

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries curve continued to steepen whilst easing into the close last Friday following modest strength earlier in the session benefitting from the initial release of lesser-than-expected jump in retail sales in July. Overall benchmark yields closed mostly lower between 1-3bps save for the long bond. The UST 2Y declined 2bps at 0.15% whilst the much-watched UST 10Y edged 1bps lower at 0.71% levels. The 5s30s spread at 115bps is seen to be widest since 6<sup>th</sup> July whilst record supplies have been weighing on the curve. Asset managers are now thought to be more bearish on 10 and ultra 10-year futures. Money-market traders will look for further clues from the release of the minutes of the Fed's 29<sup>th</sup> July FOMC meeting come Thursday. Meanwhile expect attention to shift to various economic reports this week that encompasses mainly housing-related data.

##### MGS/GIII

- Local govies ended stronger last Friday on safe-haven movements following bigger-than-expected contraction in 2Q2020 GDP of 17.1%. Overall benchmark yields ended mostly lower between 0-4bps save for the long-end GII amid a spike in secondary market volume of RM5.94b. The benchmark 5Y MGS 9/25 rallied the most by 4bps at 2.04% whilst the 10Y MGS 8/29 closed unchanged instead at 2.49%. Interest was mainly seen in the off-the-run 21-22's and also benchmark 5Y GII and 10Y MGS/GII. GII bond trades rose to form ~36% of overall trades. Demand for bonds are expected to remain supportive due to easier monetary policy and muted inflationary conditions as the COVID-19 impact on the economy remains a threat. Expect attention to focus on the upcoming CPI data for July tomorrow.

##### Corp Bonds/Sukuk

- Modest trading activity was seen amid a solid secondary market volume of RM708m with transactions seen across the AAA-AA part of the curve followed by the GG-segment as overall yields took the cue from govies and ended mostly lower. Govt-guaranteed DANA 23-24's closed 1-6bps lower compared to previous-done levels between 2.16-22%. AAA-rated TNB saw several tranches dominate the space with the 2035,2038 and 2040 tranches close between 2-8bps at 2.87% , 342% and 33.48% each whilst the 8/35 tranche closed unchanged at 3.24%. New debutants MRCB 8/27 and 8/30 closed ~10bps lower than coupons at 4.15% and 4.35% respectively. TG Excellence however saw Rm80m in nominal amounts traded; declining 6bps at 3.10%. The banking space saw Maybank 31NC26 traded unchanged at 3.00%.

| UST       |             |           |
|-----------|-------------|-----------|
| Tenure    | Closing (%) | Chg (bps) |
| 2-yr UST  | 0.15        | -2        |
| 5-yr UST  | 0.30        | -3        |
| 10-yr UST | 0.71        | -1        |
| 30-yr UST | 1.45        | 2         |

| MGS    |             | GII*      |             |           |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr   | 1.86        | -2        | 1.91        | -2        |
| 5-yr   | 2.04        | -4        | 2.03        | 0         |
| 7-yr   | 2.21        | -1        | 2.30        | -4        |
| 10-yr  | 2.49        | 0         | 2.50        | 0         |
| 15-yr  | 2.91        | -4        | 2.99        | -4        |
| 20-yr  | 3.24        | -2        | 3.30        | -1        |
| 30-yr  | 3.52        | 0         | 3.69        | 6         |

\* Market indicative levels

| MYR IRS Levels |             |           |
|----------------|-------------|-----------|
| IRS            | Closing (%) | Chg (bps) |
| 1-yr           | 1.83        | 1         |
| 3-yr           | 1.87        | 1         |
| 5-yr           | 2.07        | 1         |
| 7-yr           | 2.26        | -1        |
| 10-yr          | 2.50        | 0         |

