

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries saw the curve steepen with the longer-ends pressured due to earlier reaction to positive news on the COVID-19 vaccine front by biotech firm Moderna; and also better-than-expected industrial production data for June. Overall benchmark yields ended largely between 1-2bps higher with the UST 2Y flat at 0.16% and the much-watched UST 10Y edging up 1bps at 0.63%. Meanwhile the market maintained some support from the Fed's purchase along the 7-20Y part-of the curve under its \$80b per month program. The low yields at the longer-ends seem to reflect investor expectations that short-term interest rates will remain near zero for a prolonged period. Expect attention to shift to a slew of data that include reports on retail sales and initial jobless claims.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.16	0
5-yr UST	0.29	0
10-yr UST	0.63	1
30-yr UST	1.33	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.00	0	2.04	0
5-yr	2.18	2	2.17	-1
7-yr	2.44	0	2.48	0
10-yr	2.66	-1	2.70	5
15-yr	3.33	18	3.19	0
20-yr	3.41	0	3.46	1
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	2.07	0
7-yr	2.36	0
10-yr	2.55	0

Source : Bloomberg

##### Upcoming Government Bond Tender

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

##### MGS/GII

- Local govovies continued to see cautious trading activity yesterday amid a similar secondary market volume of RM3.44b with overall benchmark MGS/GII yields mostly unchanged save for the 10Y GII and 15Y MGS. Interest was mainly seen in the short off-the-run 20's and also 10Y benchmark MGS/GII. The benchmark 5Y MGS 9/25 gave up prior day's 2bps gains at 2.18% whilst the 10Y MGS 8/29 edged a mere 1bps lower instead at 2.66%. GII bond trades rose to form ~50% 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 expect attention to shift to the 10Y GII auction today. The economic calendar remains light this week.

