

Global Markets Research
Fixed Income
Fixed Income Daily Market Snapshot
US Treasuries

- The US Treasury curve ended flatter instead on Monday as the long-ends were better-bid; nudged by the New York state's manufacturing gauge which notched lower-than-expected numbers. Overall benchmark yields closed mostly lower between 1-2bps save for the UST 2Y which edged up 1bps instead at 0.15% whilst the much-watched UST 10Y closed 2bps lower at 0.69% levels. There seemed sufficient uncertainties to support demand for UST's; including COVID-19 related-issues, renewed lockdowns and also increased frictions with China as more sanctions on Huawei were noted. Meanwhile US IG issuances reached a record-breaking \$1.34 trillion YTD. Separately, the amounts of US government debt held by foreigners grew to \$7.04 trillion in June. Expect attention to shift to the 20Y bond auction along with the FOMC minutes.

MGS/GII

- Local govvnies ended weaker on Monday on lack of meaningful catalysts and also ahead of the upcoming FTSE Russell's decision on the nation's weightage in the WGBI this month. Overall benchmark yields ended mostly weaker with yields mostly slipping between 0-8bps save for the 3Y MGS and 15Y GII; amid a slide in secondary market volume to RM3.50b. Both the benchmark 5Y MGS 9/25 and the 10Y MGS 8/29 edged 2bps lower at 2.06% and 2.50%. Interest was mainly seen in the off-the-run 21's, 23's and also benchmark 20-30Y MGS. GII bond trades rose to form ~22% of overall trades. The Finance Minister said that the government is able to provide additional targeted stimulus measures if necessary. It is believed that the current PRIHATIN and PENJANA stimulus plans are sufficient and are expected to contribute over 3% to GDP growth this year. Expect attention to focus on the upcoming CPI data for July at noon today.

Corp Bonds/Sukuk

- Interest remained solid amid a sustained secondary market volume of RM765m with transactions seen across the AAA-AA part of the curve followed by the GG-AA part of the curve as overall yields continued to drift mostly lower. Govt-guaranteed KHAZANAH saw RM160m in nominal amounts exchange hands; edging 1bps higher compared to previous-done levels at 2.18% whilst new debutant PRASA 7/29 closed at 2.63%; about 43bps lower than its coupon. AAA-rated CAGAMAS fell 34bps at 2.42% whilst SEB 11/33 and 6/35 closed between 3-20bps lower at 3.19% and 3.28% each. AA-rated YTL Corp saw its 2034 and 2036 tranches close between 21-26bps lower at 3.81% and 3.98% respectively. The banking space saw RHB Islamic 29NC24 edge 1bps over at 3.03%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	1
5-yr UST	0.29	-1
10-yr UST	0.69	-2
30-yr UST	1.44	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.85	-1	1.91	0
5-yr	2.06	2	2.03	0
7-yr	2.21	0	2.33	3
10-yr	2.50	2	2.50	0
15-yr	2.94	3	2.94	-4
20-yr	3.25	2	3.37	8
30-yr	3.53	1	3.69	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.85	2
3-yr	1.89	3
5-yr	2.09	2
7-yr	2.29	4
10-yr	2.51	1

