

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- The UST curve bull-flattened on Tuesday; holding on to gains amid continued worrying signs on the broader Covid-19 impact on corporate earnings. Overall benchmark yields fell between 2-3bps with the UST 2Y at 1.41% whilst the much-watched UST 10Y ended at 1.57%. Meanwhile the total foreign ownership of UST's including notes, bills and bonds rose the 3rd consecutive year to ~\$6.7 trillion as at end-2019 (end 2018: \$6.3 trillion). Japan remains the largest holder (up by \$115b to \$1.15 trillion) followed by China (down by \$54b to \$1.07 trillion). The impact on financial markets are now dependent on fragile sentiments pertaining to the viral outbreak as WHO says there are now 92 cases of human-to-human spread outside of China. Up next on the data front tonight are PPI along with housing starts, building permits, in addition to the closely watched FOMC minutes.

MGS/GIII

- Local govies continued to see yields ease on profit-taking activities amid higher secondary market volume of RM4.67b with interest mainly across the off-the-run 20's, 23's and also the longer-end 33's and 37's. Overall benchmark yields ended mostly between 0-4bps higher with the benchmark 5Y MGS 6/24 within 1bps at 2.72% and the 10Y MGS 8/29 up 2bps at 2.90%. GII bonds rose to form about ~ 33% of overall trades. BNM governor who had earlier said the country has the capacity for rate cut to support the economy have investors concerned that the financial markets are becoming more sensitive to the macro impact of the Covid-19 viral outbreak on Chinese demand, supply chain and global growth. Expect attention to shift to the 5Y GII auction tomorrow.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk space saw interest ramped up yesterday amid secondary market volume of RM1.11b with interest mainly seen equally across GG and subsequently the AAA-AA part of the curve on about 56 various names. The Govt-guaranteed DANA dominated trades with the DANA 5/47 tranche (which has been untraded for more than a year) declining by over 100bps compared to previous-done levels to 3.63%. The longer-end DANA 48-49's closed mixed between -22 to +2bps between 3.69-76% area. AAA-rated energy bonds i.e. BAKUN 8/26, SEB 11/28 and TNB 8/38 saw yields decline sharply between 12-43bps at 3.24%, 3.25% and 3.54% respectively. AA-rated EDRA 35-36's closed between 4.12-22% levels. Finance and banking based CIMB Group 2116NC23 and Hong Leong Financial Group 2117NC24 Perps closed between 16-18bps lower at 3.80 and 3.84% each.

UST

Tenure	Closing (%)	Chg (bps)
2-yr UST	1.41	-2
5-yr UST	1.40	-2
10-yr UST	1.57	-3
30-yr UST	2.01	-3

MGS

GII*

Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.66	1	2.69	1
5-yr	2.72	0	2.76	0
7-yr	2.83	2	2.84	2
10-yr	2.90	2	2.93	1
15-yr	3.12	2	3.14	4
20-yr	3.28	4	3.33	2
30-yr	3.62	2	3.61	0

* Market indicative levels

MYR IRS Levels

IRS	Closing (%)	Chg (bps)
1-yr	2.86	0
3-yr	2.81	1
5-yr	2.85	2
7-yr	2.91	2
10-yr	3.04	4

