

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries ended slightly weaker following bouts of volatility last Friday as retail sales growth in September spiked by 1.9% versus consensus of 0.7%; as opposed to the release of weak industrial production data. The curve steepened slightly as overall benchmark yields ended between 0-2bps up from prior session's close. The UST 2Y closed within 1bps higher at 0.14% whilst the much-watched UST 10Y edged 1bps up 0.75%. Meanwhile, markets continue to anticipate additional news on the COVID-19 relief package aid with some expecting only a meaningful decision after the US elections early November. Expect continued volatility in UST levels leading up to the November presidential election. The Treasury is expected to auction 3-month and 6-month bills tonight in what is seen as an otherwise quiet data front.

##### MGS/GIII

- Local govies closed mostly unchanged-to-weaker last Friday in the absence of catalysts amid secondary market volume grinding to a mere RM1.84b. Overall benchmark yields closed between -4 to +2bps across the curve with the benchmark 5Y MGS 9/25 closing 2bps higher at 2.09% whilst the recently-issued 10Y MGS 4/31 edged 1bps up at 2.59%. Interest was mainly seen in the off-the-runs 28's and also 3Y benchmark MGS. GII bond trades fell further to form a mere 9% of overall trades. Meanwhile, BNM's ability to have room to ease rates further despite being in no rush to do presently is seen to lend bonds a bid by market participants. The economic calendar for the week is light save for September inflation data out on Wednesday, the 21<sup>st</sup>.

##### Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space too saw interest tapering off ahead of last weekend amid softer secondary market volume of only RM262m with interest seen in only about 15 various bonds. Overall yields closed mostly mixed-to-lower though with interest seen sporadically in the GG and AA-space. Govt-guaranteed DANA dominated the GG-space with the 7/24 and 5/41 tranches spiking 7-8bps compared to previous-done levels at 2.16% and 3.72% each whilst the 4/38 tranche edged 2bps lower instead at 3.52%. The AA-rated space saw WESTPORTS 5/21 fall sharply lower on yields at 2.19% on substantial trades amounting to RM200m in nominal amounts. The banking space saw AFFIN Islamic 28NC23 close 6bps lower at 3.74% whilst MAYBANK 29NC24 closed 4bps lower at 2.75%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	0
5-yr UST	0.32	1
10-yr UST	0.75	1
30-yr UST	1.53	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.76	-2	1.83	0
5-yr	2.09	2	2.00	0
7-yr	2.33	0	2.35	-4
10-yr	2.59	1	2.55	0
15-yr	3.03	0	3.14	0
20-yr	3.37	2	3.49	0
30-yr	3.77	-2	4.03	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.87	-1
3-yr	1.95	0
5-yr	2.14	0
7-yr	2.33	0
10-yr	2.63	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 07/21	1.470	58	1.394	15/10/2020	8
MGS 09/21	1.521	127	1.471	15/10/2020	5
MGS 11/21	1.569	67	1.587	15/10/2020	-2
MGS 03/22	1.652	104	1.669	15/10/2020	-2
MGS 09/22	1.721	11	1.721	15/10/2020	0
MGS 03/23	1.755	227	1.774	15/10/2020	-2
MGS 04/23	1.805	8	1.801	15/10/2020	0
MGS 08/23	1.830	41	1.825	15/10/2020	1
MGS 06/24	1.894	6	1.893	15/10/2020	0
MGS 07/24	1.939	50	1.937	15/10/2020	0
MGS 09/24	1.978	28	1.968	15/10/2020	1
MGS 03/25	2.056	14	2.088	15/10/2020	-3
MGS 09/25	2.089	196	2.070	15/10/2020	2
MGS 04/26	2.206	12	2.243	15/10/2020	-4
MGS 07/26	2.217	1	2.237	15/10/2020	-2
MGS 11/26	2.279	39	2.321	15/10/2020	-4
MGS 03/27	2.374	6	2.388	15/10/2020	-1
MGS 05/27	2.333	36	2.337	15/10/2020	0
MGS 11/27	2.401	36	2.378	15/10/2020	2
MGS 06/28	2.496	1	2.509	15/10/2020	-1
MGS 08/29	2.618	330	2.638	15/10/2020	-2
MGS 04/30	2.688	59	2.667	15/10/2020	2
MGS 04/31	2.588	116	2.578	15/10/2020	1
MGS 06/31	2.723	15	2.740	15/10/2020	-2
MGS 04/33	3.024	27	3.033	15/10/2020	-1
MGS 11/33	3.080	6	3.087	15/10/2020	-1
MGS 07/34	3.034	89	3.030	15/10/2020	0
MGS 05/35	3.259	2	3.272	15/10/2020	-1
MGS 04/37	3.349	1	3.320	15/10/2020	3
MGS 05/40	3.368	14	3.349	15/10/2020	2
MGS 07/48	3.921	37	3.895	15/10/2020	3
MGS 06/50	3.767	6	3.784	15/10/2020	-2
GII 04/22	1.689	3	1.744	09/10/2020	-5
GII 03/26	2.123	20	2.229	14/10/2020	-11
GII 09/27	2.347	20	2.385	15/10/2020	-4
GII 11/34	3.135	31	3.136	14/10/2020	0
		<u>1843</u>			