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 10/20	1.700	51	1.652	14/08/2020	5
MGS 07/21	1.700	660	1.700	14/08/2020	0
MGS 09/21	1.696	50	1.676	10/08/2020	2
MGS 11/21	1.715	135	1.748	13/08/2020	-3
MGS 03/22	1.760	37	1.751	14/08/2020	1
MGS 08/22	1.820	101	1.826	14/08/2020	-1
MGS 09/22	1.852	140	1.824	13/08/2020	3
MGS 03/23	1.852	39	1.860	14/08/2020	-1
MGS 04/23	1.922	41	1.896	14/08/2020	3
MGS 08/23	1.965	73	1.933	14/08/2020	3
MGS 06/24	2.015	4	2.052	13/08/2020	-4
MGS 09/24	2.042	40	2.031	14/08/2020	1
MGS 09/25	2.059	82	2.042	14/08/2020	2
MGS 04/26	2.200	1	2.214	11/08/2020	-1
MGS 07/26	2.217	106	2.217	14/08/2020	0
MGS 11/26	2.276	50	2.269	14/08/2020	1
MGS 05/27	2.206	4	2.209	14/08/2020	0
MGS 11/27	2.308	25	2.290	14/08/2020	2
MGS 08/29	2.505	155	2.487	14/08/2020	2
MGS 04/30	2.574	100	2.575	14/08/2020	0
MGS 06/31	2.704	2	2.755	13/08/2020	-5
MGS 04/33	2.976	10	2.931	14/08/2020	4
MGS 07/34	2.936	221	2.907	14/08/2020	3
MGS 05/35	3.141	1	3.148	11/08/2020	-1
MGS 06/38	3.301	5	3.224	13/08/2020	8
MGS 05/40	3.253	306	3.237	14/08/2020	2
MGS 06/50	3.531	296	3.521	12/08/2020	1
GII 03/21	1.746	85	1.680	11/08/2020	7
GII 04/21	1.755	20	1.684	14/08/2020	7
GII 07/23	1.935	265	1.937	14/08/2020	0
GII 10/23	1.937	20	1.975	14/08/2020	-4
GII 11/23	1.943	30	1.960	14/08/2020	-2
GII 03/26	2.158	10	2.177	14/08/2020	-2
GII 09/26	2.240	30	2.230	06/08/2020	1
GII 07/27	2.320	30	2.323	14/08/2020	0
GII 09/27	2.333	5	2.304	14/08/2020	3
GII 10/28	2.484	10	2.460	14/08/2020	2
GII 07/29	2.549	60	2.556	14/08/2020	-1
GII 09/30	2.574	60	2.553	14/08/2020	2
GII 10/30	2.501	3	2.500	14/08/2020	0
GII 06/33	3.005	70	3.042	14/08/2020	-4
GII 08/33	3.025	50	3.015	12/08/2020	1
GII 11/34	2.941	10	2.985	14/08/2020	-4
		<u>3495</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	07/23	GG	2.186	10	2.265	10/08/2020	-8	32
Jambatan Kedua Sdn Berhad	07/23	GG	2.098	20	2.419	08/07/2020	-32	23
Khazanah Nasional Berhad	08/23	GG	2.179	160	2.172	13/08/2020	1	31
Perbadanan Tabung Pendidikan Tinggi Nasional	08/23	GG	2.160	40	2.278	10/08/2020	-12	29
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	2.246	10	2.737	17/06/2020	-49	25
Danainfra Nasional Berhad	02/26	GG	2.366	20	2.395	13/08/2020	-3	31
Prasarana Malaysia Berhad	07/29	GG	2.628	30	-	-	-	16
Sarawak Energy Berhad	06/21	AAA	2.182	5	2.277	04/08/2020	-10	46
Cagamas Berhad	05/23	AAA	2.419	100	2.761	25/06/2020	-34	55
Bank Pembangunan Malaysia Berhad	03/27	AAA	2.758	10	2.848	28/07/2020	-9	55
Tenaga Nasional Berhad	08/32	AAA	3.029	20	3.275	17/07/2020	-25	54
Danga Capital Berhad	01/33	AAA	3.121	20	3.119	13/08/2020	0	63
Sarawak Energy Berhad	11/33	AAA	3.188	20	3.215	05/08/2020	-3	25
Sarawak Energy Berhad	06/35	AAA	3.279	40	3.479	20/07/2020	-20	35
YTL Corporation Berhad	11/26	AA1	3.339	40	3.329	05/08/2020	1	117
United Overseas Bank (Malaysia) Berhad	08/30	AA1	2.869	1	2.869	14/08/2020	0	38
YTL Corporation Berhad	06/34	AA1	3.809	40	4.069	28/04/2020	-26	88
YTL Corporation Berhad	11/36	AA1	3.980	30	4.189	28/04/2020	-21	105
Press Metal Aluminium Holdings Berhad	08/25	AA3	4.000	25	-	-	-	194
MMC Corporation Berhad	11/20	AA-	2.859	10	3.091	15/06/2020	-23	114
Cerah Sama Sdn Berhad	01/25	AA-	3.237	10	3.769	21/04/2020	-53	125
AEON Credit Service (M) Berhad	02/27	AA3	3.377	40	3.409	14/08/2020	-3	120
AEON Credit Service (M) Berhad	02/28	AA3	3.439	22	3.499	30/07/2020	-6	123
CIMB Thai Bank Public Company Limited	03/28	AA3	3.327	7	4.291	26/03/2020	-96	94
RHB Islamic Bank Berhad	05/29	AA3	3.025	30	3.037	12/08/2020	-1	56
CIMB Group Holdings Berhad	05/16	A1	3.297	1	3.488	24/07/2020	-19	3
Bank Muamalat Malaysia Berhad	06/26	A3	3.988	4	4.069	29/05/2020	-8	181
Eco World Capital Assets Berhad	08/24	-	6.171	1	5.399	23/07/2020	77	418
Mah Sing Group Berhad	04/17	-	4.625	1	4.584	13/08/2020	4	136
			<u>765</u>					

