

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries saw no meaningful directional catalysts before ending roughly flat on Monday as risk appetite was given a shot in the arm by news on vaccine and treatment development. The curve ended slightly higher with both the the UST 2Y and much-watched 10Y edging 1bps higher compared to prior day's close; at 0.14% and 0.67% respectively. The UST market seemed to find near-term support from the apparent lack of progress on additional fiscal stimulus and concerns over the US elections in November. Meanwhile IG credit issuances saw tremendous activity with a total of 12 borrowers raising up to ~12.0b; led by Coca-Cola. Bond traders are likely to concentrate on the upcoming 20Y auction reopening and also the Fed's monetary policy decision this Wednesday with expectations for further commitment to maintain rates at the near zero-range for some time to come.

MGS/GIII

- Local govies were better-bid yesterday as some investors were seen bargain-hunting especially in the belly of the curve. Overall benchmark yields ended mostly lower between 0-2bps amid a continued tepid secondary market volume of RM2.09b. The benchmark 5Y MGS 9/25 yields closed within 1bps lower at 2.15% whilst the 10Y MGS 8/29 yields edged 1bps down at 2.61%. Interest was mainly seen in the shorter-end off-the-runs 20's and also benchmark 3Y and 7Y MGS. GII bond trades fell further to form a mere ~12% of overall trades. FTSE Russell's announcement of its decision on Malaysia's weightage of sovereign bonds in its WGBI on 24th Sep will be the next event risk for now. Meanwhile, investors are expected to shift focus to the 30Y GII auction on Thursday with no further scheduled economic events on the local front this week.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw slight improvement in appetite on Monday amid secondary market volume of RM380m with transactions seen in 21 various bonds. Overall yields closed mostly mixed with some interest seen across the curve. Govt-guaranteed LPPSA and PR1MA 27's settled 0-4bps higher compared to previous done levels between 2.52-53%. AAA-rated TNB saw its 2035,2038 and 2040 tranches also end 4-14bps higher between 3.40-64% area. However the AA-space saw energy-related bonds i.e. BGSM 20-21's and TADAU 7/30 close lower on yields. The banking space saw MAYBANK perps 2117NC26 and 2117NC24 grind RM60m in nominal trades closing mixed at 3.29% and 3.10% each.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	1
5-yr UST	0.27	1
10-yr UST	0.67	1
30-yr UST	1.41	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.91	-1	1.95	0
5-yr	2.15	0	2.10	0
7-yr	2.41	-2	2.34	0
10-yr	2.61	-1	2.60	0
15-yr	3.07	-2	3.15	0
20-yr	3.46	0	3.48	0
30-yr	3.76	0	3.65	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.99	0
3-yr	2.05	0
5-yr	2.24	1
7-yr	2.38	0
10-yr	2.68	0