Source : Bloomberg

Upcoming Government Bond Tender

RM4.0b reopening 5Y GII 10/24 on Thursday, 20th Feb 2020

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.766	393	2.739	17/02/2020	3
MGS 07/20	2.669	70	2.641	17/02/2020	3
MGS 10/20	2.640	82	2.651	17/02/2020	-1
MGS 02/21	2.665	2	2.621	13/02/2020	4
MGS 07/21	2.608	16	2.628	14/02/2020	-2
MGS 11/21	2.650	3	2.646	17/02/2020	0
MGS 03/22	2.663	159	2.649	17/02/2020	1
MGS 08/22	2.649	71	2.645	17/02/2020	0
MGS 09/22	2.651	49	2.656	13/02/2020	-1
MGS 04/23	2.701	505	2.689	14/02/2020	1
MGS 08/23	2.718	170	2.699	14/02/2020	2
MGS 06/24	2.721	15	2.724	17/02/2020	0
MGS 07/24	2.718	8	2.740	17/02/2020	-2
MGS 09/24	2.756	40	2.747	14/02/2020	1
MGS 09/25	2.755	60	2.737	17/02/2020	2
MGS 11/26	2.831	78	2.839	17/02/2020	-1
MGS 05/27	2.828	244	2.828	17/02/2020	0
MGS 09/28	2.896	1	2.931	17/02/2020	-4
MGS 08/29	2.897	280	2.879	17/02/2020	2
MGS 04/30	3.021	42	3.003	17/02/2020	2
MGS 06/31	3.047	206	3.038	17/02/2020	1
MGS 04/33	3.098	470	3.094	17/02/2020	0
MGS 11/33	3.089	10	3.085	17/02/2020	0
MGS 07/34	3.116	3	3.091	17/02/2020	2
MGS 05/40	3.275	80	3.239	17/02/2020	4
MGS 09/43	3.518	10	3.627	12/02/2020	-11
MGS 03/46	3.632	26	3.691	14/02/2020	-6
MGS 07/48	3.618	23	3.602	17/02/2020	2
GII 08/20	2.685	120	2.800	04/02/2020	-12
GII 03/22	2.689	2	2.680	14/02/2020	1
GII 11/22	2.731	20	2.921	24/01/2020	-19
GII 05/23	2.727	30	2.690	13/02/2020	4
GII 07/23	2.715	50	2.686	13/02/2020	3
GII 08/24	2.750	10	2.724	14/02/2020	3
GII 10/24	2.761	140	2.760	17/02/2020	0
GII 03/26	2.837	170	2.812	17/02/2020	3
GII 09/26	2.898	110	2.851	14/02/2020	5
GII 07/27	2.907	2	2.899	17/02/2020	1
GII 10/28	2.988	71	3.058	12/02/2020	-7
GII 07/29	2.928	70	2.919	17/02/2020	1
GII 06/33	3.096	120	3.076	14/02/2020	2
GII 11/34	3.140	110	3.101	17/02/2020	4
GII 08/37	3.323	360	3.319	17/02/2020	0
GII 09/39	3.325	80	3.307	17/02/2020	2
GII 05/47	3.617	80	3.613	14/02/2020	0
GII 11/49	3.605	10	3.600	13/02/2020	0
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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*
Pelabuhan Tanjung Pelepas Sdn Berhad	09/20	GG	2.787	10	4.138	17/05/2018	-135	14
Prasarana Malaysia Berhad	03/25	GG	2.969	100	3.488	20/11/2019	-52	23
Jambatan Kedua Sdn Berhad	05/25	GG	2.988	30	3.240	03/02/2020	-25	25
Danalnfra Nasional Berhad	04/26	GG	2.991	170	3.229	29/01/2020	-24	19
Jambatan Kedua Sdn Berhad	07/26	GG	3.042	30	3.270	28/01/2020	-23	24
Danalnfra Nasional Berhad	10/26	GG	2.998	70	3.004	13/02/2020	-1	16
Danalnfra Nasional Berhad	11/29	GG	3.061	20	3.168	11/02/2020	-11	17
Prasarana Malaysia Berhad	03/34	GG	3.240	1	3.480	05/02/2020	-24	13
Danalnfra Nasional Berhad	03/34	GG	3.190	10	3.321	11/02/2020	-13	8
Prasarana Malaysia Berhad	08/34	GG	3.255	10	3.634	16/01/2020	-38	14
Danalnfra Nasional Berhad	05/47	GG	3.630	80	5.050	17/10/2018	-142	36
Prasarana Malaysia Berhad	09/47	GG	3.680	10	3.910	30/01/2020	-23	41
Danalnfra Nasional Berhad	04/48	GG	3.719	5	4.009	22/01/2020	-29	45