##### Corp Bonds/Sukuk

- Trading activity was robust on Tuesday with secondary market volume spiking to a YTD high of RM2.07b; with interest seen across the GG to single-A part of the curve. Overall yields continued to drift lower. Both Govt-guaranteed PTPTN, GOVCO and PRASA 22's ended 20-46bps lower compared to previous-done levels between 3.17-20%. The longer-ends i.e. PRASA 3/45 and DANA 5/50 closed between 2-5bps lower at 3.85% and 3.94% respectively. AAA-rated DANUM 25-26's ended between 0-13bps lower at 2.71-82% levels whilst both GENTING Cap 6/27 and GENM Capital 7/28 spiked 4bps higher at 3.51% and 3.60% each. The AA-space saw SUNWAY treasury Sukuk 22's dominate with 25% of overall volume yesterday falling sharply by 83bps to 3.32% BUMITAMA Agri and GAMUDA 2026 tranches ended went opposite direction at 3.43% and 3.54% each. The banking space saw BPMB 11/26 close 22bps lower at 2.96%.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 08/20	1.514	431	1.533	13/07/2020	-2
MGS 10/20	1.691	159	1.788	14/07/2020	-10
MGS 02/21	1.802	37	1.811	14/07/2020	-1
MGS 07/21	1.797	21	1.792	14/07/2020	0
MGS 11/21	1.817	57	1.848	13/07/2020	-3
MGS 03/22	1.938	1	1.922	14/07/2020	2
MGS 08/22	1.953	40	1.967	14/07/2020	-1
MGS 09/22	1.979	130	1.966	14/07/2020	1
MGS 03/23	2.003	99	2.000	14/07/2020	0
MGS 04/23	2.034	42	2.032	14/07/2020	0
MGS 08/23	2.061	35	2.037	14/07/2020	2
MGS 06/24	2.138	40	2.111	14/07/2020	3
MGS 09/25	2.184	51	2.161	14/07/2020	2
MGS 07/26	2.351	2	2.352	14/07/2020	0
MGS 11/26	2.345	1	2.360	13/07/2020	-1
MGS 05/27	2.436	12	2.437	14/07/2020	0
MGS 11/27	2.481	63	2.474	14/07/2020	1
MGS 09/28	2.685	40	2.661	10/07/2020	2
MGS 08/29	2.658	305	2.669	14/07/2020	-1
MGS 04/30	2.798	87	2.781	10/07/2020	2
MGS 07/34	3.331	52	3.150	14/07/2020	18
MGS 04/37	3.376	1	3.420	14/07/2020	-4
MGS 06/38	3.425	8	3.423	14/07/2020	0
GII 08/20	1.780	90	1.801	14/07/2020	-2
GII 03/21	1.819	70	1.820	10/07/2020	0
GII 04/21	1.813	20	1.823	10/07/2020	-1
GII 04/22	1.943	2	1.945	14/07/2020	0
GII 05/23	2.043	130	2.048	13/07/2020	0
GII 10/24	2.168	20	2.178	14/07/2020	-1
GII 08/25	2.247	32	2.244	14/07/2020	0
GII 10/25	2.252	60	2.266	10/07/2020	-1
GII 03/26	2.318	270	2.326	14/07/2020	-1
GII 09/26	2.412	90	2.434	14/07/2020	-2
GII 10/28	2.696	110	2.709	14/07/2020	-1
GII 07/29	2.767	560	2.788	14/07/2020	-2
GII 10/30	2.701	1	2.656	14/07/2020	4
GII 09/39	3.455	271	3.447	13/07/2020	1
		<u>3439</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*
Lembaga Pembiayaan Perumahan Sektor Awam	04/25	GG	2.417	50	2.729	03/06/2020	-31	24
Danainfra Nasional Berhad	10/26	GG	2.599	40	2.997	24/04/2020	-40	26
Khazanah Nasional Berhad	10/27	GG	2.761	14	2.801	09/07/2020	-4	33
Bank Pembangunan Malaysia Berhad	09/29	GG	2.928	30	3.227	25/06/2020	-30	32
Danainfra Nasional Berhad	11/29	GG	2.916	20	3.168	27/05/2020	-25	30
Perbadanan Tabung Pendidikan Tinggi Nasional	07/31	GG	3.129	20	3.276	02/07/2020	-15	48
Perbadanan Tabung Pendidikan Tinggi Nasional	08/32	GG	3.200	10	3.440	23/04/2020	-24	55
GovCo Holdings Berhad	09/32	GG	3.168	20	3.369	19/06/2020	-20	51
Prasarana Malaysia Berhad	12/32	GG	3.169	20	3.629	18/03/2020	-46	52
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	3.410	20	3.430	08/07/2020	-2	26
Prasarana Malaysia Berhad	08/34	GG	3.347	20	3.409	08/07/2020	-6	20
Danainfra Nasional Berhad	11/35	GG	3.399	20	3.398	10/07/2020	0	25