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

## Daily Trades : Government Bond

| Securities | Closing | Vol         | Previous | Previous                   | Chg  |
|------------|---------|-------------|----------|----------------------------|------|
|            | YTM     | (RM mil)    | YTM      | Trade Date<br>(dd/mm/yyyy) | (bp) |
| MGS 10/20  | 1.652   | 296         | 1.618    | 13/08/2020                 | 3    |
| MGS 02/21  | 1.568   | 8           | 1.620    | 12/08/2020                 | -5   |
| MGS 07/21  | 1.700   | 502         | 1.669    | 13/08/2020                 | 3    |
| MGS 03/22  | 1.751   | 240         | 1.784    | 13/08/2020                 | -3   |
| MGS 08/22  | 1.826   | 2           | 1.763    | 13/08/2020                 | 6    |
| MGS 03/23  | 1.860   | 370         | 1.878    | 13/08/2020                 | -2   |
| MGS 04/23  | 1.896   | 43          | 1.907    | 13/08/2020                 | -1   |
| MGS 08/23  | 1.933   | 2           | 1.928    | 13/08/2020                 | 1    |
| MGS 07/24  | 2.006   | 10          | 2.047    | 13/08/2020                 | -4   |
| MGS 09/24  | 2.031   | 19          | 2.074    | 13/08/2020                 | -4   |
| MGS 09/25  | 2.042   | 502         | 2.084    | 13/08/2020                 | -4   |
| MGS 07/26  | 2.217   | 70          | 2.210    | 13/08/2020                 | 1    |
| MGS 11/26  | 2.269   | 50          | 2.242    | 12/08/2020                 | 3    |
| MGS 05/27  | 2.209   | 150         | 2.216    | 13/08/2020                 | -1   |
| MGS 11/27  | 2.290   | 1           | 2.302    | 13/08/2020                 | -1   |
| MGS 06/28  | 2.461   | 144         | 2.475    | 13/08/2020                 | -1   |
| MGS 08/29  | 2.487   | 706         | 2.488    | 13/08/2020                 | 0    |
| MGS 04/30  | 2.575   | 320         | 2.560    | 13/08/2020                 | 2    |
| MGS 04/33  | 2.931   | 34          | 2.940    | 13/08/2020                 | -1   |
| MGS 11/33  | 2.967   | 40          | 2.960    | 13/08/2020                 | 1    |
| MGS 07/34  | 2.907   | 125         | 2.950    | 13/08/2020                 | -4   |
| MGS 05/40  | 3.237   | 126         | 3.257    | 13/08/2020                 | -2   |
| MGS 03/46  | 3.658   | 11          | 3.695    | 13/08/2020                 | -4   |
| MGS 07/48  | 3.686   | 8           | 3.692    | 13/08/2020                 | -1   |
| GII 04/21  | 1.684   | 60          | 1.669    | 11/08/2020                 | 1    |
| GII 08/21  | 1.715   | 63          | 1.685    | 06/08/2020                 | 3    |
| GII 03/22  | 1.806   | 1           | 1.752    | 10/08/2020                 | 5    |
| GII 04/22  | 1.768   | 30          | 1.780    | 13/08/2020                 | -1   |
| GII 07/22  | 1.817   | 30          | 1.799    | 06/08/2020                 | 2    |
| GII 05/23  | 1.909   | 210         | 1.929    | 13/08/2020                 | -2   |
| GII 07/23  | 1.937   | 200         | 1.946    | 12/08/2020                 | -1   |
| GII 10/23  | 1.975   | 34          | 2.013    | 29/07/2020                 | -4   |
| GII 11/23  | 1.960   | 150         | 1.948    | 12/08/2020                 | 1    |
| GII 08/24  | 2.050   | 22          | 2.056    | 12/08/2020                 | -1   |
| GII 08/25  | 2.107   | 22          | 2.117    | 12/08/2020                 | -1   |
| GII 10/25  | 2.079   | 20          | 2.106    | 06/08/2020                 | -3   |
| GII 03/26  | 2.177   | 61          | 2.168    | 13/08/2020                 | 1    |
| GII 07/27  | 2.323   | 60          | 2.345    | 12/08/2020                 | -2   |
| GII 09/27  | 2.304   | 340         | 2.341    | 13/08/2020                 | -4   |
| GII 10/28  | 2.460   | 80          | 2.497    | 13/08/2020                 | -4   |
| GII 07/29  | 2.556   | 176         | 2.580    | 13/08/2020                 | -2   |
| GII 09/30  | 2.553   | 80          | 2.565    | 12/08/2020                 | -1   |
| GII 10/30  | 2.500   | 21          | 2.505    | 13/08/2020                 | 0    |
| GII 06/33  | 3.042   | 32          | 2.987    | 13/08/2020                 | 5    |
| GII 11/34  | 2.985   | 272         | 3.030    | 13/08/2020                 | -4   |
| GII 09/39  | 3.295   | 191         | 3.301    | 13/08/2020                 | -1   |
| GII 05/47  | 3.735   | 1           | 3.693    | 10/08/2020                 | 4    |
| GII 11/49  | 3.693   | 5           | 3.634    | 06/08/2020                 | 6    |
|            |         | <u>5942</u> |          |                            |      |

