

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.36	-13
5-yr UST	0.49	-23
10-yr UST	0.72	-24
30-yr UST	1.29	-25

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.85	4	2.80	13
5-yr	2.86	-7	2.88	-7
7-yr	3.10	-3	3.05	-3
10-yr	3.12	-5	3.13	-7
15-yr	3.41	6	3.45	15
20-yr	3.52	7	3.53	0
30-yr	3.92	3	3.53	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.55	-6
3-yr	2.50	-13
5-yr	2.52	-18
7-yr	2.58	-23
10-yr	2.83	-15

Source : Bloomberg

### Upcoming Government Bond Tender

Nil

## Fixed Income Daily Market Snapshot

### US Treasuries

US Treasuries surged on Monday as the Fed announced its latest set of measures that included chopping the target range for the Fed Funds Rate to 0.00-0.25% which was in response to the financial market melt-down. Overall benchmark yields declined sharply between 13-25bps with the UST 2Y at 0.36% whilst the much-watched UST 10Y ended 24bps lower at 0.72%. Yields were seen tracking the S&P 500 as the Fed successfully completed operations including \$40b of UST purchases from various dealers. This was part of its new QE program designed to increase its holdings of both UST's and MBS by \$700b. Meanwhile foreign holdings of US sovereigns hit a record high; rising by \$162b to \$6.9 trillion. Expect news on the COVID-19 front to continue dominating headlines and overshadow upcoming data on retail sales and industrial production.

### MGS/GII

Local govies saw overall benchmark yields close mixed between -7 to +15bps instead following a well-bid market earlier in the session. The higher secondary volume of RM6.6b saw activity concentrated in the off-the-run 20's, 23's and 25's and 3Y MGS/GII. The benchmark 5Y MGS 6/24 rallied 7bps at 2.86% whilst the 10Y MGS 8/29 ended 5bps lower at 3.12%. The curve steepened with the longer-end mostly bearing the brunt of selling. GII bonds eased to form about ~20% of overall trades. Investors are expected to remain cautious whilst taking cues also from the performance of other global markets and the MYR. The FTSE Russell's interim update on the Fixed Income country classification expected out on the 2<sup>nd</sup> of April may see a flurry of activity later this month.

