

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

US Treasuries saw levels turn negative towards the later part of the session on Monday as some optimism over the economy surfaced despite earlier concerns over COVID-19 cases in Beijing, China, California, Nevada, Florida, Texas among others in the US. Overall benchmark yields edged mostly higher between 0-2bps save for the short-end. The UST 2Y closed within 1bps lower at 0.19% whilst the much-watched UST 10Y closed 2bps higher at 0.72%. On the supply front, the UST 20Y is expected to reopen later this week. The Fed announced plans to begin buying a broad and diversified portfolio of up to \$750bn in corporate bonds to support market liquidity and the availability of credit for large employers. Meanwhile total foreign holdings of UST's fell by \$44.7b to \$6.77 trillion. Expect traders to follow further updates on the COVID-19 pandemic, retail sales and also the Fed Chair Powell's testimony before the Senate Banking Committee.

MGS/GIII

- Local govies had a relatively quiet day with the curve steepening amid a 50% drop in overall secondary market volume at RM2.1b. Benchmark MGS yields closed mostly mixed between -3 to +3bps whilst GII ended mainly unchanged; with interest mainly centred in the off-the-run 20's, and 5Y, 30Y benchmark MGS. The benchmark 5Y MGS 9/25 edged 2bps higher again at 2.56% whilst the 10Y MGS 8/29 was unchanged at 2.91%. GII bonds dropped to form a mere ~12% of overall trades. Meanwhile, net foreign inflows for local govies and overall MYR bonds in May amounted to RM1.44b and RM1.48b respectively. Expect investor attention on BNM's policy response going forward whilst the government battles its way out of a weak 2Q; a situation being faced by many countries globally. The data front continues to be light this week.

