

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.39	-3
5-yr UST	1.36	-4
10-yr UST	1.52	-5
30-yr UST	1.96	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.69	1	2.68	-1
5-yr	2.77	1	2.83	0
7-yr	2.88	5	2.88	4
10-yr	2.94	5	3.00	-1
15-yr	3.17	2	3.20	3
20-yr	3.35	8	3.40	7
30-yr	3.59	-2	3.61	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.88	0
3-yr	2.84	0
5-yr	2.88	0
7-yr	2.94	0
10-yr	3.07	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- UST's rallied Thursday on continued risk-off scenario due mainly to the ongoing virus outbreak with the long-end outperforming and largely ignoring positive data from jobless claims and Philly Fed manufacturing index. Equities were not spared either as corporate earnings are estimated to be impacted as well. Overall benchmark yields declined between 3-5bps with the UST 2Y closing 3bps lower at 1.39% and the much-watched 10Y rallied 5bp lower at 1.52%; just shy of the estimated support levels of ~1.50% and about 8bps above the lowest levels since since July 2016. The Fed is cautiously optimistic about holding rates steady this year whilst taking cognizance of the impact of the Covid-19 outbreak on the global economic scene. Up next on the economic calendar are the PMI manufacturing and services data expected out tonight.

MGS/GIII

- Local govies continued to witness the 4th day of weakness yesterday amid improved secondary market volume of RM5.35b which was largely due to the recording of 5Y GII 10/24 trades. Interest was mainly seen in off-the-run 20's and also the 10Y benchmark MGS/GII which constituted a quarter of overall trades. Overall benchmark yields ended mostly between 0-8bps higher save for the long bond which notched odd-lot trades. The benchmark 5Y MGS 6/24 edged 1bps higher at 2.77% whilst the 10Y MGS 8/29 spiked 5bps from prior day's close at 2.94%. GII bonds maintained to form about ~ 50% of overall trades. Yesterday's auction of 5Y GII 10/24 saw solid bidding metrics amid BTC ratio of 2.766x on total bids reaching a YTD high of RM11.1b. Expect investor attention to shift to the announcement of January CPI today.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk space saw decent interest across the GG and AA-space amid lower secondary market volume of RM527m on 43 various names. The Govt-guaranteed PASB and DANA 26's closed between 2-13bps lower compared to previous-done levels at 2.97% levels whilst GOVCO 32's again saw interest on about RM100m in nominal amounts traded; closing unchanged between 3.18/20%. Both AAA-rated DANUM 2/35 and TNB 8/38 edged 2bps lower at 3.42% and 3.52% each. AA-rated energy bonds EDRA saw longer-tenured bonds exchange hands with the 2030-2038 closing sharply lower on yields between 3.76-4.35% whilst Teknologi Tenaga Perlis 1/21 closed 28bps lower at 3.14%. Country Garden 3/22 closed unchanged at 4.42%. The banking space was relatively quiet yesterday.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/20	2.730	184	2.766	18/02/2020	-4