## 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*	
DanaInfra Nasional Berhad	07/24	GG	2.157	40	2.079	08/09/2020	8	19
DanaInfra Nasional Berhad	04/38	GG	3.520	10	3.541	25/09/2020	-2	17
DanaInfra Nasional Berhad	05/41	GG	3.719	10	3.650	06/02/2020	7	37
Cagamas Berhad	08/22	AAA	2.152	30	2.241	01/10/2020	-9	45
Hong Leong Financial Group Berhad	09/21	AA1	2.428	20	2.500	28/09/2020	-7	86
Sabah Development Bank Berhad	04/24	AA1	3.499	1	3.916	02/10/2020	-42	153
Malayan Banking Berhad	01/29	AA1	2.750	10	2.795	04/09/2020	-4	28
Westports Malaysia Sdn Berhad	05/21	AA+	2.194	20	4.197	13/02/2019	-200	63
Imtiaz Sukuk II Berhad	10/25	AA2	2.966	20	2.948	15/10/2020	2	89
Konsortium KAJV Sdn Bhd	05/23	AA-	4.075	10	4.937	22/01/2020	-86	229
TG Excellence Berhad	02/20	AA-	3.035	22	3.500	15/10/2020	-47	-32
Affin Islamic Bank Berhad	10/28	A1	3.743	65	3.798	15/10/2020	-6	127
Pacific & Orient Insurance CO Berhad	06/22	A3	7.403	1	4.954	08/09/2020	245	570
Bank Muamalat Malaysia Berhad	11/21	A	3.774	1	3.798	09/10/2020	-2	221
Tropicana Corporation Berhad	09/19	-	6.257	2	6.257	15/10/2020	0	291
			<u>262</u>					

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

### Market/Corporate News: What's Brewing

**Top Glove Corp Bhd said it has resolved issues highlighted by the US Department of Labour (DOL) in a report that listed rubber gloves among products manufactured through child or forced labour.** In a statement, the world's biggest glovemaker reiterated steps it had taken to improve work conditions, which it has submitted to the US Customs and Border Protection to secure an "expeditious resolution and revocation" of the ban on exporting its products to the country. The measures include the implementation of a zero-cost recruitment policy since January 2019, whereby the company bore all recruitment fees for its foreign workers. "Top Glove has blacklisted unethical recruitment agents and continues to do so through a robust due diligence procedure, and all business dealings with such recruitment agents will be terminated with immediate effect. Top Glove too continues to educate its workers not to pay recruitment fees to third parties," it said. It also said it has started to make remediation payments to its foreign workers over their recruitment fees on a monthly basis, starting August, and expects to conclude payment in July 2021. In total, it will pay RM136 million as per the recommendation of an independent consultant. "Top Glove has duly submitted the necessary information to the US CBP and is following up closely with them, with a view to an expeditious resolution of the matter and revocation of the WRO [withhold release order]. "In the meantime, our gloves will be routed to other countries across the globe to cater to the urgent and overwhelming demand for this highly essential personal protective item," it said. Top Glove also said it paid its workers a basic wage of RM1,200 monthly in a "consistent and timely manner" as per Malaysian labour law. "Nevertheless, the general take-home pay of its workers is more than RM1,600 per month factoring in overtime, which is always performed within the allowable rest-day matrix," it said, adding it made an unspecified amount of ex-gratia payment to its workers to thank them for their contribution during the pandemic. The glovemaker also said it does not allow its workers to perform excessive overtime, as per Malaysian labour laws that stipulates a maximum of 104 hours overtime per month and one rest day per week. "Overtime is solely performed on a voluntary basis and workers are only allowed to perform overtime, if they have not exceeded the daily maximum allowable working hours," it added. Top Glove also claimed it is one of the few manufacturing companies that has a zero-harm and safety health emergency preparedness programme, as well as a workers' health protection programme. To recap, the US DOL had released '2020 List of Goods Produced by Child Labour or Forced Labour' that included rubber gloves produced in Malaysia, citing reports that said they were produced by forced labour. The department did not specifically name Top Glove as one of the companies involved. "Forced labour predominately occurs among migrant labourers from Bangladesh, India, Myanmar, and Nepal working in 100 rubber glove factories throughout Malaysia," it said, adding that reports indicate around 42,500 migrant workers are employed in these factories. "Workers are frequently subject to high recruitment fees to secure employment that often keeps them in debt bondage; forced to work overtime in excess of the time allowed by Malaysian law; and work in factories where temperatures can reach dangerous levels. "Additionally, labourers work under the threat of penalties, which include the withholding of wages, restricted movement and the withholding of their identification documents," it said. (Source: *The EdgeMarkets*)

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<b>Isuser</b>	<b>PDS Description</b>	<b>Rating/Outlook</b>	<b>Action</b>
Nil	Nil	Nil	Nil

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Source: RAM, MARC

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