

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries were little changed on Tuesday having erased earlier declines as they trailed gains in many other European markets as attention remains focused on the economic consequences of steps taken to control the COVID-19 infections. Overall benchmark yields ticked a mere 0-1bps higher with the UST 2Y up at 0.16% and the much-watched UST 10Y at 0.62%. Meanwhile bond traders shrugged off the latest CPI numbers for June which came in slightly higher-than-expected at 0.6% MOM; the highest growth since 2012. Core CPI came in firmer as well at 0.2%. The low yields at the longer-ends also reflect investor expectations that short-term interest rates remain near zero for a prolonged period. The reopening of economic sectors is going through some rough patches despite the pleasant return of consumer spending and marginal price increases in the US. Meanwhile the IG slate was minimal with Hewlett Packard being the only prominent issuer in the debt market in a \$1.75b deal.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.16	1
5-yr UST	0.29	0
10-yr UST	0.62	0
30-yr UST	1.31	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.00	1	2.05	0
5-yr	2.16	-2	2.18	0
7-yr	2.44	1	2.48	1
10-yr	2.67	2	2.66	1
15-yr	3.15	0	3.19	0
20-yr	3.41	0	3.45	0
30-yr	3.73	0	3.80	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.92	0
3-yr	1.93	0
5-yr	2.06	-2
7-yr	2.35	0
10-yr	2.55	0

Source : Bloomberg

Upcoming Government Bond Tender

Re-opening of RM5.0b 10Y GII 10/30 on Thursday,
16th July 2020

MGS/GII

- Local govies saw slightly better trading interest yesterday amid a higher secondary market volume of RM3.47b despite the absence of meaningful catalysts. Overall benchmark MGS/GII yields edged higher between 1-2bps save for the 5Y MGS with interest seen mainly in the shorter-tenured off-the-run 20-22's. The benchmark 5Y MGS 9/25 saw strong bids resulting in a 2bps decline in yields at 2.16% whilst the 10Y MGS 8/29 rose 2bps instead at 2.67%. GII bond trades maintained ~37% of overall trades. Traders are still seen expecting some further support for MYR bonds with a view for potential further easing later this year. Meanwhile the MYR rose this morning; helped by a weaker dollar and slightly better crude prices. The economic calendar remains light for now.