MGS	07/20	2.672	179	2.637	19/02/2020	4
MGS	10/20	2.655	226	2.644	19/02/2020	1
MGS	02/21	2.683	35	2.665	18/02/2020	2
MGS	07/21	2.700	61	2.663	19/02/2020	4
MGS	09/21	2.684	257	2.647	19/02/2020	4
MGS	11/21	2.680	107	2.633	18/02/2020	5
MGS	03/22	2.685	42	2.675	19/02/2020	1
MGS	08/22	2.656	1	2.651	19/02/2020	1
MGS	09/22	2.704	1	2.675	19/02/2020	3
MGS	03/23	2.692	3	2.686	19/02/2020	1
MGS	04/23	2.730	20	2.706	19/02/2020	2
MGS	08/23	2.726	12	2.731	19/02/2020	0
MGS	06/24	2.768	63	2.757	19/02/2020	1
MGS	07/24	2.741	22	2.760	19/02/2020	-2
MGS	09/25	2.782	14	2.764	19/02/2020	2
MGS	04/26	2.885	3	2.890	19/02/2020	-1
MGS	07/26	2.883	183	2.831	19/02/2020	5
MGS	11/26	2.849	3	2.854	19/02/2020	0
MGS	03/27	2.906	24	2.859	17/02/2020	5
MGS	05/27	2.887	341	2.876	19/02/2020	1
MGS	11/27	2.898	1	2.896	19/02/2020	0
MGS	08/29	2.942	608	2.893	19/02/2020	5
MGS	04/30	3.087	68	3.066	19/02/2020	2
MGS	06/31	3.096	10	3.047	18/02/2020	5
MGS	04/33	3.170	40	3.179	19/02/2020	-1
MGS	11/33	3.201	18	3.167	19/02/2020	3
MGS	07/34	3.169	47	3.145	19/02/2020	2
MGS	04/37	3.286	2	3.274	19/02/2020	1
MGS	06/38	3.322	20	3.316	19/02/2020	1
MGS	05/40	3.353	40	3.275	18/02/2020	8
MGS	03/46	3.632	1	3.632	18/02/2020	0
MGS	07/48	3.593	1	3.618	18/02/2020	-2
GII	04/20	2.761	5	2.746	19/02/2020	2
GII	03/22	2.680	50	2.689	18/02/2020	-1
GII	04/22	2.753	60	2.688	14/02/2020	6
GII	07/22	2.753	10	2.717	13/02/2020	4
GII	11/23	2.798	10	2.782	19/02/2020	2
GII	10/24	2.832	860	2.827	19/02/2020	0
GII	08/25	2.876	20	2.824	19/02/2020	5
GII	03/26	2.880	80	2.841	19/02/2020	4
GII	08/28	3.015	20	3.128	10/02/2020	-11
GII	10/28	3.001	100	2.981	19/02/2020	2
GII	07/29	2.997	680	3.003	19/02/2020	-1
GII	06/33	3.184	110	3.164	19/02/2020	2
GII	11/34	3.204	440	3.171	19/02/2020	3
GII	09/39	3.403	270	3.333	19/02/2020	7
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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*
Perbadanan Tabung Pendidikan Tinggi Nasional	06/22	GG	2.834	60	2.840	14/02/2020	-1	16
Khazanah Nasional Berhad	08/23	GG	2.902	25	2.902	19/02/2020	0	20
Pengurusan Air SPV Berhad	02/26	GG	2.968	25	3.099	10/02/2020	-13	12
DanaInfra Nasional Berhad	04/26	GG	2.969	30	2.991	18/02/2020	-2	12
DanaInfra Nasional Berhad	11/29	GG	3.120	15	3.061	18/02/2020	6	18
GovCo Holdings Berhad	02/32	GG	3.178	50	3.180	19/02/2020	0	24
