

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries held steady within narrow ranges yesterday with the longer-end extending out from 10Y tenures well-bid following a choppy session. This was mainly influenced by lower yet elevated initial jobless claims for week ended 16th of May and some other data that came out slightly better than the poor numbers expected. Overall benchmark yields ended mostly within 0-1bps with the UST 2Y closing within 1bps at 0.17% whilst the much-watched UST 10Y edged 1bps lower at 0.67%. Meanwhile simmering US-China trade tensions are threatening to prolong the economic slump due to COVID-19 virus pandemic. The fast rise in government money-market funds during March-April period is now seen ebbing after easing of liquidity concerns. Expect trading to be somewhat impacted by the long Memorial Day long weekend ahead.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.17	0
5-yr UST	0.34	0
10-yr UST	0.67	-1
30-yr UST	1.39	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.28	0	2.34	0
5-yr	2.49	0	2.52	0
7-yr	2.66	-3	2.75	-2
10-yr	2.82	-2	2.82	-3
15-yr	3.19	-2	3.25	-2
20-yr	3.41	-3	3.46	-3
30-yr	3.88	5	3.79	1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.12	-1
3-yr	2.14	2
5-yr	2.26	1
7-yr	2.41	2
10-yr	2.64	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GIII

- Local govvies closed generally stronger again across the curve on safe-haven appeal following the prior day's release of weak April CPI numbers amid lower secondary market volume of RM4.63b. Both the MGS and GII curve shifted lower whilst overall benchmark MGS/GII yields declined between 0-3bps save for the ultra long-end bonds. Interest was mainly centred in the off-the-run 20's, 22's, 28-29's and also 10Y benchmark MGS. The benchmark 5Y MGS 6/24 closed within 1bps at 2.49% whilst the 10Y MGS 8/29 closed 2bps lower at 2.82%. GII bonds maintained to form ~44% of overall trades. Meanwhile the 10Y MGS auction saw BTC ratio fall to the lowest YTD levels @ 1.732x; attracting total bids ~RM7.8b; averaging 2.799%. Up next on the data front are the foreign reserves for period ending 15th May. Expect trading to be muted ahead of the Raya holidays.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk space saw strong secondary market activity as overall volume maintained at RM958m. Interest was seen mainly across the GG- segment followed by the AAA-part of the curve as overall yields again ended mostly mixed-to-lower. JKSB and PASB 25's declined between 1-3bps compared to previous-done levels between 2.72-74% whilst LPPSA 23-24's closed 35bps sharply lower between 2.55-61% area. AAA-rated AMAN 22's saw a cumulative RM50m in nominal amounts traded between 19-55bps lower between 2.76-82%. The AA-rated UMW 2/21 moved 8bps lower at 2.77% whilst BENIH Restu 6/25 ended 5bps lower at 3.55%. The banking space saw both Bank Muamalat 31NC26 shed 10bps to close at 4.08%.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	07/20	2.176	200	2.063	20/05/2020	11
MGS	10/20	2.049	54	2.039	20/05/2020	1
MGS	07/21	2.028	1	2.068	20/05/2020	-4
MGS	11/21	2.083	3	2.103	20/05/2020	-2
MGS	03/22	2.145	112	2.174	20/05/2020	-3
MGS	08/22	2.247	40	2.286	20/05/2020	-4
MGS	09/22	2.257	140	2.262	20/05/2020	0
MGS	08/23	2.359	1	2.365	19/05/2020	-1
MGS	06/24	2.460	90	2.474	19/05/2020	-1
MGS	07/24	2.500	76	2.476	20/05/2020	2
MGS	09/24	2.475	50	2.495	20/05/2020	-2
MGS	09/25	2.486	132	2.490	20/05/2020	0
MGS	04/26	2.655	3	2.690	13/05/2020	-4
MGS	07/26	2.661	60	2.626	20/05/2020	4
MGS	11/26	2.688	113	2.684	20/05/2020	0
MGS	05/27	2.663	196	2.699	20/05/2020	-4
MGS	11/27	2.751	6	2.777	20/05/2020	-3
MGS	06/28	2.836	18	2.849	20/05/2020	-1
MGS	08/29	2.819	1127	2.840	20/05/2020	-2
MGS	04/30	2.938	60	3.005	20/05/2020	-7
MGS	06/31	3.133	1	3.191	20/05/2020	-6
MGS	04/33	3.269	10	3.291	20/05/2020	-2
MGS	07/34	3.190	19	3.207	20/05/2020	-2
MGS	05/35	3.382	1	3.368	20/05/2020	1
MGS	06/38	3.468	3	3.549	20/05/2020	-8
MGS	05/40	3.408	1	3.437	20/05/2020	-3
MGS	09/43	3.852	20	3.804	20/05/2020	5
MGS	03/46	3.845	31	3.817	20/05/2020	3
MGS	07/48	3.868	27	3.824	20/05/2020	4
GII	11/20	2.041	10	2.063	18/05/2020	-2
GII	03/22	2.225	260	2.225	18/05/2020	0
GII	04/22	2.245	292	2.238	20/05/2020	1
GII	07/23	2.362	4	2.354	20/05/2020	1
GII	11/23	2.408	19	2.394	20/05/2020	1
GII	08/24	2.517	10	2.514	20/05/2020	0
GII	10/25	2.627	20	2.650	20/05/2020	-2
GII	03/26	2.711	5	2.668	20/05/2020	4
GII	09/26	2.706	80	2.750	19/05/2020	-4
GII	07/27	2.778	120	2.800	20/05/2020	-2
GII	09/27	2.748	100	2.764	20/05/2020	-2
GII	10/28	2.889	218	2.910	20/05/2020	-2