Corp Bonds/Sukuk

- Investor interest eased amid the halving of secondary market volume at RM469m with trades across the GG-AA-part of the curve as overall yields closed mostly mixed. Govt-guaranteed GOVCO 2/21 edged 1bps lower compared to previous-done levels at 2.20% whilst the 9/32 tranche rose 12bps instead at 3.37%. PRASA 34's closed sharply lower on yields between 3.45-48% area. AAA-rated DANGA 26 and AMAN 27 ended unchanged at 3.18% and 3.28% each whilst the long-end TNB 8/38 rose 8bps at 3.77% on substantial volume of RM356m. YTL Power dominated the AA-space with the 23's closing 0-1bps up whilst the 8/28 tranche rose 6bps at 3.69%. The banking space saw ALLIANCE Islamic 2119NC24 perps trade again; declining sharply by 30bps at 4.50%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.19	0
5-yr UST	0.34	1
10-yr UST	0.72	2
30-yr UST	1.46	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.34	1	2.38	0
5-yr	2.55	2	2.53	-2
7-yr	2.73	0	2.77	0
10-yr	2.91	0	2.96	0
15-yr	3.32	3	3.41	0
20-yr	3.59	-1	3.65	0
30-yr	4.00	-3	3.88	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.17	0
3-yr	2.22	0
5-yr	2.38	-2
7-yr	2.51	-1
10-yr	2.71	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	07/20	2.002	341	2.003	12/06/2020	0
MGS	10/20	1.999	26	1.999	12/06/2020	0
MGS	07/21	2.045	1	2.055	12/06/2020	-1
MGS	11/21	2.104	136	2.145	12/06/2020	-4
MGS	03/22	2.188	17	2.190	12/06/2020	0
MGS	08/22	2.226	2	2.230	12/06/2020	0
MGS	09/22	2.245	4	2.235	12/06/2020	1
MGS	03/23	2.337	114	2.330	12/06/2020	1
MGS	04/23	2.382	4	2.367	12/06/2020	2
MGS	08/23	2.417	15	2.414	12/06/2020	0
MGS	06/24	2.500	20	2.499	12/06/2020	0
MGS	07/24	2.513	3	2.525	12/06/2020	-1
MGS	09/24	2.522	14	2.528	12/06/2020	-1
MGS	09/25	2.549	289	2.530	12/06/2020	2
MGS	04/26	2.693	1	2.724	11/06/2020	-3
MGS	07/26	2.704	22	2.720	12/06/2020	-2
MGS	11/26	2.710	2	2.740	12/06/2020	-3
MGS	03/27	2.780	10	2.822	11/06/2020	-4
MGS	05/27	2.733	88	2.732	12/06/2020	0
MGS	11/27	2.845	31	2.841	12/06/2020	0
MGS	06/28	2.928	2	2.901	12/06/2020	3
MGS	08/29	2.911	131	2.911	12/06/2020	0
MGS	04/30	3.063	10	3.063	12/06/2020	0
MGS	06/31	3.132	44	3.307	10/06/2020	-18
MGS	04/32	3.294	23	3.339	10/06/2020	-4
MGS	07/34	3.322	14	3.291	12/06/2020	3
MGS	04/37	3.549	2	3.580	12/06/2020	-3
MGS	06/38	3.600	1	3.559	11/06/2020	4
MGS	05/40	3.588	1	3.602	12/06/2020	-1
MGS	09/43	3.992	1	3.980	11/06/2020	1
MGS	03/46	3.989	6	4.018	12/06/2020	-3
MGS	07/48	4.024	7	3.997	12/06/2020	3
MGS	06/50	4.000	469	4.035	12/06/2020	-4
GII	08/21	2.068	17	2.110	12/06/2020	-4
GII	05/23	2.382	70	2.382	12/06/2020	0
GII	10/23	2.447	10	2.431	11/06/2020	2
GII	08/25	2.643	30	2.638	11/06/2020	0
GII	03/26	2.709	70	2.693	12/06/2020	2
GII	09/26	2.753	20	2.779	12/06/2020	-3
GII	07/29	3.003	30	2.995	12/06/2020	1
			<u>2095</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*
GovCo Holdings Berhad	02/21	GG	2.198	65	2.209	02/06/2020	-1	15
DanaInfra Nasional Berhad	05/27	GG	3.009	5	3.180	17/04/2020	-17	27
DanaInfra Nasional Berhad	04/30	GG	3.219	15	3.149	27/05/2020	7	31
GovCo Holdings Berhad	09/32	GG	3.371	25	3.249	08/05/2020	12	46
Prasarana Malaysia Berhad	12/33	GG	3.441	40	4.069	24/03/2020	-63	13
Prasarana Malaysia Berhad	03/34	GG	3.451	10	3.974	06/04/2020	-52	14
Prasarana Malaysia Berhad	08/34	GG	3.480	10	3.880	18/03/2020	-40	17
Lembaga Pembiayaan Perumahan Sektor Awam	10/38	GG	3.679	10	3.600	05/06/2020	8	7
Gulf Investment Corporation G.S.C	03/21	AAA	3.029	20	2.996	12/06/2020	3	98
HSBC Amanah Malaysia Berhad	10/23	AAA	3.035	10	3.753	18/07/2019	-72	71
Danga Capital Berhad	02/26	AAA	3.172	15	3.081	04/05/2020	9	50
Aman Sukuk Berhad	10/26	AAA	3.182	5	3.179	11/06/2020	0	51
Danga Capital Berhad	09/27	AAA	3.280	5	3.280	10/06/2020	0	54
Genting RMTN Berhad	11/34	AAA	4.152	3	4.093	27/05/2020	6	84
Tenaga Nasional Berhad	08/38	AAA	3.769	35	3.690	03/06/2020	8	16
Hong Leong Financial Group Berhad	09/21	AA1	2.891	10	2.888	04/06/2020	0	84
MBSB Bank Berhad (fka Asian Finance Bank Berh	12/21	AA1	3.000	10	-	-	-	79
YTL Power International Berhad	03/23	AA1	3.217	10	3.217	22/05/2020	0	89
YTL Power International Berhad	08/23	AA1	3.267	30	3.256	28/05/2020	1	94
Sabah Development Bank Berhad	04/26	AA1	3.640	2	4.450	14/04/2020	-81	97
YTL Power International Sdn Berhad	08/28	AA1	3.689	20	3.628	27/05/2020	6	85
BGSM Management Sdn Berhad	12/20	AA3	2.736	30	2.739	12/06/2020	0	68
Edra Energy Sdn Berhad	07/25	AA3	4.475	1	4.481	10/06/2020	-1	193
MMC Corporation Berhad	11/20	AA-	3.091	30	3.139	15/05/2020	-5	104
Segi Astana Sdn Berhad	01/22	AA-	4.180	5	4.336	12/03/2020	-16	197
MBSB Bank Berhad (fka Asian Finance Bank Berh	12/31	A3	4.600	11	4.501	11/06/2020	10	169
Affin Islamic Bank Berhad	10/17	A3	4.348	5	4.300	12/06/2020	5	74
Eco World International Berhad	10/21	-	6.369	1	6.197	12/06/2020	17	432
Eco World International Berhad	05/23	-	6.273	3	6.898	12/06/2020	-63	394
Alliance Islamic Bank Berhad	03/19	BBB1	4.499	30	4.893	12/06/2020	-39	89
				<u>469</u>				