GovCo Holdings Berhad	09/32	GG	3.199	50	3.201	19/02/2020	0	3
Prasarana Malaysia Berhad	03/34	GGG	3.299	20	3.240	18/02/2020	6	13
Lembaga Pembiayaan Perumahan Sektor Awam	09/46	GG	3.659	1	4.269	19/12/2019	-61	33
Bakun Hydro Power Generation Sdn Berhad (fka)	08/25	AAA	3.138	10	3.208	12/02/2020	-7	37
Bakun Hydro Power Generation Sdn Berhad (fka)	08/29	AAA	3.229	20	3.268	19/02/2020	-4	30
Danum Capital Berhad	02/35	AAA	3.400	5	3.420	19/02/2020	-2	23
Tenaga Nasional Berhad	08/38	AAA	3.519	10	3.538	18/02/2020	-2	19
Teknologi Tenaga Perlis Consortium Sdn Berhad	01/21	AA1	3.142	10	3.421	10/01/2020	-28	48
Teknologi Tenaga Perlis Consortium Sdn Berhad	07/21	AA1	3.174	1	3.196	19/02/2020	-2	51
Kuala Lumpur Kepong Berhad	09/22	AA1	3.158	10	3.446	17/01/2020	-29	46
Celcom Networks Sdn Berhad	08/24	AA+	3.147	10	3.395	06/02/2020	-25	38
Celcom Networks Sdn Berhad	08/27	AA+	3.228	10	3.710	17/01/2020	-48	32
Danajamin Nasional Berhad	10/27	AA+	3.396	15	3.635	04/02/2020	-24	48
Tanjung Bin Power Sdn Berhad	08/20	AA2	3.040	3	3.051	17/02/2020	-1	38
UMW Holdings Berhad	10/21	AA2	3.185	10	3.305	11/02/2020	-12	51
Fortune Premiere Sdn Berhad	09/26	AA	3.519	1	3.519	18/02/2020	0	63
Perbadanan Kemajuan Negeri Selangor	08/21	AA3	3.220	10	3.316	19/02/2020	-10	56
Exsime Capital Resources Berhad	01/22	AA3	3.846	3	3.867	18/02/2020	-2	117
Country Garden Real Estate Sdn Berhad	03/22	AA3	4.418	35	4.413	18/02/2020	0	174
Country Garden Real Estate Sdn Berhad	02/23	AA3	4.684	1	6.238	10/01/2020	-155	198
Tanjung Bin Energy Issuer Berhad	03/23	AA3	3.267	2	3.696	30/08/2019	-43	57
IJM Corporation Berhad	06/23	AA3	3.488	10	3.867	15/11/2019	-38	79
Bumitama Agri Ltd	07/26	AA3	3.539	1	3.540	19/02/2020	0	69
Edra Energy Sdn Berhad	01/30	AA3	3.758	1	4.418	09/01/2020	-66	82
Dynasty Harmony Sdn Berhad	12/31	AA3	5.410	5	5.410	19/02/2020	0	247
Edra Energy Sdn Berhad	01/32	AA3	3.849	1	4.208	23/01/2020	-36	91
Dynasty Harmony Sdn Berhad	06/32	AA3	5.469	5	5.469	19/02/2020	0	253
Edra Energy Sdn Berhad	07/32	AA3	3.969	10	4.468	31/10/2019	-50	103
Edra Energy Sdn Berhad	01/33	AA3	3.998	10	4.537	25/09/2019	-54	83
Edra Energy Sdn Berhad	07/33	AA3	4.029	10	4.159	06/02/2020	-13	86
Edra Energy Sdn Berhad	07/34	AA3	4.089	10	4.593	25/09/2019	-50	92
Edra Energy Sdn Berhad	01/38	AA3	4.353	5	4.699	04/10/2019	-35	102
UEM Sunrise Berhad	06/21	AA-	3.112	10	3.368	19/12/2019	-26	45
CIMB Group Holdings Berhad	05/16	A1	4.131	1	4.058	19/02/2020	7	80
IJM Land Berhad	03/19	A2	4.382	5	4.411	12/02/2020	-3	105
Eco World Capital Assets Berhad	08/22	-	5.128	1	5.116	18/02/2020	1	245
YNH Property Berhad	08/19	-	6.345	1	6.146	19/02/2020	20	301
				527				