Lembaga Pembiayaan Perumahan Sektor Awam	10/48	GG	3.700	10	3.909	30/01/2020	-21	43
Danalnfra Nasional Berhad	11/48	GG	3.690	15	3.820	11/02/2020	-13	42
Danalnfra Nasional Berhad	02/49	GG	3.710	15	3.689	13/02/2020	2	44
Danalnfra Nasional Berhad	11/49	GG	3.760	20	3.984	23/01/2020	-22	49
Premier Auto Assets Berhad	07/20	AAA	4.167	20			417	152
Impian Ekspresi Sdn Berhad	11/20	AAA	3.392	20	4.043	14/06/2019	-65	75
Cagamas Berhad	09/21	AAA	2.903	15	3.549	05/07/2019	-65	25
Cagamas Berhad	10/21	AAA	2.903	10	3.337	11/09/2019	-43	25
Malaysia Steel Works (KL) Berhad	11/21	AAA	3.631	10	3.639	17/02/2020	-1	97
Danum Capital Berhad	05/23	AAA	3.000	30	3.404	16/01/2020	-40	33
Sarawak Energy Berhad	07/24	AAA	3.097	20	3.336	30/01/2020	-24	38
Bakun Hydro Power Generation Sdn Berhad (fkc)	08/26	AAA	3.238	20	3.667	10/12/2019	-43	43
Telekom Malaysia Berhad	10/28	AAA	3.209	10	3.621	21/01/2020	-41	32
Sarawak Energy Berhad	11/28	AAA	3.251	30	3.367	11/02/2020	-12	36
Tenaga Nasional Berhad	08/38	AAA	3.538	25	3.749	05/02/2020	-21	27
Sabah Credit Corporation	08/20	AA1	3.272	20	3.412	09/01/2020	-14	63
Encorp Systembilt Sdn Berhad	11/21	AA1	3.205	5	3.415	02/01/2020	-21	55
UniTapah Sdn Berhad	06/24	AA1	3.432	10	4.533	12/12/2017	-110	71
Northern Gateway Infrastructure Sdn Berhad	08/25	AA1	3.458	10	4.038	05/07/2019	-58	65
Kuala Lumpur Kepong Berhad	04/26	AA1	3.279	20	3.398	07/02/2020	-12	47
First Resources Limited	10/21	AA2	3.410	10	3.693	04/11/2019	-28	75
Fortune Premiere Sdn Berhad	09/26	AA	3.519	10	3.519	14/02/2020	0	68
Jimah Energy Ventures Sdn Berhad	05/20	AA3	3.079	2	3.100	14/02/2020	-2	44
Exsim Capital Resources Berhad	01/22	AA3	3.867	2	3.990	04/02/2020	-12	121
Country Garden Real Estate Sdn Berhad	03/22	AA3	4.420	20	4.486	12/02/2020	-7	176
Country Garden Real Estate Sdn Berhad	05/22	AA3	4.421	5	4.428	17/02/2020	-1	176
Gamuda Berhad	11/22	AA3	3.439	1	3.686	15/01/2020	-25	77
Telekosang Hydro One Sdn Berhad	08/34	AA3	4.939	10			494	183
Edra Energy Sdn Berhad	01/35	AA3	4.120	10	4.588	18/12/2019	-47	101
Edra Energy Sdn Berhad	07/35	AA3	4.149	10	4.608	06/12/2019	-46	104
Telekosang Hydro One Sdn Berhad	08/35	AA3	5.019	10			502	191
Edra Energy Sdn Berhad	01/36	AA3	4.179	10	4.649	28/11/2019	-47	107
Edra Energy Sdn Berhad	07/36	AA3	4.219	10	4.608	30/08/2019	-39	111
MMC Corporation Berhad	11/20	AA-	3.546	10	3.765	07/01/2020	-22	90
Jimah East Power Sdn Berhad	06/21	AA-	3.240	10	4.384	14/02/2020	-114	60
WCT Holdings Berhad	10/23	AA-	4.083	5	4.145	10/02/2020	-6	137
Sinar Kamiri Sdn Berhad	01/24	AA-	4.283	20	5.204	11/04/2019	-92	157
Tan Chong Motor Holdings Berhad	11/21	A1	3.902	5	4.066	10/01/2020	-16	124
CIMB Group Holdings Berhad	05/16	A1	3.798	30	3.953	24/01/2020	-16	53
Hong Leong Financial Group Berhad	11/17	A1	3.837	20	4.018	29/01/2020	-18	57
WCT Holdings Berhad	09/19	A	5.497	14	5.498	17/02/2020	0	223
Eco World Capital Assets Berhad	08/22	-	5.116	7	5.542	05/12/2019	-43	246
Eco World International Berhad	04/23	-	5.248	2	5.346	11/02/2020	-10	258
				1113				

