

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries caught to be sought after on Thursday amid lingering concerns over a 2nd wave of COVID-19 infections in many US states and higher-than-expected initial jobs claims for week ended 13th June. The curve bull-flattened as overall benchmark yields ended between 0-5bps lower. The UST 2Y closed unchanged at 0.20% whilst the much-watched UST 10Y declined 3bps at 0.71%. The Labor Department showed that more than 1.5m Americans applied for unemployment benefits; above earlier economists estimates of 1.3m. Nevertheless another active USD issuance slate did put some pressure on the curve with \$4.6b offering by T-Mobile USA. A lack of major US economic data may cause traders to be sidelined tonight with attention likely focussed on the COVID-19 pandemic.

MGS/GIII

- Local govies continued to drift sideways in relatively quiet session amid a slight uptick improvement in secondary market volume of RM3.44b. Overall benchmark MGS/GII yields closed mostly mixed-to-unchanged i.e. between -1 to +2bps save for the 5Y GII with interest mainly centred in the off-the-run 21-23's, 26's and also the 5Y benchmark GII. Both the benchmark 5Y MGS 9/25 and the 10Y MGS 8/29 closed unchanged at 2.55% and 2.91% respectively. GII bonds rose to form ~41% of overall trades. Expect investors to focus on the new government's delicate handling of its debt dynamics and may await further clarification from rating agencies whilst taking cognizance of oil price pressures.