Corp Bonds/Sukuk

- Trading activity was robust on Tuesday with secondary market volume spiking to RM1.6b with interest seen across the GG to single-A part of the curve. Overall yields still continued to move mostly lower. Both Govt-guaranteed DANA ad LPSA 23's saw a total of RM355m in nominal amounts traded; edging 2-3bps lower compared to previous-done levels at 2.27-28% levels. The long-end i.e. DANA 11/47 rallied 15bps at 3.90% whereas the 5/50 tranche rose 2bps instead at 3.96%. AAA-rated PLUS 26-27's ended 23-28bps lower between 2.88-96% area whilst AMAN 25-27's saw buying interest resulting in yields falling between 19-25bps. ENTING Cap 6/27 similarly ended 36bps lower at 3.47%. The AA-space saw YTL Corp 4/23 and YTL Power 8/23 grind RM40m in nominal amounts each as yields closed between 0-11bps lower @ 3.04% each. Debentants LEADER Energy made its foray into the secondary market on various odd-lot denomination.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	10/20	1.788	409	1.765	13/07/2020	2
MGS	02/21	1.811	40	1.853	08/07/2020	-4
MGS	07/21	1.792	261	1.820	13/07/2020	-3
MGS	09/21	1.807	151	1.808	13/07/2020	0
MGS	03/22	1.922	69	1.931	13/07/2020	-1
MGS	08/22	1.967	137	1.967	13/07/2020	0
MGS	09/22	1.966	251	1.980	13/07/2020	-1
MGS	03/23	2.000	293	1.990	13/07/2020	1
MGS	04/23	2.032	6	2.042	13/07/2020	-1
MGS	08/23	2.037	70	2.047	13/07/2020	-1
MGS	06/24	2.111	1	2.129	13/07/2020	-2
MGS	07/24	2.147	10	2.146	13/07/2020	0
MGS	03/25	2.222	1	2.195	09/07/2020	3
MGS	09/25	2.161	66	2.176	13/07/2020	-2
MGS	05/27	2.437	60	2.422	13/07/2020	1
MGS	11/27	2.474	30	2.488	13/07/2020	-1
MGS	06/28	2.635	110	2.649	10/07/2020	-1
MGS	08/29	2.669	74	2.650	13/07/2020	2
MGS	06/31	2.872	67	2.873	10/07/2020	0
MGS	11/33	3.193	55	3.119	09/07/2020	7
MGS	07/34	3.150	12	3.151	13/07/2020	0
MGS	06/38	3.423	1	3.423	13/07/2020	0
MGS	03/46	3.814	13	3.798	13/07/2020	2
MGS	06/50	3.727	1	3.725	13/07/2020	0
GII	08/20	1.801	100	1.787	09/07/2020	1
GII	03/22	1.945	30	1.959	10/07/2020	-1
GII	04/22	1.945	625	1.962	10/07/2020	-2
GII	07/22	1.962	10	2.101	07/07/2020	-14
GII	10/24	2.178	10	2.179	13/07/2020	0
GII	08/25	2.244	29	2.248	10/07/2020	0
GII	03/26	2.326	80	2.334	13/07/2020	-1
GII	09/26	2.434	50	2.430	10/07/2020	0
GII	07/27	2.583	40	2.555	10/07/2020	3
GII	09/27	2.483	40	2.477	09/07/2020	1
GII	10/28	2.709	30	2.704	10/07/2020	0
GII	07/29	2.788	160	2.776	13/07/2020	1
GII	09/30	2.795	60	2.779	10/07/2020	2
GII	10/30	2.656	20	2.642	10/07/2020	1
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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	06/21	GG	2.044	5	2.220	02/06/2020	-18	23
Danainfra Nasional Berhad	08/23	GG	2.281	200	2.297	10/07/2020	-2	29
Lembaga Pembiayaan Perumahan Sektor Awam	09/23	GG	2.266	155	2.294	10/07/2020	-3	27
Danainfra Nasional Berhad	10/23	GG	2.300	30	2.752	10/03/2020	-45	31
Danainfra Nasional Berhad	03/24	GG	2.341	75	2.590	25/06/2020	-25	22
Pengurusan Air SPV Berhad	06/24	GG	2.331	50	2.652	22/06/2020	-32	21
Khazanah Nasional Berhad	08/24	GG	2.410	50	2.486	09/07/2020	-8	29
Lembaga Pembiayaan Perumahan Sektor Awam	09/24	GG	2.349	40	2.469	07/07/2020	-12	23
PR1MA Corporation Malaysia	10/24	GG	2.400	30	3.420	22/08/2019	-102	28
Small Medium Enterprise Development Bank Malay	04/25	GG	2.559	5	2.699	06/07/2020	-14	39
Danainfra Nasional Berhad	11/25	GG	2.461	15	2.769	24/06/2020	-31	29
Danainfra Nasional Berhad	11/25	GG	2.459	5	2.768	24/06/2020	-31	29
Prasarana Malaysia Berhad	12/25	GG	2.484	10	2.459	09/07/2020	2	31
Small Medium Enterprise Development Bank Malay	04/27	GG	2.799	3	2.980	06/07/2020	-18	37
Prasarana Malaysia Berhad	03/40	GG	3.662	135	3.660	13/07/2020	0	25
