly mixed-to-lower yet again. DANA bonds dominated trades yesterday with the 5/23, 11/25 and 2/29 tranches falling between 79-110bps compared to previous-done levels at 2.50%, 2.79% and 3.07% respectively whilst the 11/34 tranche however jumped 18bps higher at 3.38%. AAA-rated TELEKOM 24's similarly was well-bid with yields declining to between 2.91-96% levels. Energy-related bonds BGSM 6/24 and 12/27. The banking space was relatively quiet save for odd-lot trades on CIMB Group holdings and MBSB.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/20	2.062	211	2.016	12/05/2020	5
MGS 10/20	2.080	121	2.071	12/05/2020	1
MGS 02/21	2.119	6	2.100	12/05/2020	2
MGS 07/21	2.135	1183	2.131	12/05/2020	0
MGS 09/21	2.169	319	2.180	12/05/2020	-1
MGS 11/21	2.180	84	2.182	12/05/2020	0
MGS 03/22	2.235	223	2.232	12/05/2020	0
MGS 09/22	2.290	194	2.320	12/05/2020	-3
MGS 03/23	2.324	385	2.369	12/05/2020	-5
MGS 04/23	2.361	410	2.317	08/05/2020	4
MGS 08/23	2.372	371	2.404	12/05/2020	-3
MGS 06/24	2.467	252	2.496	12/05/2020	-3
MGS 07/24	2.478	43	2.504	12/05/2020	-3
MGS 09/24	2.572	1	2.499	12/05/2020	7
MGS 03/25	2.554	40	2.565	12/05/2020	-1
MGS 09/25	2.582	285	2.559	12/05/2020	2
MGS 04/26	2.690	5	2.662	12/05/2020	3
MGS 07/26	2.735	61	2.744	12/05/2020	-1
MGS 11/26	2.805	6	2.775	12/05/2020	3
MGS 05/27	2.765	363	2.779	12/05/2020	-1
MGS 11/27	2.827	11	2.816	12/05/2020	1
MGS 06/28	2.915	9	2.868	12/05/2020	5
MGS 08/29	2.869	295	2.842	12/05/2020	3
MGS 04/33	3.280	10	3.170	12/05/2020	11
MGS 11/33	3.268	19	3.216	12/05/2020	5
MGS 07/34	3.178	7	3.103	12/05/2020	7
MGS 05/35	3.310	4	3.343	06/05/2020	-3
MGS 06/38	3.462	42	3.469	12/05/2020	-1
MGS 05/40	3.394	1	3.357	12/05/2020	4
MGS 07/48	3.778	25	3.770	12/05/2020	1
GII 08/20	2.040	5	2.119	06/05/2020	-8
GII 04/21	2.091	20	2.100	08/05/2020	-1
GII 08/21	2.137	2	2.150	12/05/2020	-1
GII 03/22	2.256	71	2.296	12/05/2020	-4
GII 04/22	2.257	140	2.266	12/05/2020	-1
GII 07/23	2.398	20	2.351	06/05/2020	5
GII 10/23	2.411	10	2.474	04/05/2020	-6
GII 11/23	2.422	2	2.353	08/05/2020	7
GII 10/24	2.512	20	2.484	08/05/2020	3
GII 08/25	2.611	14	2.617	12/05/2020	-1
GII 10/25	2.616	30	2.642	08/05/2020	-3
GII 03/26	2.662	120	2.700	12/05/2020	-4
GII 09/26	2.704	1	2.746	08/05/2020	-4
GII 10/28	2.944	130	2.951	12/05/2020	-1
GII 07/29	2.950	261	2.986	12/05/2020	-4
GII 11/34	3.049	10	3.202	12/05/2020	-15
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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*
Pengurusan Air SPV Berhad	02/21	GG	2.196	10	3.494	09/05/2019	-130	8
Prasarana Malaysia Berhad	02/23	GG	2.473	20	2.786	11/03/2020	-31	16
DanaInfra Nasional Berhad	05/23	GG	2.496	70	3.595	20/03/2020	-110	18
DanaInfra Nasional Berhad	11/25	GG	2.791	5	3.761	26/03/2020	-97	8
Prasarana Malaysia Berhad	03/28	GG	2.980	20	3.019	28/04/2020	-4	14
DanaInfra Nasional Berhad	02/29	GG	3.071	15	3.858	24/03/2020	-79	20
DanaInfra Nasional Berhad	11/34	GG	3.380	50	3.200	11/03/2020	18	24
Rantau Abang Capital Berhad	10/22	AAA	2.746	20	2.854	10/03/2020	-11	52
Putrajaya Holdings Sdn Berhad	07/23	AAA	2.821	20	3.197	10/02/2020	-38	50
Putrajaya Holdings Sdn Berhad	09/23	AAA	2.830	10	3.701	24/03/2020	-87	51
Mercedes-Benz Services Malaysia Sdn Berhad	11/23	AAA	2.908	20	3.645	19/03/2020	-74	46
Telekom Malaysia Berhad	03/24	AAA	2.911	10	3.011	11/03/2020	-10	46
Putrajaya Holdings Sdn Berhad	04/24	AAA	2.886	20	2.914	08/05/2020	-3	43
Telekom Malaysia Berhad	06/24	AAA	2.940	10	3.160	23/04/2020	-22	49
Putrajaya Holdings Sdn Berhad	07/24	AAA	2.938	10	2.937	06/05/2020	0	49
Telekom Malaysia Berhad	10/24	AAA	2.959	25	3.339	11/02/2020	-38	51
Manjung Island Energy Berhad	11/24	AAA	2.961	10	3.794	26/03/2020	-83	43
Suria KLCC Sdn Berhad	12/24	AAA	2.942	10	3.388	12/09/2019	-45	41
Putrajaya Holdings Sdn Berhad	04/25	AAA	2.969	10	2.968	08/05/2020	0	44
Putrajaya Holdings Sdn Berhad	05/25	AAA	3.008	10	3.948	25/03/2020	-94	47
TNB Northern Energy Berhad	05/26	AAA	3.126	10	3.988	18/06/2019	-86	42
Sabah Credit Corporation	12/20	AA1	2.793	30			279	68
Cahaya Mata Sarawak Berhad	05/22	AA3	3.200	10	3.580	08/04/2020	-38	97
BGSM Management Sdn Berhad	06/24	AA3	3.306	10	3.576	21/04/2020	-27	85
BGSM Management Sdn Berhad	12/27	AA3	3.501	30	3.549	30/04/2020	-5	67
AmBank (M) Berhad	02/28	AA3	4.302	2	3.685	03/04/2020	62	147
AmBank Islamic Berhad	02/28	AA3	4.402	1	4.253	07/02/2020	15	157
Southern Power Generation Sdn Berhad	10/25	AA-	3.447	10	3.561	17/03/2020	-11	91
Penang Port Sdn Berhad	12/31	AA-	3.890	20	4.160	18/03/2020	-27	101
CIMB Group Holdings Berhad	05/16	A1	3.307	1	4.793	12/05/2020	-149	-10
CIMB Group Holdings Berhad	05/16	A1	3.520	1	3.568	12/05/2020	-5	12
CIMB Group Holdings Berhad	05/16	A1	4.830	1	4.491	05/05/2020	34	143
MBSB Bank Berhad (fka Asian Finance Bank Berh	12/31	A3	4.579	1	4.363	06/05/2020	22	170
DRB-Hicom Berhad	12/22	A+	4.460	10	4.885	26/03/2020	-43	214
Penang Port Sdn Berhad	12/29	AA-	3.699	40	4.217	06/04/2020	-52	82
				<u>550</u>				