Projek Lebuhraya Usahasama Berhad	01/38	GG	3.642	40	3.659	09/07/2020	-2	24
Prasarana Malaysia Berhad	03/40	GG	3.667	80	3.662	14/07/2020	0	27
Prasarana Malaysia Berhad	03/45	GG	3.846	90	3.900	20/03/2020	-5	45
Danainfra Nasional Berhad	05/50	GG	3.940	10	3.960	14/07/2020	-2	54
Gulf Investment Corporation G.S.C	03/21	AAA	2.765	10	3.029	15/06/2020	-26	95
Sarawak Energy Berhad	06/21	AAA	2.404	20	2.564	22/06/2020	-16	59
Aman Sukuk Berhad	10/21	AAA	2.478	5	2.531	06/07/2020	-5	66
Bank Pembangunan Malaysia Berhad	03/22	AAA	2.614	10	2.812	06/07/2020	-20	68
Gas Malaysia Berhad	12/22	AAA	2.746	20	2.976	27/05/2020	-23	81
Danum Capital Berhad	05/23	AAA	2.548	20	2.554	14/07/2020	-1	55
Pengurusan Air SPV Berhad	02/24	AAA	2.695	10	2.980	01/07/2020	-29	58
Danum Capital Berhad	02/25	AAA	2.707	10	2.728	09/07/2020	-2	53
Danum Capital Berhad	05/25	AAA	2.739	70	2.736	14/07/2020	0	56
Danum Capital Berhad	02/26	AAA	2.819	30	2.949	08/07/2020	-13	48
Danga Capital Berhad	02/26	AAA	2.810	10	3.169	22/06/2020	-36	47
Sarawak Energy Berhad	06/26	AAA	2.842	60	3.069	23/06/2020	-23	50
Bank Pembangunan Malaysia Berhad	11/26	AAA	2.958	15	3.179	06/07/2020	-22	62
GENM Capital Berhad	03/27	AAA	3.489	10	3.741	05/02/2020	-25	106
Danum Capital Berhad	05/27	AAA	2.939	10	2.948	09/07/2020	-1	51
Genting Capital Berhad	06/27	AAA	3.510	5	3.468	13/07/2020	4	108
GENM Capital Berhad	07/28	AAA	3.598	130	3.559	09/07/2020	4	105
Sarawak Energy Berhad	06/30	AAA	3.139	5	3.300	12/06/2020	-16	49
CIMB Group Holdings Berhad	04/25	AA1	2.674	0	3.169	20/05/2020	-50	50
Kuala Lumpur Kepong Berhad	08/25	AA1	2.943	30	3.096	02/07/2020	-15	77
Kuala Lumpur Kepong Berhad	04/26	AA1	3.009	15	3.239	23/06/2020	-23	67
CIMB Bank Berhad	08/26	AA+	3.635	1	3.302	03/07/2020	33	130
UMW Holdings Berhad	10/23	AA2	3.050	1	3.197	11/03/2020	-15	105
Tanjung Bin Power Sdn Berhad	08/27	AA2	3.401	1	3.640	05/06/2020	-24	97
Fortune Premiere Sdn Berhad	09/26	AA	3.418	20	3.539	08/07/2020	-12	108
Bumitama Agri Ltd	07/26	AA3	3.429	20	3.399	13/07/2020	3	109
Gamuda Berhad	11/26	AA3	3.548	20	3.677	03/07/2020	-13	121
AmBank Islamic Berhad	03/27	AA3	2.873	10	3.074	01/06/2020	-20	44
Edra Energy Sdn Berhad	07/27	AA3	3.559	10	4.279	23/10/2019	-72	113
Gamuda Berhad	11/29	AA3	3.848	10	3.979	27/04/2020	-13	124
Sunway Treasury Sukuk Sdn Berhad	06/22	AA-	3.323	400	4.153	10/07/2019	-83	139
Sunway Treasury Sukuk Sdn Berhad	06/22	AA-	3.322	140	4.151	10/07/2019	-83	139
UEM Sunrise Berhad	12/22	AA-	3.626	20	3.850	20/03/2020	-22	169
UEM Sunrise Berhad	10/25	AA-	3.899	4	4.169	22/06/2020	-27	172
Jati Cakerawala Sdn Berhad	01/23	A1	3.899	0	4.008	16/06/2020	-11	190
Affin Bank Berhad	02/27	A1	2.911	1	2.922	14/07/2020	-1	48
Affin Bank Berhad	09/27	A1	3.204	22	3.066	14/07/2020	14	77
CIMB Group Holdings Berhad	05/16	A1	3.921	0	3.544	10/07/2020	38	52
DRB-Hicom Berhad	12/24	A+	4.302	5	3.988	10/07/2020	31	219
Quantum Solar Park (Semenanjung) Sdn Berhad	04/25	A+	4.259	10	5.200	05/10/2017	-94	208
IJM Land Berhad	03/19	A2	4.839	61	4.852	14/07/2020	-1	144
IJM Land Berhad	03/19	A2	4.164	12	4.184	14/07/2020	-2	76
Eco World International Berhad	10/21	-	4.017	2	5.075	14/07/2020	-106	220
Eco World International Berhad	04/23	-	5.502	1	4.972	09/07/2020	53	350
Eco World International Berhad	05/23	-	4.878	1	5.614	14/07/2020	-74	288
Sunway Berhad	03/18	-	3.569	300	4.404	24/03/2020	-84	17
				<u>2069</u>				