Source : Bloomberg

Upcoming Government Bond Tender

Reopening of RM3.0b 30Y GII 11/49 on Thursday,
17th Sep 2020

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date	(bp)
					(dd/mm/yyyy)	
MGS	10/20	1.721	753	1.739	11/09/2020	-2
MGS	02/21	1.731	10	1.470	04/09/2020	26
MGS	11/21	1.744	1	1.743	11/09/2020	0
MGS	03/22	1.853	148	1.867	11/09/2020	-1
MGS	08/22	1.873	3	1.840	11/09/2020	3
MGS	03/23	1.909	273	1.916	11/09/2020	-1
MGS	06/24	2.035	2	2.029	11/09/2020	1
MGS	09/24	2.099	1	2.088	11/09/2020	1
MGS	09/25	2.150	28	2.151	11/09/2020	0
MGS	04/26	2.279	2	2.246	11/09/2020	3
MGS	11/26	2.329	1	2.342	11/09/2020	-1
MGS	05/27	2.405	250	2.429	11/09/2020	-2
MGS	11/27	2.459	2	2.480	11/09/2020	-2
MGS	06/28	2.558	5	2.572	11/09/2020	-1
MGS	08/29	2.609	69	2.619	11/09/2020	-1
MGS	04/30	2.704	24	2.699	11/09/2020	1
MGS	06/31	2.825	11	2.833	11/09/2020	-1
MGS	11/33	3.146	31	3.156	11/09/2020	-1
MGS	07/34	3.074	212	3.093	11/09/2020	-2
MGS	04/37	3.431	13	3.418	11/09/2020	1
MGS	09/43	3.809	2	3.790	10/09/2020	2
MGS	03/46	3.842	1	3.778	10/09/2020	6
MGS	07/48	3.871	2	3.886	11/09/2020	-2
GII	11/20	1.717	60	1.687	13/08/2020	3
GII	07/22	1.881	25	1.769	02/09/2020	11
GII	05/23	1.949	20	1.951	11/09/2020	0
GII	10/25	2.190	5	2.116	09/09/2020	7
GII	09/26	2.288	2	2.399	10/09/2020	-11
GII	07/27	2.472	1	2.357	08/09/2020	12
GII	12/28	2.620	40	2.625	11/09/2020	0
GII	09/30	2.695	90	2.701	11/09/2020	-1
			<u>2085</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date	(bp)	Against	
					(dd/mm/yyyy)		MGS*	
Pengurusan Air SPV Berhad	02/26	GG	1.867	30	2.190	20/05/2020	-32	-28
Pengurusan Air SPV Berhad	02/21	GG	2.269	25	2.339	28/07/2020	-7	52
Lembaga Pembiayaan Perumahan Sektor Awam	04/25	GG	2.339	30	2.361	13/08/2020	-2	20
Lembaga Pembiayaan Perumahan Sektor Awam	04/27	GG	2.329	10	2.305	25/08/2020	2	-8
PR1MA Corporation Malaysia	07/27	GG	2.521	20	2.480	13/08/2020	4	11
DanaInfra Nasional Berhad	02/26	GG	2.530	20	-	-	-	39
Malayan Banking Berhad	02/17	AAA	3.399	10	3.330	01/09/2020	7	-7
Malayan Banking Berhad	02/17	AAA	3.519	20	3.479	28/08/2020	4	5
Bank Muamalat Malaysia Berhad	06/26	AAA	3.639	20	3.501	09/09/2020	14	133
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	AA3	2.492	10	2.739	29/06/2020	-25	-12
BGSM Management Sdn Berhad	08/21	AA3	2.540	50	2.597	04/08/2020	-6	79
BGSM Management Sdn Berhad	09/21	AA3	2.538	30	2.961	12/06/2020	-42	79
UMW Holdings Berhad	04/18	AA3	4.069	10	4.489	17/06/2020	-42	60
Tenaga Nasional Berhad	08/38	AA3	3.286	40	3.278	25/08/2020	1	-18
Tenaga Nasional Berhad	08/40	AA3	3.100	20	3.569	03/06/2020	-47	-37
BGSM Management Sdn Berhad	12/20	A1	3.814	1	3.809	11/09/2020	0	207
Tadau Energy Sdn Berhad	07/30	A1	3.332	1	2.483	08/09/2020	85	72
Tenaga Nasional Berhad	08/35	A1	4.208	30	4.165	01/09/2020	4	112
Eco World International Berhad	05/23	A3	3.943	2	3.949	11/09/2020	-1	203
CIMB Group Holdings Berhad	05/16	A3	3.600	1	3.986	11/09/2020	-39	14
Eco World International Berhad	05/23	-	5.599	1	5.112	09/09/2020	49	369
			<u>380</u>					

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

Market/Corporate News: What's Brewing

Kerjaya Prospek Group Bhd has secured a RM154.4 million contract to build a temporary coastal protection structure for phases 2B and 2C of the Seri Tanjung Pinang (Phase 2) reclamation project in Tanjung Tokong, Penang. In a stock exchange filing, the group said the 40-month contract will start on Sept 23. "The contract is expected to provide an additional stream of revenue for the group over the next five financial years," it said, adding it would raise its outstanding order book to RM3.7 billion. Kerjaya Prospek said its 70%-owned unit Future Rock Sdn Bhd had accepted the letter of award for the contract from Tanjung Pinang Development Sdn Bhd, an indirect subsidiary of Eastern & Oriental Bhd (E&O). The contract is deemed a recurrent related-party transaction as Kerjaya Prospek's chairman Datuk Tee Eng Ho is also a non-independent non-executive director of E&O. Eng Ho and his brother Tee Eng Seng are indirect substantial shareholders of E&O, with a 21.92% stake as at July 15. (Source: *The EdgeMarkets*)

LKL International Bhd has finally revealed the identity of the Chinese company that granted it the RM78.5 million nitrile glove supply contract. "Further to the company's announcements made on Sept 2 and Sept 7, 2020 in relation to the sales contract awarded to LKLAM (LKL Advance Metaltech Sdn Bhd) for the supply of nitrile gloves, the board of directors of LKL International wishes to announce that the name of the customer is Weihai Textile Group Import and Export Co, Ltd," said LKL in a bourse filing. The announcement came after the company was queried by Bursa Malaysia for more details of the RM78.5 million nitrile glove supply contract. Last Monday, the hospital furniture manufacturer said it could not reveal the name of the Chinese firm to which it is supplying nitrile gloves as the latter denied the request to identify it. On Sept 2, 2020, LKL had announced that its wholly-owned subsidiary LKLAM had been awarded an US\$18.96 million or RM78.49 million sales contract to supply nitrile gloves. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
BEWG (M) Sdn Bhd	RM400 million Sukuk Wakalah	AA-IS/Stable	Affirmed

Source: RAM, MARC

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