Danainfra Nasional Berhad	11/47	GG	3.899	15	4.050	12/06/2020	-15	49
Danainfra Nasional Berhad	05/50	GG	3.960	5	3.940	09/07/2020	2	55
Danum Capital Berhad	05/23	AAA	2.554	5	2.696	08/07/2020	-14	56
DiGi Telecommunications Sdn Berhad	04/24	AAA	2.699	10	2.957	30/06/2020	-26	58
Projek Lebuhraya Usahasama Berhad	01/25	AAA	2.838	20	3.098	16/06/2020	-26	72
Aman Sukuk Berhad	03/25	AAA	2.828	10	3.019	11/06/2020	-19	65
Aman Sukuk Berhad	05/25	AAA	2.839	10	3.029	11/06/2020	-19	67
Danum Capital Berhad	05/25	AAA	2.736	10	2.969	03/06/2020	-23	56
Projek Lebuhraya Usahasama Berhad	01/26	AAA	2.879	30	3.108	28/05/2020	-23	54
Aman Sukuk Berhad	10/26	AAA	2.939	30	3.182	15/06/2020	-24	60
Projek Lebuhraya Usahasama Berhad	01/27	AAA	2.959	10	3.241	17/06/2020	-28	53
Aman Sukuk Berhad	05/27	AAA	2.989	10	3.239	11/06/2020	-25	56
Rantau Abang Capital Berhad	03/29	AAA	3.017	10	3.037	10/07/2020	-2	38
Danga Capital Berhad	01/33	AAA	3.364	10	3.480	04/06/2020	-12	21
Danga Capital Berhad	09/33	AAA	3.399	10	3.419	08/07/2020	-2	25
TNB Western Energy Berhad	01/34	AAA	3.557	3	3.819	29/01/2020	-26	40
Kuala Lumpur Kepong Berhad	09/22	AA1	2.694	20	2.713	08/07/2020	-2	76
YTL Corporation Berhad	04/23	AA1	3.037	40	3.146	07/07/2020	-11	104
Batu Kawan Berhad	06/23	AA1	2.877	10	2.883	09/07/2020	-1	88
Sepangar Bay Power Corporation Sdn Berhad	07/23	AA1	2.934	5	4.147	11/04/2019	-121	94
YTL Power International Berhad	08/23	AA1	3.038	40	3.039	13/07/2020	0	104
Sepangar Bay Power Corporation Sdn Berhad	07/25	AA1	3.152	5	4.079	27/03/2020	-93	98
UniTapah Sdn Berhad	12/29	AA1	3.651	10	4.159	14/11/2019	-51	102
SEP Resources (M) Sdn Berhad	12/30	AA1	3.397	10	3.399	13/07/2020	0	74
Konsortium ProHAWK Sdn Berhad	12/25	AA2	3.237	10	3.917	04/12/2019	-68	106
Fortune Premiere Sdn Berhad	09/25	AA	3.343	20	3.535	19/06/2020	-19	117
Bandar Serai Development Sdn Berhad	10/20	AA3	2.671	1	2.772	08/07/2020	-10	86
Leader Energy Sdn Berhad	07/22	AA-	3.500	5	-	-	-	157
Leader Energy Sdn Berhad	07/24	AA-	3.850	5	-	-	-	173
Leader Energy Sdn Berhad	07/26	AA-	4.050	1	-	-	-	171
Kimanis Power Sdn Berhad	08/26	AA-	3.442	14	3.659	29/04/2020	-22	110
MMC Corporation Berhad	04/27	AA-	4.179	1	4.228	08/07/2020	-5	175
Kimanis Power Sdn Berhad	08/27	AA-	3.551	4	3.740	29/04/2020	-19	112
Southern Power Generation Sdn Berhad	04/29	AA-	3.439	10	3.487	13/07/2020	-5	80
Southern Power Generation Sdn Berhad	04/30	AA-	3.538	10	3.597	10/07/2020	-6	88
Leader Energy Sdn Berhad	07/30	AA-	4.500	5	-	-	-	184
Leader Energy Sdn Berhad	07/31	AA-	4.600	8	-	-	-	194
Leader Energy Sdn Berhad	07/34	AA-	4.900	6	-	-	-	175
Leader Energy Sdn Berhad	07/36	AA-	5.100	5	-	-	-	195
Leader Energy Sdn Berhad	07/37	AA-	5.200	7	-	-	-	205
Leader Energy Sdn Berhad	07/38	AA-	5.300	5	-	-	-	189
TG Excellence Berhad	02/20	AA-	3.229	10	3.231	13/07/2020	0	-18
Affin Bank Berhad	02/27	A1	2.922	5	4.505	28/05/2020	-158	49
Affin Bank Berhad	09/27	A1	3.066	8	4.105	06/05/2020	-104	64
Bank Islam Malaysia Berhad	11/28	A1	3.365	20	3.517	03/07/2020	-15	78
CIMB Group Holdings Berhad	05/16	A1	3.692	30	3.790	03/07/2020	-10	28
MBSB Bank Berhad (fka Asian Finance Bank Berh	12/29	A3	3.926	10	3.929	13/07/2020	0	129
Eco World International Berhad	10/21	-	5.075	1	5.177	09/07/2020	-10	326
Eco World International Berhad	05/23	-	5.614	1	5.615	10/07/2020	0	362
Sunway Treasury Sukuk Sdn Berhad	07/23	-	3.450	230	-	-	-	146
Leader Energy Sdn Berhad	07/23	-	3.700	10	-	-	-	171
Leader Energy Sdn Berhad	07/27	-	4.150	13	-	-	-	172
Leader Energy Sdn Berhad	07/32	-	4.700	2	-	-	-	204
Tropicana Corporation Berhad	09/19	-	5.643	1	5.544	10/07/2020	10	224
				<u>1602</u>				