GII	07/29	2.901	222	2.954	20/05/2020	-5
GII	09/30	2.936	90	2.985	20/05/2020	-5
GII	10/30	2.822	150	2.855	20/05/2020	-3
GII	06/33	3.326	15	3.301	20/05/2020	2
GII	08/33	3.263	20	3.299	18/05/2020	-4
GII	11/34	3.250	200	3.275	20/05/2020	-2
GII	08/37	3.402	100	3.450	18/05/2020	-5
GII	09/39	3.460	60	3.493	19/05/2020	-3
GII	11/49	3.789	36	3.779	20/05/2020	1
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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*
GovCo Holdings Berhad	02/21	GG	2.220	40	2.684	17/04/2020	-46	15
Lembaga Pembiayaan Perumahan Sektor Awam	09/23	GG	2.548	100	2.901	06/04/2020	-35	27
Lembaga Pembiayaan Perumahan Sektor Awam	04/24	GG	2.611	60	2.962	15/04/2020	-35	19
Jambatan Kedua Sdn Berhad	05/25	GG	2.719	90	2.726	14/05/2020	-1	22
Pengurusan Air SPV Berhad	09/25	GG	2.744	80	2.777	05/05/2020	-3	25
Lembaga Pembiayaan Perumahan Sektor Awam	10/25	GG	2.791	40	2.787	18/05/2020	0	29
Pengurusan Air SPV Berhad	02/26	GG	2.802	80	3.350	31/03/2020	-55	18
Jambatan Kedua Sdn Berhad	07/26	GG	2.850	90	3.042	18/02/2020	-19	23
Turus Pesawat Sdn Berhad	11/27	GG	3.051	30	3.027	05/05/2020	2	28
DanaInfra Nasional Berhad	02/28	GG	3.067	20	3.070	20/05/2020	0	30
DanaInfra Nasional Berhad	02/29	GG	3.127	20	3.129	20/05/2020	0	32
GENM Capital Berhad	03/22	AAA	4.101	1	3.455	06/05/2020	65	191
Aman Sukuk Berhad	04/22	AAA	2.763	20	2.948	13/02/2020	-19	57
Aman Sukuk Berhad	05/22	AAA	2.777	10	3.331	21/08/2019	-55	58
Aman Sukuk Berhad	07/22	AAA	2.822	20	3.051	23/04/2020	-23	63
Danum Capital Berhad	05/23	AAA	2.808	5	2.834	14/05/2020	-3	53
Putrajaya Holdings Sdn Berhad	04/25	AAA	2.975	20	2.969	13/05/2020	1	48
Sarawak Energy Berhad	08/25	AAA	2.954	30	3.235	21/04/2020	-28	46
Putrajaya Holdings Sdn Berhad	05/26	AAA	3.072	20	3.096	05/05/2020	-2	45
Sarawak Energy Berhad	06/26	AAA	3.017	30	3.206	29/04/2020	-19	39
UMW Holdings Berhad	02/21	AA2	2.768	20	2.844	15/05/2020	-8	70
Benih Restu Berhad	06/25	AA2	3.548	20	3.598	14/05/2020	-5	105
UEM Sunrise Berhad	10/25	AA-	3.482	15	3.949	15/04/2020	-47	99
Sports Toto Malaysia Sdn Berhad	06/26	AA-	4.566	30	4.964	12/12/2019	-40	194
Jimah East Power Sdn Berhad	12/27	AA-	3.670	10	3.738	29/01/2020	-7	90
CIMB Group Holdings Berhad	05/16	A1	3.697	4	3.715	19/05/2020	-2	27
CIMB Group Holdings Berhad	05/16	A1	4.287	1	4.290	15/05/2020	0	86
UMW Holdings Berhad	04/18	A1	4.743	1	4.692	19/05/2020	5	132
DRB-Hicom Berhad	12/22	A+	3.530	10	4.416	15/05/2020	-89	125
Bank Muamalat Malaysia Berhad	06/26	A3	4.081	10	4.181	20/04/2020	-10	146
MBSB Bank Berhad (fka Asian Finance Bank Berh)	12/31	A3	4.600	23	4.602	20/05/2020	0	178
Eco World International Berhad	10/21	-	6.673	1	4.915	19/05/2020	176	460
Eco World Capital Assets Berhad	08/22	-	4.644	7	4.660	19/05/2020	-2	245
Tropicana Corporation Berhad	09/19	-	6.689	1	6.591	20/05/2020	10	326
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Severely affected by the Covid-19 pandemic, Genting Malaysia Bhd posted a net loss of RM417.95 million for the first quarter ended March 31, 2020 (1QFY20), compared to a net profit of RM268.28 million for the previous corresponding quarter. Adding to the woes, the casino operator recognised a loss of RM100.1 million relating to its stake in financially stressed Empire Resorts Inc, a casino it acquired from controlling shareholder Tan Sri Lim Kok Thay last year. Genting Malaysia explained that the loss was primarily due to refinancing costs associated with Empire Resorts's debts as well as depreciation and amortisation costs. The group's losses did not come as a surprise as all its casinos had been shut down temporarily since mid-March due to the outbreak. Its quarterly revenue shed 28.5% to RM1.95 billion from RM2.73 billion a year ago. In a local filing, Genting Malaysia said that its home operation's revenue dropped by 36% to RM1.22 billion, while its adjusted earnings before interest, taxes, depreciation and amortisation (Ebitda) shrank 40% to RM331.2 million. In the US and Bahamas, revenue was down by 13% to RM320.7 million, while adjusted Ebitda tumbled by 78% to RM14.7 million. On its prospects, Genting Malaysia cautioned that it expects its financial results for the remainder of the year to be adversely impacted, while the full extent of the impact of Covid-19 is uncertain at this point in time. It said it will continue to implement various aggressive cost-control measures, including reductions in operational expenditure such as payroll and related costs as well as the cancellation or deferment of non-essential capital expenditure. It also said it had put in place stringent health and precautionary

