

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries were well-bid especially in the longer-ends as renewed concerns over the economy contributed to the strength following signs that the Fed planned to leave interest rates unchanged at least until 2023. Overall benchmark yields ended between 0-2bps lower as the curve flattened slightly. The UST 2Y was pretty much unchanged at 0.14% whilst the much-watched 10Y nudged 1bps lower at 0.69% compared to prior day's close. Meanwhile first-time claims for US unemployment benefits for week ended 12th Sep came in less than expected at 860k. Bond traders are likely to be sidelined ahead of the weekend on lack of catalysts besides the upcoming consumer sentiment data for September tonight.

MGS/GIII

- Local govies continued to lose ground yesterday following poor bidding metrics for the 30Y GII 11/49 auction. Benchmark yields ended higher between 0-8bps (save for the 5Y MGS and 30Y GII which was untraded for a month prior to yesterday's auction) amid an improvement in overall secondary market volume of RM3.72b. The benchmark 5Y MGS 9/25 bucked the overall trend; edging 2bps lower at 2.15% whilst the 10Y MGS 8/29 yields spiked 6bps at 2.68%. Interest was again mainly seen in the shorter-end off-the-runs 20-21's and also benchmark 15Y MGS. GII bond trades jumped to form -46% of overall trades. The auction saw a mere BTC ratio of 1.36x with total bids amounting to a YTD low of RM4.07b. FTSE Russell's announcement of its decision on Malaysia's weightage of sovereign bonds in its WGBI on 24th Sep is expected to a key event risk for now. Separately, Fitch Ratings affirms PETRONAS at A- but however with a Negative rating outlook.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw drastic drop in momentum and appetite amid a low secondary market volume of RM187m with transactions seen in only 13 various bonds. Overall yields closed mostly mixed-to-higher on yields with interest seen along the AAA-AA part of the curve. The sole govt-guaranteed trade consisted of LPPSA 9/24 which rose 14bps compared to previous done levels at 2.32%. AAA-rated PUTRAJAYA dominated trades with the 2023 bps at 2.42-43% and 2.63% levels. The AA-space saw energy-related bonds i.e. BGSM 12/22 and JEP 12/31 close lower on yields at 2.68% and 3.61% respectively. The banking space saw AmBank Islamic 25NC20 close 21bps over at 2.67%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	0
5-yr UST	0.28	0
10-yr UST	0.69	-1
30-yr UST	1.44	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.95	3	1.99	5
5-yr	2.15	-2	2.10	0
7-yr	2.48	6	2.34	0
10-yr	2.68	6	2.60	0
15-yr	3.13	6	3.28	12
20-yr	3.53	8	3.54	2
30-yr	3.85	7	4.20	55

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.99	0
3-yr	2.08	3
5-yr	2.26	-1
7-yr	2.39	1
10-yr	2.68	0