## Daily Trades : Corp Bonds/ Sukuk

| Securities                                   |       | Rating | Closing<br>YTM | Vol<br>(RM mil) | Previous<br>YTM | Previous<br>Trade Date<br>(dd/mm/yyyy) | Chg<br>(bp) | Spread<br>Against<br>MGS* |
|--|-------|--------|----------------|-----------------|-----------------|--|-------------|---------------------------|
| Perbadanan Tabung Pendidikan Tinggi Nasional | 06/22 | GG     | 2.102          | 15              | 2.186           | 04/08/2020                             | -8          | 32                        |
| Lembaga Pembiayaan Perumahan Sektor Awam     | 09/23 | GG     | 2.145          | 30              | 2.198           | 22/07/2020                             | -5          | 29                        |
| DanaInfra Nasional Berhad                    | 10/23 | GG     | 2.155          | 50              | 2.162           | 11/08/2020                             | -1          | 30                        |
| Lembaga Pembiayaan Perumahan Sektor Awam     | 04/24 | GG     | 2.207          | 40              | 2.402           | 08/07/2020                             | -20         | 22                        |
| DanaInfra Nasional Berhad                    | 05/24 | GG     | 2.215          | 20              | 2.276           | 23/07/2020                             | -6          | 23                        |
| Public Islamic Bank Berhad                   | 07/21 | AAA    | 2.287          | 110             | 2.846           | 15/05/2020                             | -56         | 58                        |
| Berjaya Land Berhad                          | 12/21 | AAA    | 2.890          | 1               | 3.727           | 15/04/2020                             | -84         | 119                       |
| Danum Capital Berhad                         | 02/26 | AAA    | 2.566          | 10              | 2.819           | 15/07/2020                             | -25         | 40                        |
| Rantau Abang Capital Berhad                  | 03/29 | AAA    | 2.757          | 10              | 3.017           | 14/07/2020                             | -26         | 30                        |
| Pengurusan Air SPV Berhad                    | 06/29 | AAA    | 2.880          | 10              | 2.935           | 05/08/2020                             | -6          | 43                        |
| DiGi Telecommunications Sdn Berhad           | 09/29 | AAA    | 2.814          | 10              | 3.301           | 02/07/2020                             | -49         | 36                        |
| Pengurusan Air SPV Berhad                    | 10/29 | AAA    | 2.920          | 40              | 3.048           | 22/07/2020                             | -13         | 47                        |
| Tenaga Nasional Berhad                       | 08/30 | AAA    | 2.869          | 5               | 2.900           | 11/08/2020                             | -3          | 39                        |
| Tenaga Nasional Berhad                       | 08/35 | AAA    | 3.239          | 5               | -               | -                                      | -           | 32                        |
| Tenaga Nasional Berhad                       | 08/38 | AAA    | 3.419          | 15              | 3.496           | 12/08/2020                             | -8          | 16                        |
| Tenaga Nasional Berhad                       | 08/40 | AAA    | 3.479          | 10              | 3.500           | 10/08/2020                             | -2          | 22                        |
| Kuala Lumpur Kepong Berhad                   | 09/29 | AA1    | 3.048          | 10              | 3.101           | 12/08/2020                             | -5          | 60                        |
| United Overseas Bank (Malaysia) Berhad       | 08/30 | AA1    | 2.869          | 1               | 2.869           | 13/08/2020                             | 0           | 39                        |
| Malayan Banking Berhad                       | 01/31 | AA1    | 3.003          | 10              | 3.002           | 06/08/2020                             | 0           | 52                        |
| Perbadanan Kemajuan Negeri Selangor          | 05/23 | AA3    | 3.284          | 20              | 3.550           | 28/05/2020                             | -27         | 143                       |
| BGSM Management Sdn Berhad                   | 08/25 | AA3    | 2.962          | 10              | 3.348           | 30/06/2020                             | -39         | 93                        |
| AEON Credit Service (M) Berhad               | 02/27 | AA3    | 3.409          | 10              | 3.429           | 30/07/2020                             | -2          | 124                       |
| Hong Leong Assurance Berhad                  | 01/30 | AA3    | 3.067          | 10              | 3.058           | 04/08/2020                             | 1           | 61                        |
| UEM Sunrise Berhad                           | 10/21 | AA-    | 3.273          | 10              | 3.410           | 10/12/2019                             | -14         | 157                       |
| UEM Edgenta Berhad                           | 04/22 | AA-    | 2.873          | 10              | 3.601           | 07/04/2020                             | -73         | 109                       |
| Sports Toto Malaysia Sdn Berhad              | 06/26 | AA-    | 4.201          | 4               | 4.488           | 02/07/2020                             | -29         | 204                       |
| Malaysian Resources Corporation Berhad       | 08/27 | AA-    | 4.148          | 10              | -               | -                                      | -           | 195                       |
| MMC Corporation Berhad                       | 03/28 | AA-    | 3.978          | 10              | 3.996           | 12/08/2020                             | -2          | 159                       |
| Malaysian Resources Corporation Berhad       | 08/30 | AA-    | 4.349          | 10              | -               | -                                      | -           | 187                       |
| Penang Port Sdn Berhad                       | 12/31 | AA-    | 3.469          | 10              | 3.867           | 25/06/2020                             | -40         | 99                        |
| TG Excellence Berhad                         | 02/20 | AA-    | 3.101          | 80              | 3.160           | 04/08/2020                             | -6          | -16                       |
| CIMB Group Holdings Berhad                   | 05/16 | A1     | 3.081          | 80              | 3.130           | 13/08/2020                             | -5          | -18                       |
| CIMB Group Holdings Berhad                   | 05/16 | A1     | 3.112          | 10              | 3.184           | 12/08/2020                             | -7          | -14                       |
| DRB-Hicom Berhad                             | 12/22 | A+     | 3.988          | 20              | 4.028           | 10/08/2020                             | -4          | 220                       |
| Affin Islamic Bank Berhad                    | 10/17 | A3     | 4.020          | 2               | 4.304           | 12/08/2020                             | -28         | 76                        |
|  |       |        |                | <u>708</u>      |                 |  |             |                           |