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

Market/Corporate News: What's Brewing

AirAsia resumed its Kuala Lumpur to Singapore flights today, allowing cross-border travel for essential and official travellers, following the implementation the Reciprocal Green Lane (RGL) scheme by both countries. AirAsia Malaysia CEO Riad Asmat said both countries have taken relentless efforts and strict discipline in containing the spread of Covid-19, and the RGL is a first step towards reviving the economy, especially for those who have essential travel needs between both countries. "We look forward to seeing more 'travel bubbles' and 'green lanes' formed between countries with low infection rates or active cases, and proven pandemic curbing systems to facilitate the need for air travel. "At the same time, we urge all guests to adhere to the required regulations and follow the safety measures for a safe flying journey," he said in a statement today. The flight departed from klia2 today at 11.50am to Changi International Airport, and returned to klia2 at 2.35pm. He said AirAsia will continue to review the suitability of introducing more frequencies between the two countries. "AirAsia would like to remind guests of travel requirements set by both countries under the RGL scheme, all inbound and outbound travellers for essential business and official travel between Malaysia and Singapore via the RGL are required to check their eligibility and travel requirements before their scheduled departure," he said. (Source: *The EdgeMarkets*)

Further discussions into the proposal to form the Royal Commission of Inquiry for Tabung Haji (TH) will be tabled at the Cabinet meeting this week, said Minister in the Prime Minister's Department (Religious Affairs) Datuk Seri Dr Zulkifli Mohamad Al-Bakri today. He said at the same time, besides discussions with the Prime Minister on Aug 12, there are ongoing discussions being held and a report will be presented by the Finance Minister. "God willing, in the Cabinet meeting...if it is brought up, we will discuss it. "If all goes well, this week we will discuss issues related to TH," he told reporters after presenting the letters of appointment to 11 Board of Trustees of the Islamic Propagation Foundation of Malaysia (Yadim) here today. He said the discussions were specifically to get a clear picture of TH before the proposal and feasibility of setting up the RCI to look into issues connected to TH is discussed further. Zulkifli said so far no decision has been made on the proposed RCI and all matters relating to TH. "What is important is that we want to know and understand the real situation in TH and the best way to handle it. "Everyone wants to see TH move forward and we are always looking at the best possibilities so that any action taken is based on facts and evidence and is taken wisely," he said. Meanwhile, Zulkifli expressed the hope that the newly-appointed Yadim Board of Trustees will generate ideas and advice on TH's functions. "Their diverse background and experience in the fields of religion, academics, management and dakwah will push its agenda by putting Islam on its true footing in the country," he said.. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Perbadanan Kemajuan Pertanian Negeri Pahang's (PKPP or the Agency)	Proposed RM650 mil Sukuk Wakalah Programme (2020/2050)	AA3(s)/Stable	Assigned

Source: RAM, MARC

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