

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.50	13
5-yr UST	0.74	25
10-yr UST	1.08	36
30-yr UST	1.69	40

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.83	-2	2.80	0
5-yr	3.12	27	2.88	4
7-yr	3.19	9	3.06	1
10-yr	3.32	21	3.30	17
15-yr	3.49	8	3.51	7
20-yr	3.61	9	3.61	7
30-yr	4.03	11	3.92	-2

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.49	-6
3-yr	2.47	-3
5-yr	2.49	-4
7-yr	2.60	0
10-yr	2.85	2

Source : Bloomberg

### Upcoming Government Bond Tender

Nil

## Fixed Income Daily Market Snapshot

### US Treasuries

• US Treasuries reversed course and fell on Tuesday as the Fed's announcement on funding measures to soothe the stress on commercial paper market prompted a rebound in US equities and pared demand for safety. The curve bear steepened, with overall yields spiked between 13-40bps across the curve. Separately, the Trump Administration's massive US\$1 trillion stimulus (~4.8% of GDP) to combat Covid-19 fallout also helped revive sentiments. We expect evolution on COVID-19 and concerns over its economic impact would continue to overshadow upcoming housing data. The FOMC meeting initially scheduled for 17-18 March is now cancelled following the Fed's successive 150bps cut on 3-March and 15-March. The Fed will next meet on 28-29 April.

### MGS/GII

• Local govies saw overall benchmark yields close mainly higher between 1-27bps save for the 3Y MGS (-2bps) and 30Y GII (-2bps) as selling activities dominated the local government bond scene yesterday. Secondary market volume was slightly higher at RM6.9b compared to RM6.6bn a day ago with the bulk of the activities concentrated in the off-the-run 20's and benchmark 3Y MGS 3/20. The benchmark 5Y MGS 6/24 ended 27bps higher at 3.12% whilst the 10Y MGS 8/29 closed 21bps higher at 3.32%, marking their highest in approximately two months. GII bonds eased to form only about ~13% of overall trades. Investors are expected to stay on their toes amid a highly uncertain and volatile market whilst continue monitoring the evolution of Covid-19 and performance of the global markets. 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 remained focus along the GG-AAA part of the curve as secondary market volume picked up further to RM867m (RM588m a day ago). Overall yields closed mixed again with big swings seen in both ways. Most of the Govt-guaranteed bonds saw yields rise between 22-48bps save for DANA 4/35 and PRASA 2/36 which ended 3 and 1bps lower respectively. Energy names like SEB, Southern Power were seen actively traded, as well as banking issues including CIMB Bank and CIMB Group. Perak Transit '10/26 made its debut and was last dealt at 4.79% with RM148m changed hands. Sunway perpetual bond is another paper which debuted at 4.40% with RM100m dealt.

## Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 03/20	2.835	1048	2.577	16/03/2020	26
MGS 07/20	2.696	3	2.548	16/03/2020	15
MGS 10/20	2.535	100	2.580	16/03/2020	-4
MGS 02/21	2.733	40	2.646	16/03/2020	9
MGS 07/21	2.750	9	2.599	16/03/2020	15
MGS 09/21	2.778	96	2.634	16/03/2020	14
MGS 11/21	2.754	355	2.619	16/03/2020	14
MGS 03/22	2.870	1309	2.758	16/03/2020	11
MGS 08/22	2.786	35	2.800	16/03/2020	-1
MGS 09/22	2.867	121	2.828	16/03/2020	4
MGS 03/23	2.827	139	2.848	16/03/2020	-2
MGS 04/23	3.022	204	2.778	16/03/2020	24
MGS 08/23	3.054	15	2.780	16/03/2020	27
MGS 06/24	3.122	330	2.855	16/03/2020	27
MGS 07/24	3.146	75	3.013	16/03/2020	13
MGS 09/24	3.106	125	2.898	16/03/2020	21
MGS 03/25	3.001	29	2.940	16/03/2020	6
MGS 09/25	3.136	311	2.933	16/03/2020	20
MGS 04/26	3.258	26	2.980	12/03/2020	28
MGS 07/26	3.236	136	3.074	16/03/2020	16
MGS 11/26	3.314	61	3.069	16/03/2020	25
MGS 03/27	3.295	46	2.923	11/03/2020	37
MGS 05/27	3.188	300	3.096	16/03/2020	9
MGS 11/27	3.292	30	3.173	16/03/2020	12
MGS 06/28	3.382	26	3.089	16/03/2020	29
MGS 08/29	3.324	245	3.120	16/03/2020	20
MGS 04/30	3.377	23	3.255	16/03/2020	12
MGS 06/31	3.440	23	3.222	13/03/2020	22
MGS 04/32	3.845	42	3.405	16/03/2020	44
MGS 04/33	3.379	10	3.461	16/03/2020	-8
MGS 07/34	3.488	143	3.410	16/03/2020	8
MGS 05/35	3.592	17	3.498	16/03/2020	9
MGS 04/37	3.725	30	3.543	16/03/2020	18
MGS 06/38	3.650	191	3.417	16/03/2020	23
MGS 05/40	3.605	140	3.520	16/03/2020	9
MGS 09/43	3.921	0	3.798	16/03/2020	12
MGS 03/46	3.990	2	3.810	13/03/2020	18
MGS 07/48	4.028	132	3.921	16/03/2020	11
GII 04/20	2.756	209	2.616	16/03/2020	14
GII 03/21	2.756	2	2.699	16/03/2020	6
GII 04/21	2.705	0	2.605	16/03/2020	10
GII 08/21	2.751	2	2.628	16/03/2020	12
GII 04/22	2.801	1	2.775	16/03/2020	3
GII 07/23	2.841	3	2.841	16/03/2020	0
GII 11/23	2.917	66	2.829	16/03/2020	9
GII 05/24	3.156	2	2.945	16/03/2020	21
GII 08/24	2.984	29	2.961	16/03/2020	2
GII 10/24	2.880	2	2.834	16/03/2020	5
GII 08/25	3.215	17	2.970	16/03/2020	25
GII 10/25	3.239	33	2.766	11/03/2020	47
GII 03/26	3.059	25	3.050	16/03/2020	1
GII 10/28	3.404	10	3.183	13/03/2020	22
GII 07/29	3.300	1	3.132	16/03/2020	17
GII 08/33	3.450	30	3.503	13/03/2020	-5
GII 11/34	3.506	145	3.430	16/03/2020	8
GII 10/35	3.508	3	3.120	04/03/2020	39
GII 09/39	3.605	320	3.531	16/03/2020	7
GII 11/49	3.921	21	3.945	16/03/2020	-2
		<u>6891</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	01/33	GG	3.448	10	3.229	02/03/2020	22	-4
Prasarana Malaysia Berhad	03/34	GG	3.649	20	3.170	04/03/2020	48	16
Prasarana Malaysia Berhad	08/34	GG	3.649	10	3.200	12/03/2020	45	16
Danainfra Nasional Berhad	04/35	GG	3.669	5	3.699	08/01/2020	-3	18
Prasarana Malaysia Berhad	12/35	GG	3.670	15	3.329	27/02/2020	34	18
Prasarana Malaysia Berhad	02/36	GG	3.699	25	3.708	16/01/2020	-1	21
Cagamas Berhad	10/20	AAA	3.075	5	2.795	12/03/2020	28	41
Puncak Wangi Sdn Berhad	11/20	AAA	3.689	25	4.073	27/12/2019	-38	102
Public Bank Berhad	02/21	AAA	3.011	5	2.931	04/03/2020	8	34