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

## Market/Corporate News: What's Brewing

**The drop in unemployment rate as seen in June is an early sign that the government's economic recovery efforts are beginning to bear fruit, said Prime Minister Tan Sri Muhyiddin Yassin.** Referring to the latest (June) statistics from the Department of Statistics Malaysia, he said the unemployment rate in the country in general last month dropped to 4.9% compared to 5.3% in May this year. As for the unemployment rate among youths aged between 15 and 30 years, the prime minister said the statistics also showed a decrease to 9.7% in June compared to 10% in May this year. "Alhamdulillah, this is an early sign that our economic recovery efforts are beginning to show results," he said at the opening of the National Youth Day 2020 celebration at Persada International Convention Centre here, today. Muhyiddin hoped that various efforts in regard to such positive developments would be kept up, to ensure that the youth are also on track in the economic recovery of the country that has been devastated by the Covid-19 pandemic. On the youths who lost their jobs in the wake of the pandemic, he said it was because of the government's cognisance of the problem that it had introduced the Prihatin Rakyat Economic Stimulus Package (Prihatin) in March and the National Economic Recovery Plan (Penjana) in June. Regarding the involvement of youth in the gig economy, Muhyiddin said the launch of the Gig programme on June 23 saw 348 youths participating in 'myGIG Servis' and 522 more in 'myGIG Digital Freelance'. He said the Gig programme is a collaboration between the Ministry of Youth and Sports and Ministry of Communications and Multimedia. "Taking into account the current development of the gig economy, the government allocated RM75 million under the Penjana initiative to support the economic growth and protect the welfare of workers in the sector," he said. The prime minister also congratulated the FIFA Pro Clubs Malaysia VPG team for bringing glory to the country by winning the VPG Asian Cup recently and qualifying for next year's VPG World Cup. After delivering his speech for youth day 2020 themed, "This Decade is Your Decade", Muhyiddin launched Esports Medical Academic (Esports MedicA) at the exhibition held in conjunction with the celebration. Esports MedicA is a comprehensive medical

committee focused on e-sports and video game players led by the Malaysian Youth Council with members from the Faculty of Medicine and Health Sciences, Universiti Sains Islam Malaysia, Green Crescent Malaysia and Darul Khusus Electronic Sports Club. Also present at the ceremony were Johor Menteri Besar Datuk Ir Hasni Mohammad and Youth and Sports Minister Datuk Seri Reezal Merican Naina Merican... (Source: *The EdgeMarkets*)

**Malaysian Resources Corp Bhd (MRCB) has made its debut Sukuk Murabahah issuance of RM600 million in nominal value under the Sukuk Murabahah Programme.** MRCB said the Sukuk Murabahah issued has a term of three, seven and 10 years and would mature on Aug 14, 2023, Aug 13, 2027 and Aug 14, 2030, respectively. "The proceeds of the Sukuk Murabahah issued shall be utilised by the companies and their subsidiaries for general working capital, capital expenditure and other general corporate purposes consistent with Shariah compliance," it said in a filing with Bursa Malaysia today. It added that the Sukuk Murabahah programme has a perpetual programme tenure and has been assigned a final rating of AA-IS by Malaysian Rating Corp Bhd. HSBC Amanah Malaysia Bhd and Maybank Investment Bank Bhd are the joint principal advisers, joint lead arrangers and joint lead managers for the Sukuk Murabahah programme. (Source: *The EdgeMarkets*)

| Rating Action                       |   |                |            |
|-------------------------------------|---|----------------|------------|
| Isuser                              | PDS Description                                 | Rating/Outlook | Action     |
| WCT Holdings Berhad                 | RM1.0 billion Medium Term Notes (MTN) Programme | AA-/Stable     | Affirmed   |
|                                     | RM1.5 billion Sukuk Murabahah (Sukuk) Programme | AA-/Stable     | Affirmed   |
| United Overseas Bank (Malaysia) Bhd | Financial Institution Rating                    | AAA/Stable/P1  | Reaffirmed |

Source: RAM, MARC

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