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

Market/Corporate News: What's Brewing

Singapore's Great Eastern Holdings Ltd and Assicurazioni Generali SpA are among potential bidders for the life and general insurance businesses in Malaysia that AXA SA and Affin Bank Bhd own, according to people familiar with the matter. Great Eastern, which is majority-owned by Oversea-Chinese Banking Corp, and Italy's Generali are working with their respective advisers on potential offers, said the people, who asked not to be identified as the discussions are private. The first round of bidding is expected to conclude by the end of next month, the people said. AXA and Affin have been exploring options for their Malaysian joint venture, which could fetch about US\$650mil, Bloomberg News reported in September. They are seeking around US\$500mil on AXA Affin General Insurance Bhd, and as much as US\$150mil from AXA Affin Life Insurance Bhd in a transaction, the people familiar with the matter have said.

Deliberations are ongoing and the companies could decide not to proceed with an offer, said the people. Representatives for AXA, Generali and Great Eastern declined to comment, while a representative for Affin didn't immediately respond to requests for comment.. (Source: *The Star*)

The World Bank Group is reviewing Malaysia's economic growth again for 2020, measured by gross domestic product (GDP), given the 2019 novel coronavirus (Covid-19) outbreak, said its representative to Malaysia and country manager Firas Raad. This marks the second time that the group reviews the country's economic growth for this year, after it revised down Malaysia's GDP growth to 4.5% for 2020 from 4.6% previously due to weaker-than-expected investment and export growth. Notably, World Bank's previous revision of the GDP growth was before Covid-19 hit the headlines. However, Firas noted it is still studying the impact of the virus to the Malaysian economy due to the evolving situation, adding that it has not decided on the new GDP numbers. "It's natural to think that a revision of the GDP growth will be happening. We are still looking at the impact and effects of the Covid-19 outbreak. We are working on it and hopefully we will let you know soon," he told reporters during the sidelines of the report launch 'A Practitioner's Guide to Innovation Policy'. Meanwhile, Firas pointed out that the World Bank expected the Covid-19 outbreak to impact the country's tourism sector, foreign direct investments (FDIs), supply chain and commodity prices including palm oil, oil and gas. "Malaysia is a trading country and China is one of its biggest partners. There will be an effect but to what extent, we are still examining that," he said. On the upcoming stimulus package, aimed at mitigating the impact of Covid-19, Firas said the government has to be careful not to be overly comprehensive, adding that it must be "selective and strategic" in how it would support industries affected from the crisis. "The government is still in a difficult position because we don't know where we are in this crisis or whether it has peaked or it hasn't. "It needs to calibrate how much support it provides as to whether it does one round of stimulus now or it has to come back to do another round," he pointed out. Recently, Prime Minister Tun Dr Mahathir Mohamad announced that the economic stimulus package would be announced next week on Feb 27. Moreover, Firas said the tourism sector, FDIs and the small and medium enterprises (SMEs), would need support in the stimulus package. On Monday, Entrepreneur Development and Cooperatives Minister Datuk Seri Mohd Redzuan Yusof also shared some insights that the stimulus package would benefit SMEs, especially those in the tourism and manufacturing sectors. SMEs make up around 98% of all firms in Malaysia and contributes around 37% to the GDP. (Source: *The Star*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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