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

Market/Corporate News: What's Brewing

Berjaya Corp Bhd (BCorp) posted a net profit of RM412.52 million for its third quarter ended March 31, 2020 (3QFY20), on a revenue of RM1.98 billion, helped by a one-off gain from the sale of its stake in the Four Seasons Hotel & Hotel Residences Kyoto in Japan. Earnings per share for the quarter came in at 7.03 sen, its stock exchange filing showed. While no comparative figures were provided following its change of financial year end to June 30 from April 30, the group said it registered lower revenue and lower gross contributions following the pandemic-driven lockdowns worldwide, which were insufficient to offset fixed operating costs. In particular, the implementation of the Movement Control Order (MCO) in Malaysia resulted in the cancellation of six draws by Sports Toto, BCorp said, while HR Owen has shut its operations since March 23 in the United Kingdom, following the start of a lockdown there. "Prior to the imposition of the global lockdown, the group's hotels and resorts business segment was affected by lower sales, cancellation of events and room sales primarily due to the growing concerns and uncertainties created by the Covid-19 pandemic. As for restaurants and cafes business segment and retail distribution business, the group experienced reduction in sales and registered negative same-store-sales growth for the current quarter," it added. In addition, shopping malls and complexes owned by BCorp also granted a 14-day relief to all eligible tenants who were unable to operate during the MCO. BCorp has also decided to start amortising its intangible asset of telecommunication licences with allocated spectrum over 24 months until December 2021, because of the government's impending plan to change its telecommunication spectrum allocation policy. "In addition, the hotels and resorts business segment has written off about RM7.06 million in respect of certain property, plant and equipment which were destroyed in a fire at Berjaya Tioman Beach Resort, Pahang," it said. But the conclusion of its stake disposal in the Four Seasons Hotel & Hotel Residences Kyoto provided it with a net gain of RM662.11 million during the quarter. "This exceptional gain has helped the group to surpass all the above-mentioned negative impacts," it said. For the cumulative nine months ended March 31, 2020, BCorp booked a net profit of RM223.87 million on a revenue of RM6.13 billion. On prospects, the group said its number forecast operations (NFO) are allowed to operate from today onwards. As such, it is cautiously optimistic that its gaming business will recover given that the NFO industry has been fairly resilient in past economic crises. But moving forward, it expects footfall at its shopping malls to be lower on concerns over Covid-19 and new social-distancing rules, while its hotels and resorts business will continue to be affected. Hence, the group warned that its performance for the remaining quarter of FY20 will be adversely impacted. (Source: *The Edgemarkets*)