measures at all its properties to prepare for the recovery of the leisure and hospitality sector. (Source: *The EdgeMarkets*)

National mortgage corporation Cagamas Bhd has concluded its pricing for RM705 million worth of bonds and sukuk. Its president and chief executive officer, Datuk Chung Chee Leong, said the issuances comprised RM305 million three-month Islamic commercial papers, RM300 million three-month conventional commercial papers and RM100 million dual tenure one- and two-year conventional medium-term notes. "Proceeds from the respective issuances will be used to fund the purchases of eligible assets, including housing loans/house financing from the financial system," he said in a statement today. He added that the recent overnight policy rate cut by Bank Negara Malaysia had resulted in some housing loans-originating institutions and others to seek liquidity solutions from Cagamas and secure competitive funding rates given the continued low interest rate environment. "This led to the successful conclusion of the above deals, which were conducted via private placement basis," he said. Chung said the issuances continued to be supported by investors, indicating improved sentiment in the domestic capital market due to various measures undertaken by the central bank in supporting the efficient functioning of the domestic financial markets coupled with the recovery in global crude oil prices. "The transactions marked the company's sixth issuance exercise for the year and brings the year-to-date issuance amount to RM3.31 billion," he said. Chung said the papers, to be redeemed at their full nominal value on maturity, were unsecured obligations of the company, ranking pari passu with all other existing unsecured obligations of Cagamas. "They will be listed and tradable under the Scripless Securities Trading System," he said. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
China Construction Bank (Malaysia) Berhad (CCBM)	Financial institution (FI) rating	AA+/MARC-1/Stable	Affirmed

Source: RAM, MARC

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