### Corp Bonds/Sukuk

Corporate bonds/Sukuk space saw activity pick-up along the GG-AAA part of the curve amid an uptick in secondary market volume of RM588m. Overall yields closed mixed again. Most of the Govt-guaranteed bonds saw yields rise save for DANA 4/30 which ended 40bps lower compared to previous-done levels at 3.27%. AAA-rated GENTING 6/22 and AMAN 4/27 rose between 10-17bps at 3.30% and 3.27% each. The AA-segment saw energy-related bonf TG BIN Power 8/20 close 6bps higher at 2.98% whilst UMW 10/26 spiked 13bps at 3.48%. The banking space saw Bank Pembangunan 11/26 notch RM110m in nominal amounts; rising 22bps at 3.33%.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.577	56	2.793	13/03/2020	-22
MGS 07/20	2.548	1	2.536	12/03/2020	1
MGS 10/20	2.580	523	2.623	13/03/2020	-4
MGS 02/21	2.646	15	2.549	13/03/2020	10
MGS 07/21	2.599	25	2.693	13/03/2020	-9
MGS 09/21	2.634	121	2.703	13/03/2020	-7
MGS 11/21	2.619	194	2.733	13/03/2020	-11
MGS 03/22	2.758	678	2.718	13/03/2020	4
MGS 08/22	2.800	17	2.899	13/03/2020	-10
MGS 09/22	2.828	43	2.768	13/03/2020	6
MGS 03/23	2.848	882	2.807	13/03/2020	4
MGS 04/23	2.778	200	2.722	13/03/2020	6
MGS 08/23	2.780	150	2.903	13/03/2020	-12
MGS 06/24	2.855	64	2.925	13/03/2020	-7
MGS 07/24	3.013	233	2.737	13/03/2020	28
MGS 09/24	2.898	204	2.945	13/03/2020	-5
MGS 03/25	2.940	4	3.013	13/03/2020	-7
MGS 09/25	2.933	827	2.987	13/03/2020	-5
MGS 07/26	3.074	25	2.871	13/03/2020	20
MGS 09/26	3.090	20	2.801	28/02/2020	29
MGS 11/26	3.069	200	3.183	13/03/2020	-11
MGS 05/27	3.096	100	3.129	13/03/2020	-3
MGS 11/27	3.173	104	3.217	13/03/2020	-4
MGS 06/28	3.089	48	3.245	13/03/2020	-16
MGS 08/29	3.120	104	3.167	13/03/2020	-5
MGS 04/30	3.255	67	3.344	13/03/2020	-9
MGS 04/32	3.405	31	3.165	12/03/2020	24
MGS 04/33	3.461	17	3.186	13/03/2020	28
MGS 11/33	3.354	91	3.418	13/03/2020	-6
MGS 07/34	3.410	203	3.349	13/03/2020	6
MGS 05/35	3.498	12	3.197	11/03/2020	30
MGS 04/37	3.543	4	3.366	13/03/2020	18
MGS 06/38	3.417	3	3.544	13/03/2020	-13
MGS 05/40	3.520	20	3.452	13/03/2020	7
MGS 09/43	3.798	30	4.001	13/03/2020	-20
GII 04/20	2.616	40	2.547	13/03/2020	7
GII 05/20	2.568	40	2.658	13/03/2020	-9
GII 03/21	2.699	120	2.551	09/03/2020	15
GII 08/21	2.628	1	2.783	13/03/2020	-16
GII 03/22	2.712	61	2.656	12/03/2020	6
GII 04/22	2.775	7	2.750	13/03/2020	2
GII 05/23	2.797	111	2.719	12/03/2020	8
GII 07/23	2.841	30	2.718	12/03/2020	12
GII 11/23	2.829	150	2.863	13/03/2020	-3
GII 05/24	2.945	15	2.669	05/03/2020	28
GII 08/24	2.961	15	2.678	04/03/2020	28
GII 10/24	2.834	266	2.949	13/03/2020	-12
GII 08/25	2.970	56	2.940	13/03/2020	3
GII 03/26	3.050	10	3.077	13/03/2020	-3
GII 09/26	3.150	1	3.110	13/03/2020	4
GII 07/29	3.132	210	3.192	13/03/2020	-6
GII 06/33	3.445	56	3.411	13/03/2020	3
GII 11/34	3.430	19	3.299	13/03/2020	13
GII 09/39	3.538	40	3.532	13/03/2020	1
GII 11/49	3.945	30	3.529	06/03/2020	42
		<u>6596</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*
DanaInfra Nasional Berhad	07/29	GG	3.248	20	3.051	10/03/2020	20	13
DanaInfra Nasional Berhad	09/29	GG	3.250	45	2.935	05/03/2020	32	13
Prasarana Malaysia Berhad	09/29	GG	3.244	50	2.949	06/03/2020	30	12
DanaInfra Nasional Berhad	11/29	GG	3.248	25	3.100	12/03/2020	15	13
Prasarana Malaysia Berhad	03/30	GG	3.280	40	3.029	28/02/2020	25	16
DanaInfra Nasional Berhad	04/30	GG	3.267	50	3.668	16/10/2019	-40	15
Perbadanan Tabung Pendidikan Tinggi Nasional	03/32	GG	3.390	10	3.298	10/02/2020	9	27
GENM Capital Berhad	03/22	AAA	3.299	10	3.634	02/01/2020	-34	62
Genting Capital Berhad	06/22	AAA	3.294	20	3.199	02/03/2020	10	62
Ara Bintang Berhad	03/26	AAA	5.108	20	5.454	02/10/2019	-35	212
Bank Pembangunan Malaysia Berhad	11/26	AAA	3.331	110	3.108	06/03/2020	22	28
Aman Sukuk Berhad	04/27	AAA	3.271	50	3.101	03/03/2020	17	22
Sabah Development Bank Berhad	09/20	AA1	3.929	3	3.918	17/02/2020	1	132
Sabah Development Bank Berhad	05/22	AA1	3.318	6	3.636	15/01/2020	-32	64
Imtiáz Sukuk II Berhad	05/20	AA2	2.827	20	3.098	23/01/2020	-27	22
Tanjung Bin Power Sdn Berhad	08/20	AA2	2.979	30	2.915	10/03/2020	6	37
Krung Thai Bank Public Company Limited	07/25	AA2	4.262	5	4.110	10/03/2020	15	140
UMW Holdings Berhad	10/26	AA2	3.478	40	3.348	12/03/2020	13	43
Cypark Ref Sdn Berhad	06/25	AA3	4.318	10	-	-	-	146
CIMB Thai Bank Public Company Limited	07/26	AA3	3.273	8	3.842	13/03/2020	-57	28
Affin Bank Berhad	02/27	A1	3.437	2	4.250	12/03/2020	-81	38
MBSB Bank Berhad (fka Asian Finance Bank Bt	12/29	A3	4.700	1	4.801	02/03/2020	-10	158
Affin Bank Berhad	07/18	A3	4.836	1	4.384	13/03/2020	45	137
Eco World International Berhad	05/23	-	6.291	1	5.960	13/03/2020	33	356
Hunza Properties (Penang) Sdn Berhad	08/24	-	4.733	10	-	-	-	192
Mah Sing Group Berhad	04/17	-	6.086	3	5.494	21/02/2020	59	262
				588				