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

Market/Corporate News: What's Brewing

The Covid-19 is expected to cause revenue loss of US\$27.8bil this year for airlines in the Asia-Pacific region, the International Air Transport Association (IATA) said. In a statement issued late Thursday, it said the bulk of which would be borne by carriers registered in China, with US\$12.8bil lost in the China domestic market alone. IATA's initial assessment of the impact of the Covid-19 shows a potential 13% full-year loss of passenger demand for carriers in the Asia-Pacific region. "Considering that growth for the region's airlines was forecast to be 4.8%, the net impact will be an 8.2% full-year contraction compared to 2019 demand levels. In this scenario, that would translate into a US\$27.8bil revenue loss in 2020 for carriers in the Asia-Pacific region," it said. In the same scenario, carriers outside Asia-Pacific are forecast to bear a revenue loss of US\$1.5bil, assuming the loss of demand is limited to markets linked to China. This would bring total global lost revenue to US\$29.3bil (5% lower passenger revenues compared to what IATA forecast in December) and represent a 4.7% hit to global demand. In December, IATA forecast global RPK growth of 4.1%, so this loss would more than eliminate expected growth this year, resulting in a 0.6% global contraction in passenger demand for 2020. "These estimates are based on a scenario where Covid-19 has a similar V-shaped impact on demand as was experienced during SARS. That was characterized by a six-month period with a sharp decline followed by an equally quick recovery. In 2003, SARS was responsible for the

5.1% fall in the RPKs carried by Asia-Pacific airlines. "The estimated impact of the Covid-19 outbreak also assumes that the centre of the public health emergency remains in China. If it spreads more widely to Asia-Pacific markets then impacts on airlines from other regions would be larger," it said. Alexandre de Juniac, IATA's director general and CEO said it was premature to estimate what this revenue loss will mean for global profitability. He said IATA doesn't yet know exactly how the outbreak will develop and whether it will follow the same profile as SARS or not. "These are challenging times for the global air transport industry. Stopping the spread of the virus is the top priority. Airlines are following the guidance of the World Health Organization (WHO) and other public health authorities to keep passengers safe, the world connected, and the virus contained. "The sharp downturn in demand as a result of Covid-19 will have a financial impact on airlines, which would be severe for those particularly exposed to the China market. "We estimate that global traffic will be reduced by 4.7% by the virus, which could more than offset the growth we previously forecast and cause the first overall decline in demand since the Global Financial Crisis of 2008-2009. "And that scenario would translate into lost passenger revenues of \$29.3 billion. Airlines are making difficult decisions to cut capacity and in some cases routes. Lower fuel costs will help offset some of the lost revenue. This will be a very tough year for airlines," de Juniac said. (Source: *The Star*)

YTL Power International Bhd's net profit was marginally lower at RM70.26 million for the second quarter ended Dec 31, 2019 (2QFY20), dropping 2.11% from RM71.77 million. Quarterly earnings per share declined to 0.92 sen from 0.94 sen in 4QFY18. The power producer did not declare any dividend. The group's revenue slid 4.5% to RM2.8 billion from RM2.93 billion. In a filing today, YTL Power said its telco segment incurred lower revenue and wider pre-tax losses in the absence of a project in the quarter under review. Meanwhile its Singapore multi-merchant business recorded lower pre-tax losses in the absence of a one-off charge incurred in the same quarter last year, coupled with lower depreciation charges despite lower vesting contract level. For its other business, YTL Power posted growth in its contracted power generation segment as it sold more electricity. Meanwhile its water and sewerage business in the UK contribution retreated slightly due to higher operating costs, despite the regulated price increase which lifted revenue. For the first six months ended Dec 31, 2019, YTL Power net profit dropped 30.51% to RM137.62 million from RM198.05 million, mainly due to the wider losses in the telco segment while partially offset by better performance of its investment holding activities. Revenue for the six-month period was nearly flat at RM5.76 billion compared with RM5.73 billion, as an increase in revenue across all other segments more than offset the 50% decline in the telco segment's topline in the absence of a project. On prospects, YTL Power said its 80%-owned Indonesian power plant project Tanjung Jati A has received a business viability guarantee letter from the Indonesian government, and it is working towards financial close. Meanwhile its 45%-owned 554MW power plant project in Jordan is scheduled to commence operations in the middle of this year. On its loss-making telco business, YTL Power said that with the existing network in place, it will continue to expand the telco infrastructure business and grow its subscriber base. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
TG Excellence Berhad (a unit of Top Glove)	Proposed RM3.0 billion Perpetual Sukuk Wakalah Programme.	AA-IS/Stable	Assigned

Source: RAM, MARC

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