Malaysia, a country that produces about 65% of the world's supply for rubber gloves, now counts at least four billionaires whose fortunes were made in the industry, including two new ones this year alone. Thai Kim Sim of Supermax Corp. was the latest to join the club, with a net worth estimated at about \$1 billion at the stock high earlier this month, according to the Bloomberg Billionaires Index. A jump in demand due to the coronavirus outbreak has propelled shares of companies making protective gear, suddenly turning the Southeast Asian nation into a hotspot for creating ultra-wealthy individuals within the sector. Top Glove Corp., the world's biggest maker of the product, Hartalega Holdings Bhd. and Kossan Rubber Industries Bhd. have all benefited. But with a fivefold jump, Supermax's ascent has been particularly notable this year. "It has become a new norm to wear gloves for various purposes, including medical and retail, and the high usage will benefit their makers in the long term," said an analyst at a brokerage. "Supermax is a very interesting story. It does its own brand manufacturing, while others are mainly suppliers." Thai founded Supermax with his wife in 1987, starting it as a business trading latex gloves before venturing into manufacturing in 1989. It became the first manufacturer to come up with its own glove label, Supermax, in response to the government's call to brand Malaysian products. The company now exports to more than 160 countries and meets 12% of the global demand for latex examination gloves, according to its website. Thai and his direct

family members own 38% of Supermax, according to company filings. He declined to comment for this story. Just like social distancing and temperature checks, wearing protective equipment has become the norm with the virus pandemic that has already killed more than 430,000 people worldwide. Global demand for rubber gloves could grow 11% to 330 billion pieces this year, two-thirds of which is likely to come from Malaysia, the country's rubber glove manufacturers association estimates. The Southeast Asian nation became a glove powerhouse in the 1980s, when demand began to surge with the AIDS epidemic. Thanks to low labor costs, Malaysian entrepreneurs were able to set up shop. The country's plantations of rubber trees -- British colonists introduced the plants originally from Brazil in the 1870s -- and its large oil industry help provide local manufacturers supplies to make the protective equipment. Top Glove has more than tripled this year, lifting the net worth of its founder, Lim Wee Chai, to \$2.5 billion, according to Bloomberg calculations excluding the value of his pledged shares. The company reported a 366% surge in net income to a record 348 million ringgit (\$81 million) for the three months through May, with sales also reaching an all-time high. Its executive director said in an analyst briefing Thursday that "the best is yet to come," with a "more spectacular performance" for the quarters to follow. Local rivals Hartalega and Kossan Rubber have seen their stock double in 2020. That's pushed the value of the Hartalega stake held by founder Kuan Kam Hon and his family to \$4.8 billion, including shares indirectly owned through holding companies. Kossan Rubber's Lim Kuang Sia, who's now worth \$1.1 billion, also became a new billionaire this year. But with a 394% stock surge in 2020, Supermax's ascent is unparalleled. The company reported a 24% increase in revenue to 447 million ringgit for the three months through March, partly driven by an "exponential surge in demand due to the Covid-19 pandemic," it said in its quarterly release. The company churns out 24 billion gloves annually and is looking to expand that to 44 billion by 2024, according to its 2019 annual report. It bought additional land to increase manufacturing capacity this month. Thai's rise to a billionaire hasn't come without controversy, though. He has appealed against a 2017 conviction for an insider trading offense he allegedly committed in 2007. He was sentenced to five years in jail and fined 5 million ringgit for communicating non-public information about APL Industries Bhd., a company Supermax gained control of in 2005 that was delisted in 2009. While most analysts are positive on Supermax -- eight of the 10 tracked by Bloomberg recommend buying the stock, and none advises to sell -- some are saying Malaysian glovemakers are at risk should countries such as China expand their production, according to a prominent Investment Bank last week. Their shares gave up some gains on Monday, with Supermax losing 13% for its biggest slump since August 2018. But for now, Supermax remains a favorite. The fact that the company manufactures its own brand of gloves means it may be able to sell at higher prices directly to end-customers. The industry boom to last past the immediate effect of Covid-19. For another analyst, Supermax has more good days ahead -- not just because of the "abnormal demand and acute supply tightness," he wrote in a June 10 note, but also thanks to the "scrupulous execution of its expansion plans." And the recent land acquisitions showed the company's commitment toward future growth, the analyst said. (Source: *The EdgeMarkets/Bloomberg*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Bina Darulaman Berhad	RM100.0 million Islamic Commercial Papers (ICP) Programme.	MARC-2 IS	Affirmed
Tanjung Bin Energy Issuer Berhad	RM3.29 bil Sukuk Murabahah	AA3/Stable	Reaffirmed

Source: RAM, MARC

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