

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries edged slightly higher last Friday following FOMC statement that was consistent with Fed chair Powell's comments last month that the Fed will delay tightening policy to achieve inflation that averages 2% over a period of time. Overall benchmark yields ended between 0-3bps up as the curve steepened slightly. The UST 2Y was pretty much unchanged at 0.14% whilst the much-watched 10Y nudged 2bps higher compared to prior day's close at 0.70%. The 2023 fed fund dot plot showed four (4) dots above zero with the median unchanged. Separately US retail sales for August was 0.6% versus 1.0% earlier estimate (July: -0.9%). Meanwhile Americans were reputed to get COVID vaccine by next April according to HHS officials. Bond traders are likely to focus tonight on the latest initial jobless claims for week ending 12th Sep and other peripheral economic data that includes housing starts and permits for August.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	0
5-yr UST	0.28	1
10-yr UST	0.70	2
30-yr UST	1.46	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.92	1	1.95	0
5-yr	2.17	2	2.10	0
7-yr	2.42	1	2.34	0
10-yr	2.62	1	2.60	0
15-yr	3.06	-1	3.15	0
20-yr	3.45	-1	3.52	3
30-yr	3.78	3	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	2.27	2
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

MGS/GII

- Local govies lost prior day's marginal gains last Friday on lack of follow-through support. Overall benchmark yields ended mostly higher between 0-3bps (save for the 15-20Y MGS) amid continued tepid secondary market volume of RM2.31b. The benchmark 5Y MGS 9/25 yields closed 2bps higher at 2.17% whilst the 10Y MGS 8/29 yields edged 1bps up at 2.62%. Interest was mainly seen in the shorter-end off-the-runs 20-21's and also benchmark 15Y MGS. GII bond trades jumped to form ~38% of overall trades. MYR has seen its strongest levels in recent weeks with equities mainly being a beneficiary. 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 today in an otherwise light economic calendar this week.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw improved investor appetite amid higher secondary market volume of RM678m with transactions seen in 30 various bonds. Overall yields closed mixed on yields with interest seen across the curve. Govt-guaranteed and PTRASA 23's closed 47-53bps sharply lower compared to previous done levels at 2.04 levels% whereas DANA 11/26 and PASB 2/29 rose 4-8bps instead at 2.43% and 2.70% each. AAA-rated PLUS 27 and 28 too saw yields creep up between 1-3bps at 2.84% and 2.94% respectively. However the AA-space saw KLK 9/34 spike 8bps at 3.55% whilst UEM 5/23 rose 5bps at 3.55%. The banking space saw BPMB 3/22 close 28bps lower at 2.34%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
(dd/mm/yyyy)	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 10/20	1.678	353	1.721	14/09/2020	-4
MGS 07/21	1.679	164	1.710	11/09/2020	-3
MGS 09/21	1.741	24	1.775	11/09/2020	-3
MGS 03/23	1.919	50	1.909	14/09/2020	1
MGS 04/23	1.937	55	1.950	11/09/2020	-1
MGS 08/23	1.972	1	1.959	10/09/2020	1
MGS 07/24	2.088	1	1.981	10/09/2020	11
MGS 09/24	2.104	1	2.099	14/09/2020	0
MGS 03/25	2.155	20	2.100	11/09/2020	5
MGS 09/25	2.166	40	2.150	14/09/2020	2
MGS 07/26	2.293	19	2.270	11/09/2020	2
MGS 11/26	2.324	7	2.329	14/09/2020	-1
MGS 05/27	2.420	20	2.405	14/09/2020	2
MGS 11/27	2.465	11	2.459	14/09/2020	1
MGS 06/28	2.551	19	2.558	14/09/2020	-1
MGS 09/28	2.606	1	2.579	09/09/2020	3
MGS 08/29	2.620	170	2.609	14/09/2020	1
MGS 04/30	2.702	1	2.704	14/09/2020	0