Gulf Investment Corporation G.S.C	03/21	AAA	3.384	60	3.494	19/02/2020	-11	72
Malaysia Steel Works (KL) Berhad	11/21	AAA	3.601	10	3.631	18/02/2020	-3	79
Berjaya Land Berhad	12/21	AAA	3.561	2			356	75
Toyota Capital Malaysia Sdn Berhad	01/25	AAA	3.390	20			339	35
Sarawak Energy Berhad	06/26	AAA	3.199	9	2.991	06/03/2020	21	8
Projek Lebuhraya Usahasama Berhad	01/27	AAA	3.379	5	3.178	11/03/2020	20	17
Sarawak Energy Berhad	11/28	AAA	3.329	27	3.112	11/03/2020	22	9
Sarawak Energy Berhad	07/29	AAA	3.349	6	3.408	07/03/2020	-6	11
DiGi Telecommunications Sdn Berhad	09/29	AAA	3.429	10	3.388	13/03/2020	4	17
Sarawak Energy Berhad	04/31	AAA	3.430	20	3.228	28/02/2020	20	17
Bank Pembangunan Malaysia Berhad	03/32	AAA	3.620	10	3.768	12/02/2020	-15	36
Sarawak Energy Berhad	12/32	AAA	3.500	10	3.227	06/03/2020	27	1
Sarawak Energy Berhad	11/33	AAA	3.529	33	3.289	05/03/2020	24	4
Projek Lebuhraya Usahasama Berhad	01/35	AAA	3.670	6	4.675	30/09/2016	-101	18
Sarawak Energy Berhad	08/35	AAA	3.610	20	3.724	29/01/2020	-11	12
Sabah Credit Corporation	05/20	AA1	2.942	20	3.056	10/03/2020	-11	28
CIMB Bank Berhad	12/25	AA+	3.089	29	3.070	10/03/2020	2	-3
AmBank (M) Berhad	06/20	AA2	3.008	5	3.014	27/02/2020	-1	34
Tanjung Bin Power Sdn Berhad	08/20	AA2	2.968	20	2.979	16/03/2020	-1	30
Konsortium ProHAWK Sdn Berhad	12/21	AA2	3.251	5	3.613	19/12/2019	-36	44
CIMB Group Holdings Berhad	11/27	AA	3.359	30	3.728	11/12/2019	-37	13
BGSM Management Sdn Berhad	12/20	AA3	3.104	2	3.452	17/12/2019	-35	44
Gamuda Berhad	11/22	AA3	3.347	10	3.439	18/02/2020	-9	44
BGSM Management Sdn Berhad	12/26	AA3	3.708	20			371	50
BGSM Management Sdn Berhad	12/27	AA3	3.759	20	3.521	13/03/2020	24	53
AmBank Islamic Berhad	10/28	AA3	3.330	1	3.564	24/01/2020	-23	9
SAJ Capital Sdn Berhad	01/22	AA-	3.560	10	4.052	17/10/2019	-49	75
Southern Power Generation Sdn Berhad	04/22	AA-	3.246	10	3.918	24/06/2019	-67	44
Southern Power Generation Sdn Berhad	04/25	AA-	3.526	10	3.316	09/03/2020	21	49
Southern Power Generation Sdn Berhad	10/25	AA-	3.561	10	3.399	17/02/2020	16	44
Southern Power Generation Sdn Berhad	10/34	AA-	4.180	10	4.349	23/12/2019	-17	69
TG Excellence Berhad	02/20	AA-	3.898	10	3.726	13/03/2020	17	28
Affin Bank Berhad	02/27	A1	4.321	1	3.437	16/03/2020	88	112
CIMB Group Holdings Berhad	05/16	A1	4.100	2	3.181	13/03/2020	92	48
CIMB Group Holdings Berhad	05/16	A1	4.341	0	4.111	09/03/2020	23	72
Affin Bank Berhad	07/18	A3	4.597	12	4.836	16/03/2020	-24	98
DRB-Hicom Berhad	12/22	A+	3.567	10	3.928	15/01/2020	-36	66
Eco World International Berhad	04/23	-	5.143	0	6.050	13/03/2020	-91	223
Eco World International Berhad	05/23	-	6.001	1	6.291	16/03/2020	-29	309
Eco World Capital Assets Berhad	08/24	-	5.427	0	5.983	24/02/2020	-56	244
Perak Transit Berhad	10/26	-	4.790	148	-	-	-	158
AEON Credit Services (M) Bhd	12/14	-	6.120	1	5.243	13/03/2020	88	250
Mah Sing Group Berhad	04/17	-	6.876	3	6.086	16/03/2020	79	326
Sunway Berhad	03/18	-	4.400	100	-	-	-	78
Tropicana Corporation Berhad	09/19	-	6.097	1	6.101	13/03/2020	0	248
				<u>867</u>				