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	1.693	595	1.678	15/09/2020	2
MGS 02/21	1.691	312	1.731	11/09/2020	-4
MGS 07/21	1.701	105	1.679	15/09/2020	2
MGS 09/21	1.714	2	1.741	15/09/2020	-3
MGS 11/21	1.759	99	1.744	14/09/2020	1
MGS 03/22	1.852	7	1.853	14/09/2020	0
MGS 08/22	1.876	5	1.847	15/09/2020	3
MGS 09/22	1.870	1	1.873	11/09/2020	0
MGS 03/23	1.947	59	1.919	15/09/2020	3
MGS 08/23	1.993	59	1.972	15/09/2020	2
MGS 07/24	2.070	25	2.088	15/09/2020	-2
MGS 09/24	2.096	1	2.104	15/09/2020	-1
MGS 03/25	2.184	5	2.155	15/09/2020	3
MGS 09/25	2.147	55	2.166	15/09/2020	-2
MGS 04/26	2.260	8	2.279	14/09/2020	-2
MGS 07/26	2.260	3	2.293	15/09/2020	-3
MGS 11/26	2.358	6	2.324	15/09/2020	3
MGS 03/27	2.445	5	2.372	10/09/2020	7
MGS 05/27	2.482	142	2.420	15/09/2020	6
MGS 11/27	2.522	8	2.465	15/09/2020	6
MGS 06/28	2.556	23	2.551	15/09/2020	0
MGS 09/28	2.621	4	2.606	15/09/2020	2
MGS 08/29	2.678	10	2.620	15/09/2020	6
MGS 04/30	2.763	2	2.702	15/09/2020	6
MGS 06/31	2.867	5	2.825	14/09/2020	4
MGS 04/32	3.102	8	2.948	10/09/2020	15
MGS 04/33	3.141	5	3.109	15/09/2020	3
MGS 11/33	3.179	4	3.153	15/09/2020	3
MGS 07/34	3.127	351	3.062	15/09/2020	6
MGS 04/37	3.481	2	3.431	14/09/2020	5
MGS 06/38	3.490	2	3.521	15/09/2020	-3
MGS 05/40	3.533	60	3.450	15/09/2020	8
MGS 09/43	3.950	34	3.801	15/09/2020	15
MGS 03/46	3.924	3	3.794	15/09/2020	13
MGS 07/48	3.885	6	3.871	14/09/2020	1
MGS 06/50	3.850	2	3.783	15/09/2020	7
GII 05/23	1.994	130	1.948	15/09/2020	5
GII 07/23	1.971	6	1.974	15/09/2020	0
GII 08/25	2.160	1	2.211	15/09/2020	-5
GII 09/26	2.403	100	2.418	15/09/2020	-2
GII 06/27	2.456	20	2.450	15/09/2020	1
GII 07/27	2.430	21	2.471	15/09/2020	-4
GII 10/28	2.691	84	2.647	15/09/2020	4
GII 07/29	2.640	11	2.598	11/09/2020	4
GII 06/33	4.030	2	3.112	15/09/2020	92
GII 11/34	3.276	230	3.152	11/09/2020	12
GII 09/39	3.536	53	3.516	15/09/2020	2
GII 11/49	4.198	1041	3.649	18/08/2020	55
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Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*	
Lembaga Pembiayaan Perumahan Sektor Awam	09/24	GG	2.318	50	2.176	02/09/2020	14	24
Rantau Abang Capital Berhad	12/20	AAA	2.034	20	1.980	07/09/2020	5	30
Cagamas Berhad	03/22	AAA	2.199	5	2.547	02/06/2020	-35	35
DiGi Telecommunications Sdn Berhad	04/22	AAA	2.320	10	2.236	03/09/2020	8	47
Putrajaya Holdings Sdn Berhad	07/23	AAA	2.422	10	2.365	04/09/2020	6	49
Putrajaya Holdings Sdn Berhad	09/23	AAA	2.432	20	2.830	13/05/2020	-40	50
Putrajaya Holdings Sdn Berhad	04/25	AAA	2.625	30	2.557	02/09/2020	7	45
Tenaga Nasional Berhad	08/40	AAA	3.639	1	3.639	14/09/2020	0	12
BGSM Management Sdn Berhad	12/22	AA3	2.677	10	2.765	12/08/2020	-9	82
Edra Energy Sdn Berhad	07/25	AA3	4.411	1	3.276	12/08/2020	114	224
AmBank Islamic Berhad	12/25	AA3	2.672	20	2.884	07/07/2020	-21	50
Edra Energy Sdn Berhad	07/31	AA3	4.578	1	3.848	17/07/2020	73	188
Jimah East Power Sdn Berhad	12/31	AA-	3.609	10	3.969	19/06/2020	-36	92
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Petroleum Nasional Bhd (Petronas) has paid Sarawak RM2.95 billion in sales tax (SST) on petroleum products. According to Bernama, Petronas chairman Datuk Ahmad Nizam Salleh presented a cheque for RM2,956,671,407.36 to Sarawak Chief Minister Datuk Patinggi Abang Johari Tun Openg at a ceremony at Wisma Bapa Malaysia in Kuching today. Abang Johari Tun Openg said Petronas and its subsidiaries had fully settled the payments of State sales tax on petroleum products for 2019, as assessed by the Comptroller of State Sales Tax in accordance with the provisions of the Sarawak State Sales Tax Ordinance, 1998. He said the amount paid by Petronas and its subsidiaries was without interest and penalties as Petronas had complied with the notices issued to it. Petronas, in a statement, said it had paid Sarawak the SST on petroleum products for last year. "The payment represents Petronas' full and final settlement for the SST for the year 2019 and is evidence of Petronas' commitment towards achieving commercial resolution," Petronas said. According to the national oil company, the payment for this year will be made upon assessments by the Sarawak comptroller of SST. This, it noted, is a significant milestone following Petronas' withdrawal of the appeal against the judicial review decision and also Sarawak's withdrawal of the civil action on the Sarawak SST. "Petronas is committed to work with the Sarawak State government in strengthening the Sarawak oil and gas (O&G) sector towards the creation of a stable and conducive business and investment environment for future growth," it added. It was reported yesterday that Sarawak's endeavour to reclaim its rights on its O&G resources will reach a milestone today with Petronas finally handing over a cheque to the State government for the SST. The matter was announced by Abang Johari. In May, Petronas agreed to pay the full SST, amounting to RM2 billion, to Sarawak. The figure was 5% of the petroleum products' sales value. In news reports, Assistant Minister in the Chief Minister's Department (Law, State-Federal Relations and Project Monitoring) Datuk Sharifah Hasidah Sayeed Aman Ghazali said the national oil company will pay over RM2 billion — after computing penalty and interest. (Source: *The EdgeMarkets*)

Egyptian investment bank EFG-Hermes Holding Co has sold a controlling stake in a UK solar-energy portfolio to a Malaysian utility in a deal that values the assets at £500 million (RM2.68 billion). EFG-Hermes' private equity arm sold the stake in Vortex III, a photovoltaic portfolio with 365MW of capacity, to TNB International, a subsidiary of Tenaga Nasional Bhd (TNB), the Egyptian company said in a statement today. Vortex III generated earnings before interest, taxes, depreciation and amortisation of £39 million last year, the bank said. EFG-Hermes, which bought the Vortex III assets in 2017, said it wants to establish another renewable-energy portfolio and may invest almost US\$600 million in the next few years to build it. "We see a lot of opportunities still in Europe because of the vast amount of assets and development going on," Karim Moussa, EFG-Hermes' head of asset management and private equity, said in an interview with Bloomberg TV. "We see very interesting opportunities in Latin America. We're looking at Mexico and Chile. We like Australia." (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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