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

## Market/Corporate News: What's Brewing

**Moody's Investors Service has placed on review for downgrade the Baa1 issuer rating of Genting Bhd (GENT) and the A3 issuer rating of Genting Singapore Ltd (GENS).** The international rating agency has also changed the outlook to ratings under review for downgrade, from stable. It said the review for downgrade on GENT reflects its expectation that falling international travel trends and the fear of contagion because of the coronavirus (Covid-19) outbreak will lead to a decline in GENT's earnings, driven by weaker operating performance at the group's two largest revenue contributors — Resorts World Sentosa in Singapore and Resorts World Genting in Malaysia. "While the extent of the negative impact caused by the virus outbreak remains unclear at this point, GENT's limited financial buffer under its Baa1 rating to withstand any deterioration in earnings poses a downside risk to its rating," said Moody's vice-president and senior credit officer Jacintha Poh in a statement today. Prior to the virus outbreak, Moody's had expected GENT's credit metrics to weaken in 2020 because of its debt-funded capital spending for the development of Resorts World Las Vegas. "The group's subsidiary, Genting Malaysia Bhd's acquisition of Empire Resorts Inc in August 2019 had exacerbated the weakening of its credit metrics because Moody's incorporates 100% of the debt at Empire Resorts, on the expectation that Genting Malaysia will be called upon to shoulder Empire Resorts' debt burden if necessary. "Consequently, weaker earnings from the virus outbreak will result in GENT's credit metrics weakening beyond its Baa1 rating thresholds," said Moody's. Last year, GENT's leverage, as measured by adjusted debt/Ebitda, had weakened to 4.3 times from 3.3 times in 2018. Retained cash flow/debt also weakened to 12% from 16% over the same period. In 2020, Moody's base case assumes GENT's Ebitda will decline by around 20% from that in 2019, leading to the group's leverage weakening to 5.4 times and RCF/debt weakening to less than 10%. Nonetheless, Moody's expects GENT to maintain excellent liquidity on a consolidated basis, helped by its sizeable cash position of RM30 billion compared with gross balance sheet debt of RM33 billion as of Dec 31, 2019. "However, over 60% of the group's cash are held at three majority-owned and listed subsidiaries — 53%-owned GENS, 49%-owned Genting Malaysia and 55%-owned Genting Plantations Bhd — limiting GENT's ability to access the funds in their entirety," it added. Moody's warned that it could downgrade GENT's ratings if the company's financial profile weakens due to: (1) material debt-funded

acquisitions, or investments that result in higher leverage and execution risk without corresponding actions to manage the risks; (2) a significant deterioration in the performance of Resorts World Sentosa and/or Resorts World Genting; and (3) a material change in its disciplined financial management or the regulatory environments in which it operates. Credit metrics that could indicate a downgrade include adjusted debt/Ebitda above 4-4.5 times and adjusted RCF/debt below 10%-15%, both on a sustained basis. Any material erosion in the group's liquidity position, and specifically cash holdings, would also be negative for the ratings, the rating agency said. (Source: *The Star*)

**The government had decided to implement the Movement Control Order from tomorrow until March 31 to address the Covid-19 outbreak, Prime Minister Tan Sri Muhyiddin Yassin announced yesterday.** In a live address yesterday, Muhyiddin said the order is made under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967. He said the order entails comprehensive restriction on movements and public gatherings nationwide, including religious, sports, social and cultural activities. It includes a shutdown of houses of worship and business premises, except for supermarkets, public markets, and convenient stores. "Specifically for Muslims, the adjournment of all religious activities in mosques including Friday prayers is in line with the decision of the Special Mental Health Committee meeting on March 15," said Muhyiddin. The sanctions also cover all Malaysians travelling abroad, and the entry of foreign tourists and visitors into the country, Muhyiddin said. For those who have just returned from overseas, they are required to undergo a health check and to self-quarantine for 14 days. All education centres will also be closed, including pre-schools, government and private schools, fully-residential schools, international schools, tahfiz centres, as well as private and public institutions of higher learning and skills training institutes. The government is also shutting down all government and private premises "except those involved in essential services namely water, electricity, energy, telecommunications, postal, transportation, irrigation, oil, gas, fuel, lubricants, broadcasting, finance, banking, health, pharmacy, fire, prison, port, airport, safety, defence, cleaning, retail and food supply. "I am aware that all of you may feel that the action taken by the government will cause inconvenience and difficulty in your daily lives," said Muhyiddin. "However, this action must be taken by the government to curb the spread of the Covid-19 epidemic that is likely to cost the lives of people of this country," he said. The prime minister urged Malaysians not to go into panic buying, reiterating that the relevant ministries have been moved to ensure that adequate supply of food and other essentials including face masks are available and accessible to the public. For further questions on the restriction, the public can reach out to the hotline at (03) 8888 2010. A total of 125 new positive cases of Covid-19 have been reported in Malaysia as of noon yesterday. This brings the total to 553 cases so far, of which 42 patients have been cured of the virus.. (Source: *The EdgeMarkets/Reuters*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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