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

### Market/Corporate News: What's Brewing

**Media Prima Bhd confirmed today that it will vacate its premises in Bangsar, explaining that it is part of a plan to consolidate its operations into three locations from four at present.** Responding to a report by theedgemarkets.com titled "Media Prima to end leaseback deal with PNB, vacate Bangsar property — sources", the media group said it is currently operating from four locations with a combined office and studio space of over one million square feet, which it described as "above required space". The four locations are Sri Pentas in Petaling Jaya, Balai Berita 1 (BB1) in Bangsar, and Balai Berita 2 (BB2) and Glenmarie Studios in Shah Alam, the group said in a statement. "As such, Media Prima does have plans to consolidate its operations into three locations namely Sri Pentas, BB2 and Glenmarie Studios based on workflow and efficient space requirement," it said. The loss-making media group said it has undertaken several initiatives pertaining to revising revenue models and corresponding cost management involving operational changes to address cost inefficiencies arising from work duplication. "Arising from improved workflow efficiency, it has been determined that Media Prima does not require the existing space capacity," the group said. Media Prima said it in November 2018 entered into sale and leaseback agreements for BB1 and BB2 with PNB Development Sdn Bhd, the property development arm of state-controlled Permodalan Nasional Bhd (PNB). The report by theedgemarkets.com noted that it remained to be seen whether Media Prima's exit from the BB1 deal had been mutually agreed to by both the media group and PNB. Responding to this, Media Prima today said: "Any move into consolidating Media Prima's operations and vacating BB1 will have to be negotiated and mutually agreed by both parties based on the terms and conditions of the said sale and leaseback agreements." (Source: *The Edgemarkets*)

**Malaysia Airports Holdings Bhd's (MAHB) passenger traffic in June plunged by a staggering 92.1% year-on-year (y-o-y), its third consecutive month of experiencing such a massive drop.** The number of passenger traffic passing through MAHB's airports plummeted 98.8% in April and dropped 97.8% in May. In a filing with Bursa Malaysia, the airport operator said it recorded a combined 954,000 passengers in Malaysia and at its Istanbul Sabiha Gökçen International Airport (SGIA) in Turkey in June. That figure was down 92.1% when compared with the 12.14 million recorded for June 2019. Of the total passengers, international and domestic passenger movements during the month stood at 110,000 and 844,000 respectively, said MAHB. On a last-12-month basis, MAHB's passenger traffic at its network of airports contracted 26.6% y-o-y with close to 100 million passenger movements, compared with 136.25 million previously. The June 2020 figure, however, was a significant 300% improvement over the May 2020 headcount of 237,000. "June traffic movements indicated signal of revival in air travel for both Malaysia and Istanbul SGIA market following the relaxation of travel restrictions announced earlier in the month," MAHB said. It added that the day-to-day increase in passenger movements was driven by airlines' resumption of domestic flights in Malaysia, which corresponded with the relaxation of interstate travel ban from June 10. While in Turkey, it said the domestic flights resumed operations after intercity travelling was allowed from June 1 and the international passenger movements were recorded on June 11, after a NOTAM (notice to airmen) lifted Turkey's airspace effective on the same date. "Domestic average load factor in Malaysia recorded an increase of 20 percentage points towards the last nine days of June, registering 65.7% average load factor compared with the first nine days before interstate travel ban was lifted in June. Istanbul SGIA's daily domestic passenger movements gradually increased in June, with total domestic passengers reaching 24.3% of June 2019 movements with an average load factor at 67.7%," MAHB further said. In terms of aircraft traffic, Malaysia recorded an 84.2% y-o-y decline to 11,850 planes from 74,840 planes. This is represented by 3,019 planes or 25.5% in KLIA, and 8,831 or 74.5% at the Malaysia Airports Sdn Bhd airports. In Istanbul's SGIA, plane count plummeted 79.1% y-o-y to 4,237, from 20,251. Moving forward, while Malaysia and Istanbul SGIA

June traffic performances are encouraging, MAHB said post-lockdown demand for air travel is expected to be in stages with domestic sector leading the recovery. For the resumption of international traffic, MAHB said it is expected to be gradual, mostly due to dependence on travel bubble arrangements and a slower easing of border restrictions as countries remain cautious. (Source: *The Edgemarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Swirl Assets Berhad	Proposed RM585m Senior Notes	AAA/Stable	Assigned

Source: RAM, MARC

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