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

Market/Corporate News: What's Brewing

Malaysia's economy eked out its slowest growth in a decade to start the year, with the second quarter expected to be even tougher. The largest set of stimulus measures in Southeast Asia will be put to the test to keep the economy afloat. The government has unveiled incentives worth RM260 billion (US\$60 billion), more than 17% of gross domestic product, to reduce job losses and ensure small businesses can continue operating amid the coronavirus pandemic. Bank Negara Malaysia expects the economy to contract in the second quarter as industries suffer the brunt of a lockdown that started March 18 and is set to end June 9. The stimulus measures and a gradual lifting of the lockdown will see activity improve in the second half of the year, leading to positive growth in 2021, the central bank said Wednesday. Here are some numbers showing how the incentives are flowing through the economy: 33%. The proportion of Malaysians, including the poorest 40% and those unmarried, who have received government cash handouts totaling RM11 billion as of May 10.

1.9 million- The number of workers that have benefited from a wage subsidy — of which RM2.1 billion has been disbursed — to help employers pay salaries despite restrictions on economic activity.

RM10 billion-Bank Negara Malaysia's allocation for a low-interest loan facility for small businesses, which was boosted from RM2 billion due to demand. Participating banks have approved 20,000 applications

3.7 million-The number of people who have withdrawn a total of RM1.76 billion from their state pensions. Many people have taken up the offer to lower their monthly retirement contributions, leaving an additional RM954.7 million of funds in their hands
 RM100 billion-The amount of benefits borrowers should get from a six-month moratorium on repaying bank loans — the biggest component of the stimulus package. Backlash against the measure was fueled by confusion over whether interest would accrue on deferred payments. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
EON Co (M) Bhd (AEON (M))	RM1 bil Islamic MTN Programme (2016/2031) and RM300 mil Islamic CP Programme (2016/2022)	AA2/Stable and P1	Reaffirmed
Leader Energy Sdn Bhd	Proposed ASEAN Green Sustainable and Responsible Investment (SRI) Sukuk Wakalah of up to RM260.0 million	AA-IS/Stable	Assigned

Source: RAM, MARC

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