Corp Bonds/Sukuk

- Investor interest remains elevated amid steady secondary market volume of RM652m with trades across the GG-AA-part of the curve as overall yields closed mostly mixed-to-lower. A flurry of DANA tranches dominated the GG-space with the 24's closing between 6-75bps lower compared to previous-done levels at 2.66-70% levels. DANA 2/25, 2/26 and 7/29 closed mixed between -5 to +3bps at 2.72%, 2.83% and 3.20% respectively. AAA-rated utility giants i.e. TELEKOM 4/3 closed 25bps lower at 2.89% whilst TNB 8/33 edged 2bps higher at 3.50%. PUTRAJAYA and PASB 26's rose between 5-7bps at 3.14-20% area whilst RANTAU 5/31 spiked 14bps at 3.50%. AA-rated energy cum power bonds i.e. Southern Power saw its 2029-2032 tranches close mostly lower on yields ranging from 3.73-4.00% levels. KIMANIS Power 8/22 similarly ended 11bps lower at 3.18% whilst TADAU Energy 7/32 declined 5bps at 4.67%. The banking space saw MBSB 12/22 and Affn Islamic 2117NC23 perps rake in interest; closing at 3.16% and 4.29% each.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.20	0
5-yr UST	0.33	-1
10-yr UST	0.71	-3
30-yr UST	1.48	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.32	-1	2.38	0
5-yr	2.55	0	2.56	-1
7-yr	2.74	0	2.79	0
10-yr	2.91	0	2.89	0
15-yr	3.30	0	3.41	0
20-yr	3.58	-2	3.62	-4
30-yr	4.02	2	4.05	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.17	0
3-yr	2.18	-3
5-yr	2.37	-2
7-yr	2.56	1
10-yr	2.75	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	2.001	43	1.980	17/06/2020	2
MGS 02/21	1.998	7	1.979	16/06/2020	2
MGS 04/21	2.051	170	2.052	16/06/2020	0
MGS 09/21	2.080	25	2.069	17/06/2020	1
MGS 11/21	2.104	50	2.042	17/06/2020	6
MGS 03/22	2.188	151	2.188	17/06/2020	0
MGS 08/22	2.247	120	2.257	17/06/2020	-1
MGS 09/22	2.238	70	2.256	17/06/2020	-2
MGS 03/23	2.320	66	2.331	17/06/2020	-1
MGS 04/23	2.359	181	2.370	17/06/2020	-1
MGS 08/23	2.394	154	2.412	17/06/2020	-2
MGS 10/23	2.449	10	2.446	17/06/2020	0
MGS 07/24	2.521	4	2.509	17/06/2020	1
MGS 09/24	2.533	24	2.534	16/06/2020	0
MGS 03/25	2.569	20	2.562	11/06/2020	1
MGS 09/25	2.553	103	2.549	17/06/2020	0
MGS 07/26	2.706	331	2.721	17/06/2020	-2
MGS 11/26	2.731	4	2.742	17/06/2020	-1
MGS 05/27	2.736	131	2.731	17/06/2020	1
MGS 11/27	2.852	62	2.835	17/06/2020	2
MGS 06/28	2.935	48	2.928	17/06/2020	1
MGS 08/29	2.910	56	2.910	17/06/2020	0
MGS 04/30	3.050	3	3.051	17/06/2020	0
MGS 04/32	3.293	26	3.294	15/06/2020	0
MGS 04/33	3.304	4	3.351	12/06/2020	-5
MGS 07/34	3.295	61	3.300	17/06/2020	0
MGS 05/35	3.498	1	3.492	16/06/2020	1
MGS 04/37	3.581	40	3.531	17/06/2020	5
MGS 06/38	3.620	11	3.621	17/06/2020	0
MGS 05/40	3.584	2	3.601	17/06/2020	-2
MGS 03/46	3.986	20	3.989	17/06/2020	0
MGS 06/50	4.022	21	4.007	16/06/2020	2
GII 08/20	2.009	2	2.021	16/06/2020	-1
GII 04/21	2.051	170	2.052	16/06/2020	0
GII 03/22	2.208	18	2.200	12/06/2020	1
GII 04/22	2.219	298	2.227	17/06/2020	-1
GII 05/23	2.378	70	2.381	16/06/2020	0
GII 07/23	2.434	105	2.422	17/06/2020	1
GII 10/23	2.449	10	2.446	17/06/2020	0
GII 11/23	2.446	4	2.450	17/06/2020	0
GII 08/24	2.584	20	2.572	09/06/2020	1
GII 10/24	2.558	340	2.565	17/06/2020	-1
GII 08/25	2.637	85	2.641	17/06/2020	0
GII 10/25	2.640	160	2.652	17/06/2020	-1
GII 03/26	2.709	20	2.701	17/06/2020	1
GII 07/27	2.880	45	2.885	17/06/2020	0
GII 07/29	3.011	46	3.017	17/06/2020	-1
GII 09/30	3.047	10	2.994	16/06/2020	5
GII 08/37	3.601	20	3.591	17/06/2020	1
GII 09/39	3.617	5	3.655	16/06/2020	-4
		<u>3444</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Maturity (dd/mm/yy yy)	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Perbadanan Tabung Pendidikan Tinggi Nasional	06/22	GG	2.427	50	2.453	16/06/2020	-3	21
Pengurusan Air SPV Berhad	02/23	GG	2.518	40	2.518	22/05/2020	0	20
DanaInfra Nasional Berhad	05/24	GG	2.661	30	3.414	03/12/2019	-75	20
DanaInfra Nasional Berhad	11/24	GG	2.703	10	2.758	30/04/2020	-6	24
DanaInfra Nasional Berhad	02/25	GG	2.722	25	2.695	16/06/2020	3	17
DanaInfra Nasional Berhad	02/26	GG	2.828	65	2.839	14/05/2020	-1	15
DanaInfra Nasional Berhad	07/29	GG	3.198	40	3.248	16/03/2020	-5	32
Cagamas Berhad	05/22	AAA	2.679	20	-	-	-	47
Cagamas Berhad	08/22	AAA	2.677	100	2.616	03/06/2020	6	46
Telekom Malaysia Berhad	04/23	AAA	2.889	15	3.139	16/04/2020	-25	57
Cagamas Berhad	10/24	AAA	2.903	10	2.898	04/06/2020	0	44
Telekom Malaysia Berhad	12/24	AAA	3.042	15	3.029	01/06/2020	1	49
Manjung Island Energy Berhad	11/25	AAA	3.121	20	3.677	21/11/2019	-56	57
Manjung Island Energy Berhad	11/31	AAA	3.480	10	3.420	03/06/2020	6	57
Tenaga Nasional Berhad	08/33	AAA	3.501	10	3.481	10/06/2020	2	20
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/22	AA1	3.156	10	3.806	09/12/2019	-65	94
Affin Islamic Bank Berhad	10/17	A3	4.291	15	4.346	16/06/2020	-5	69
Kimanis Power Sdn Berhad	08/22	AA-	3.177	10	3.283	09/03/2020	-11	96
Jimah East Power Sdn Berhad	06/23	AA-	3.326	10	3.335	22/05/2020	-1	101
UEM Sunrise Berhad	03/24	AA-	4.060	2	3.419	12/05/2020	64	160
MMC Corporation Berhad	11/27	AA-	4.356	10	4.386	05/06/2020	-3	161
MMC Corporation Berhad	03/28	AA-	4.402	10	4.399	10/06/2020	0	157
Southern Power Generation Sdn Berhad	04/29	AA-	3.729	10	3.739	17/06/2020	-1	86
Southern Power Generation Sdn Berhad	04/31	AA-	3.866	20	4.460	25/03/2020	-59	96
Jimah East Power Sdn Berhad	06/31	AA-	3.946	5	3.959	19/05/2020	-1	104
Southern Power Generation Sdn Berhad	04/32	AA-	3.959	10	3.959	17/06/2020	0	105
Southern Power Generation Sdn Berhad	10/32	AA-	3.999	10	4.189	25/11/2019	-19	109
Southern Power Generation Sdn Berhad	10/30	AA-	3.836	30	3.839	17/06/2020	0	93
First Resources Limited	10/21	AA2	3.026	10	3.027	02/06/2020	0	99
Perbadanan Kemajuan Negeri Selangor	04/22	AA3	3.097	20	3.715	05/09/2019	-62	88
Tadau Energy Sdn Berhad	07/32	AA3	4.672	10	4.719	22/01/2020	-5	176
				<u>652</u>				