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

Market/Corporate News: What's Brewing

Air travel in Malaysia showed further signs of recovery in the first nine days of July 2020 compared to late June 2020 as the relaxation in travel restrictions continue into the second month, said Malaysia Airports Holdings Bhd (MAHB).

In a statement, the airports operator said statistics from the 39 airports it manages in Malaysia showed that passenger and aircraft movements in the first nine days of July doubled with a daily average of about 37,000 and 550 respectively compared to a daily average of about 18,650 and 290 in the last nine days of June. It said as Malaysia has not fully opened its borders for international travel, these numbers mainly represent domestic traffic movements. Nevertheless, it said that at Istanbul Sabiha Gökçen International Airport – MAHB' fully owned asset in Turkey – international travel has resumed with the opening of Turkey's borders since 12 June 2020. MAHB said in June, Pegasus Airlines started operations to 18 destinations in ten countries while AnadoluJet started operations to 11 destinations in six countries. Beginning July, Pegasus increased its operations to 43 destinations in 27 countries with AnadoluJet also increasing its operations to 12 destinations in seven countries, it said. MAHB group chief executive officer Datuk Mohd Shukrie Mohd Salleh, this is a positive sign of gradual recovery for the country's aviation industry. "We are hoping to see larger increases in traffic numbers as we go forward especially with Hari Raya Aidiladha approaching at the end of the month. "Malaysians who did not get the opportunity to spend Aidilfitri with their families will surely take the opportunity to travel back to their hometown," he said. Mohd Shukrie said carriers had launched aggressive sales campaigns to increase load factors. He cited reports that AirAsia sold over 200,000 of its Unlimited Passes, while Malaysia Airlines had also launched a joint business partnership with Japan Airlines where they will offer a four-weekly service between Kuala Lumpur and Tokyo Narita starting July. "We also know that there have been discussions between governments on the implementation of travel corridors. "Therefore, the introduction of the Malaysia - Singapore Reciprocal Green Lane, announced by the Ministers of Foreign Affairs of Malaysia and Singapore on July 14 is a welcome start for further relaxation in the opening of our borders," he said. Mohd Shukrie added that MAHB is not letting up on efforts in ensuring a safe airport environment for travellers and restoring confidence in air travel. These measures include facial recognition, self-check-in and bag-drop, contactless security screening and automated disinfection using UV. Mohd Shukrie said more technology is also being explored by continuously benchmarking best practices at other airports around the world. (Source: *The Edgemarkets*)

The Works Ministry has announced that the Pan Borneo Highways in Sabah and Sarawak have each recorded a 32% and 52% progress until June. It said that the two projects were being implemented conventionally with cooperation from the Public Works Departments in Sabah and Sarawak, following the termination of the Project Delivery Partner Agreement (PDPA). "The Perikatan Nasional government will honour the previous government's decision to change the implementation methods for the Pan Borneo Highways in Sabah and Sarawak. Following that, efforts to continuously improve on the implementation methods are being carried out to overcome constraints that have been identified. "These efforts are necessary to ensure the Pan Borneo Highways in Sabah and Sarawak will go smoothly and act as a catalyst for the socio-economic, industrial and investment growth along the project's line," said the ministry. The ministry said this in a written reply, that was posted on the Parliament's official website today, to a question by Baru Bian (PSB-Selangau) regarding the construction status of the Pan Borneo Highways in Sabah and Sarawak and whether the government would continue with the method of construction agreed upon by the Pakatan Harapan (PH) government previously. In replying to Ahmad Johnie Zawawi (GPS-Igan) regarding workers affected by the ending of the Pan Borneo Sarawak PDPA, the ministry said it involved the termination of the service contracts of 500 employees of Syarikat Lebuhraya Borneo Utara Sdn Bhd. The company was part of the Project Implementation Partner that was cancelled on Feb 20, 2020, following the

termination of the PDPA and the ministry, in cooperation with Sarawak JKR, has taken over the conventional implementation of Phase 1 of the Sarawak Pan Borneo Highway project. "To ensure the smooth running of the project's implementation, continuous upgrading work is being carried out, especially in terms of raising the existing capacity and technical know-how. "These upgrading efforts will take into consideration alternative implementation models that will optimise the use of experienced workforce in carrying out Phase 1 of the Sarawak Pan Borneo Highway project. In replying to Ahmad Hassan (Warisan-Papar) regarding the total package of construction work on the Sabah Pan Borneo Highway that was not implemented during the transition of government since March 1, the ministry said Phase 1 of the project involved an estimated distance of 706 km and divided into 35 packages. So far, 12 packages have had contractors appointed. However, one package, involving the Tawau to Semporna route, had its contract terminated because the contractor's performance was not up to the mark. Meanwhile, a total of 41 contracts had been given to contractors and consultants in various fields for the Sabah Pan Borneo Highway, comprising experienced companies in the state. The tenders for four packages including the one involving the Tawau-Semporna route, whose contracts have been terminated, are expected to be confirmed by this year while the implementation of the remaining 20 packages would depend on the government's current financial capabilities for the 12th Malaysia Plan. (Source: *The Edgemarkets*)

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

Source: RAM, MARC

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