MGS 04/33	3.109	35	3.133	11/09/2020	-2
MGS 11/33	3.153	60	3.146	14/09/2020	1
MGS 07/34	3.062	230	3.074	14/09/2020	-1
MGS 06/38	3.521	15	3.600	11/09/2020	-8
MGS 05/40	3.450	120	3.459	11/09/2020	-1
MGS 09/43	3.801	1	3.809	14/09/2020	-1
MGS 06/50	3.783	1	3.756	11/09/2020	3
GII 11/20	1.681	60	1.717	14/09/2020	-4
GII 03/21	1.691	50	1.780	10/09/2020	-9
GII 08/21	1.714	100	1.700	08/09/2020	1
GII 05/23	1.948	7	1.949	14/09/2020	0
GII 07/23	1.974	30	1.973	10/09/2020	0
GII 11/23	1.976	80	1.969	11/09/2020	1
GII 08/25	2.211	13	2.168	11/09/2020	4
GII 10/25	2.202	60	2.190	14/09/2020	1
GII 09/26	2.418	10	2.288	14/09/2020	13
GII 06/27	2.450	120	2.372	03/09/2020	8
GII 07/27	2.471	125	2.472	14/09/2020	0
GII 10/28	2.647	40	2.623	11/09/2020	2
GII 12/28	2.627	38	2.620	14/09/2020	1
GII 06/33	3.112	4	3.100	03/09/2020	1
GII 09/39	3.516	152	3.483	11/09/2020	3
		<u>2307</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*	
Perbadanan Tabung Pendidikan Tinggi Nasional	08/21	GG	1.850	5	1.770	07/09/2020	8	11
Prasarana Malaysia Berhad	08/23	GG	2.036	30	2.568	04/06/2020	-53	13
Prasarana Malaysia Berhad	09/23	GG	2.042	30	2.513	18/05/2020	-47	14
DanaInfra Nasional Berhad	10/23	GG	2.058	10	2.071	27/08/2020	-1	15
DanaInfra Nasional Berhad	11/24	GG	2.162	10	2.177	02/09/2020	-2	11
DanaInfra Nasional Berhad	11/26	GG	2.429	100	2.351	26/08/2020	8	12
Pengurusan Air SPV Berhad	02/29	GG	2.696	20	2.661	10/08/2020	4	19
Malaysia Rail Link Sdn Berhad	07/40	GG	3.589	50	-	-	-	14
Malaysia Rail Link Sdn Berhad	07/45	GG	3.841	50	-	-	-	40
Telekom Malaysia Berhad	09/21	AAA	2.124	40	2.110	11/09/2020	1	38
Bank Pembangunan Malaysia Berhad	03/22	AAA	2.336	20	2.614	15/07/2020	-28	59
Cagamas Berhad	08/23	AAA	2.344	55	2.899	20/04/2020	-56	44
Projek Lebuhraya Usahasama Berhad	01/27	AAA	2.837	10	2.824	07/09/2020	1	53
Aman Sukuk Berhad	04/27	AAA	2.891	20	2.746	08/09/2020	15	48
Projek Lebuhraya Usahasama Berhad	01/28	AAA	2.941	10	2.909	04/09/2020	3	53
DiGi Telecommunications Sdn Berhad	09/29	AAA	3.031	50	2.814	14/08/2020	22	46
Danum Capital Berhad	05/30	AAA	3.057	10	2.910	24/08/2020	15	44
Tenaga Nasional Berhad	08/30	AAA	2.949	5	2.869	14/08/2020	8	33
Sarawak Energy Berhad	12/32	AAA	3.241	7	3.104	24/08/2020	14	62
Tenaga Nasional Berhad	08/35	AAA	3.431	10	3.399	14/09/2020	3	36
Kuala Lumpur Kepong Berhad	09/34	AA1	3.552	20	3.475	25/08/2020	8	48
Anih Berhad	11/29	AA	3.356	20	3.651	25/06/2020	-30	78
MMC Corporation Berhad	04/23	AA-	3.421	14	4.600	27/03/2020	-118	152
UEM Sunrise Berhad	05/23	AA-	3.550	25	3.498	07/09/2020	5	164
Cerah Sama Sdn Berhad	01/27	AA-	3.348	30	3.815	09/06/2020	-47	104
Anih Berhad	11/28	AA-	3.266	20	4.126	03/04/2020	-86	76
Tan Chong Motor Holdings Berhad	11/21	A1	3.812	1	3.814	14/09/2020	0	207
Tropicana Corporation Berhad	06/25	A+	5.619	1	5.169	13/07/2020	45	347
Swiri Assets Berhad	09/24	-	3.400	5	-	-	-	134
YNH Property Berhad	08/19	-	6.483	1	6.523	28/07/2020	-4	304
			<u>678</u>					

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

Market/Corporate News: What's Brewing

. (Source: The EdgeMarkets)

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Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Kuala Lumpur Kepong Berhad	RM2.0 bil IMTN Programme (2019/2039)	AA1/Stable	Reffirmed
	RM1.6 bil Multi-Currency IMTN Programme (2015/2027)	AA1/Stable	
	M1.0 bil Multi-Currency IMTN Programme (2012/2022)	AA1/Stable	
	Global Corporate Credit Ratings	gA3/Stable/gP2	
Swirl Assets Berhad's	proposed RM595 mil Senior Notes	AAA/Stable	Assigned

Source: RAM, MARC

Hong Leong Bank Berhad

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