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

Market/Corporate News: What's Brewing

Loss-making Malayan United Industries Bhd (MUI) saw its net loss widen to RM138.47 million in the third quarter ended March 31, 2020 (3QFY20), seven times the RM19.63 million it recorded a year earlier. Quarterly revenue was down 32.6% to RM59.95 million from RM88.92 million previously. According to MUI, the Movement Control Order (MCO), which was implemented on March 18, has further affected the group's financial performance, the company said in its unaudited results filing with Bursa Malaysia today. The firm, which owns a 98.21% stake in Metrojaya Bhd, said the latter's department store, Metrojaya, suffered an RM11.8 million decline in revenue during the quarter under review, due to lower sales and store closures. The retail division also incurred losses of RM111.8 million from the derecognition of an associate in the UK, namely Laura Ashley Holdings plc, as a result of the appointment of administrators. This widened the segment's loss before tax (LBT) to RM116.44 million from LBT of RM7.64 million in 3QFY19. Meanwhile, MUI's hotel division raked in RM5.72 million in profit before tax (PBT) compared with LBT of RM1.18 million a year ago, due to a one-off RM16 million gain on disposal of a land in the UK. Excluding the one-off gain, the hotel division recorded an LBT of RM10.3 million. The group said its property division also recorded profit, albeit 32.97% lower at RM2.54 million versus RM3.79 million previously. This was due to lower revenue recognition from the group's Phases E7-1 and E7-2 of the Bandar Springhill project in Lukut, Negeri Sembilan. MUI's group performance was also dragged by its food and others divisions due to, among others, Covid-19-driven lockdowns, higher administrative expenses and the loss on foreign exchange translations on intragroup balances. For the nine-month period ended March 31, 2020 (9MFY20), the firm's net loss grew to RM162.91, about eight times the RM20.43 million it reported for 9MFY19. Revenue for the period dropped 12.38% to RM265.28 million from RM302.76 million. On prospects, the group said its focus now is on recovery through various strategies and plans, including

reconfiguring its business models, moving into e-commerce platforms and seeking new collaborations for revenue and earnings growth, to improve the performance of its retailing business. It also expects a slow but gradual recovery for its hotel businesses both in Malaysia and the UK, “depending on how restrictions are eased”. MUI is mapping out its recovery and marketing strategies for the post-crisis period. (Source: *The Edgemarkets*)

Corporate announcements and news flow today include the following: Astro Holdings Bhd, Hock Seng Lee Bhd (HSL), AirAsia Group Bhd, Top Glove Corp Bhd and ECM Libra Group Bhd.

Pay-television operator Astro Holdings Bhd’s net profit more than halved to RM73.84 million in the first quarter ended April 30, 2020 (1QFY21), from RM176.20 million a year ago, amid higher unrealised forex losses and a decline in revenue, as advertisers pulled back spending during the pandemic outbreak and subsequent movement control order (MCO). Quarterly revenue was lower by RM182 million y-o-y, impacted by a decline in advertising and subscription, and our prudent revenue recognition approach. Going forward, the group expects to face headwinds in its advertising and commercial revenue, as well as elevated collection risk, and has accordingly raised provisions on receivables.

Sarawak-based construction specialist Hock Seng Lee Bhd (HSL)’s 1QFY20 net profit fell to RM7.55 million from RM14.09 million. Revenue dropped to RM112.40 million from RM146.72 million, of which 90% was contributed by the construction segment and the balance by the property development segment. Both segments were hit by Covid-19 pandemic and MCO. HSL group managing director Datuk Paul Yu Chee Hoe said the company’s order book currently stands at RM3.4 billion, with an outstanding balance of RM2.2 billion.

AirAsia Group Bhd has partnered with local hotels to offer hassle-free, best price guaranteed deals with bigger savings on SNAP, its flight + hotel combo booking platform. It said SNAP leverages AirAsia’s extensive network of over 160 destinations, with many being unique and exclusive routes, to provide the best price for flights while working directly with hotel partners to offer best value room deals.

Top Glove Corp Bhd has described as “highly inaccurate” claims of worker exploitation made by Britain’s Channel 4 News, in an investigative report aired on Tuesday. The world’s largest glove maker said many of the allegations are historical and that significant improvements have already been made. The company said it has been compliant with local labour laws, and has implemented environmental, health and safety measures for its workers.

Datuk Lim Kian Onn has passed on the top job at ECM Libra Group Bhd to his son Gareth Lim Tze Xiang. Effective June 1, Gareth was appointed CEO and redesignated to executive director, while Kian Onn was redesignated to non-independent and non-executive director from managing director. Gareth holds a Bachelor of Arts Degree in Economics from St. Catharine’s College at the University of Cambridge. He is also the CEO of Singapore-listed Plato Capital Ltd Group that holds an 11.81% stake in ECM as at May 29. (Source: *The Edgemarkets*)

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

Source: RAM, MARC

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