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

## Market/Corporate News: What's Brewing

The Trump administration on Tuesday pursued a US\$1 trillion (£827.75 billion) stimulus package to buttress an economy hit by coronavirus fears that could deliver \$1,000 checks to Americans within two weeks, while New York said it might order residents of the most populous U.S. city to stay at home. With the number of reported U.S. cases of the respiratory illness surging past 5,800 and deaths approaching 100, millions of Americans hunkered down in their homes instead of commuting to work or school as New York and other major cities escalated "social distancing" policies by closing schools, bars, restaurants and theaters. New York Mayor Bill de Blasio said he would decide within two

days whether to order residents to "shelter in place" to fight the spread of the virus. The move would largely confine people to their homes in the city of roughly 8.5 million but probably let them make necessary trips to the grocery or pharmacy. "It's a very, very difficult decision," de Blasio said. "We've never been here before. I have never heard of anything like this in the history of New York City." Illinois Governor J.B. Pritzker announced that state's first coronavirus death and said 22 other people had been infected at a nursing home in suburban Chicago. In New Jersey, Governor Phil Murphy closed amusement parks and indoor shopping malls as a record number of unemployment applications crashed state computer systems. In Minnesota, the Mall of America, the nation's largest enclosed shopping center, said it would close through the end of the month. Sheriff's deputies in Los Angeles were ordered to write more tickets and make fewer arrests, to keep jail crowding to a minimum. Vice President Mike Pence said the White House may have the U.S. military establish field hospitals in virus hot zones if requested by state governors, or use the Army Corps of Engineers to add capacity to existing hospitals. New York, Washington state and California have the most confirmed cases of the highly contagious respiratory illness. In one of the most restrictive policies already in place, officials ordered residents of the San Francisco Bay area, some 6.7 million people, to stay home beginning for all but the most crucial outings until April 7. "It's like living in a 'Twilight Zone,'" said Rowan Oake, 36, during a jog through San Francisco's Presidio Park. "You can feel the anxiety in the air." President Donald Trump said progress is being made against the fast-spreading pathogen and predicted the U.S. economy would "come roaring back" when it slows. "It's going to pop," said Trump, who is seeking re-election on Nov. 3. The Republican president's tone on the coronavirus pandemic has changed sharply in the last few days. After initially playing down the threat and focusing on the stock market, his administration has begun pushing for urgent action to stem the disease's economic and human toll. His administration sought more than \$1 trillion for a stimulus package, which would include \$50 billion for hard-hit airlines facing bankruptcy and \$250 billion for small business loans. "We're going big," Trump said, describing the health crisis as a war against an "invisible enemy." (Source: *The Star Online*/ Reuter)

Brent crude oil price went below US\$30 per barrel over the last two days as global demand for oil is set to decline as more countries go into lockdown. Several countries in Europe, such as Germany, Portugal and Spain, have tightened borders and restricted the movement of citizens. Spain and Philippines have enforced a nationwide quarantine, while Austria was limiting people's movement and gathering. In Indonesia, its citizens were asked to work, study and worship from home. Back home, the government is imposing two weeks of restricted movement and travelling, as well as closing down school, universities and shops starting today. Oil and gas (O&G)-related stocks on Bursa Malaysia have seen a punishing sell-off since last week after Saudi Arabia initiated a price war with Russia. This was further exacerbated by the fire and explosion at the megaproject Pengerang Integrated Complex in the south of Johor. The project is the single largest downstream project undertaken by Petronas worth more than RM100bil. AmInvestment Bank Research has a bearish view on the O&G sector and downgraded it to "underweight." It expects local O&G service providers to record lower earnings than in 2014-2017 when oil fell from US\$100 per barrel to US\$30. "Regardless of upstream, midstream or downstream segmentation, we expect the overall global demand destruction from Covid-19 on top of the Saudi-led price wars will continue to dampen industry sentiments in the foreseeable horizon," it said in a report yesterday. The research house maintained its "sell" call on Bumi Armada, Dialog Group, SAPURA ENERGY, Serba Dinamik and Velesto Energy, despite some stocks having already declined almost 50% in two weeks. "Given that the decimation to oil prices and companies' earnings are likely to be even worse than the 2014-2017 down-cycle which led to multiple financial distress to O&G corporations, we have applied a further 20%-30% discount to five-year lows to the stocks which have already reached our fair values," it said. AmInvest said that the fire in Pengerang is unlikely to have a significant impact on earnings prospects of the local O&G sector. It points out that the impact from the

governments' movement control order to curb the spread of Covid-19 and the ongoing Saudi-Russia price war have caused a plunge in crude oil prices. Global oil demand is expected to decline in 2020 for the first time since 2009, according to the International Energy Agency (IEA). The agency said that the global oil demand already fell by 2.5% in the first quarter of 2020, wiping out 2.5 million barrels per day (mb/d). However, it expects that oil demand to recover in the second half of the year by 1.1 mb/d compared with the second half of 2019. "The Covid-19 crisis is affecting a wide range of energy markets, including coal, gas, and renewable, but its impact on oil markets is particularly severe because it is stopping people and goods from moving around, dealing a heavy blow to demand for transport fuels," IEA was quoted as saying. The Organization for Economic Cooperation and Development earlier this month said global economic growth would grow by 1.5% in 2020, down from its previous estimate of 2.9% before the outbreak of the Covid-19. (Source: *The Star Online*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Great Realty Sdn Bhd	RM170 mil Guaranteed MTN Programme	AAA(fg)/stable	Reaffirmed

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

**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.