

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended stronger in a risk-off mode over several concerns that included the economy, politics and also uncertainties over the COVID-19 pandemic. Overall benchmark yields closed between 0-4bps lower with the longer maturities ending much richer. The UST 2Y ended unchanged at 0.14% and the much-watched 10Y declined 3bps at 0.67% compared to prior day's close. Meanwhile the market is expecting a record-sized issuance of 2Y, 5Y and 7Y UST's totaling \$155b this week. Bond trading activity may also be dictated by the recent slowing down of the pace of economic rebound and the Fed's intention to leave rates unchanged at near-zero levels for some time to come. The CBO's latest budget outlook sees the federal debt doubling the size of the US economy by 2050. Expect some attention to shift to the upcoming manufacturing and PMI numbers for September tomorrow.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	0
5-yr UST	0.27	-2
10-yr UST	0.67	-3
30-yr UST	1.42	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.94	0	1.99	1
5-yr	2.20	3	2.14	2
7-yr	2.46	-2	2.41	-3
10-yr	2.67	1	2.62	0
15-yr	3.07	-4	3.14	-6
20-yr	3.44	-6	3.59	5
30-yr	3.98	0	4.07	-6

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.98	-1
3-yr	2.08	0
5-yr	2.25	0
7-yr	2.39	0
10-yr	2.68	0

Source : Bloomberg

MGS/GIII

- Local govies ended mixed on Monday on speculation over FTSE Russell's upcoming decision on the nation's weightage in the WGBI. Overall benchmark yields ended between -6 to +5bps amid a sustained overall secondary market volume of RM3.28b. The benchmark 5Y MGS 9/25 closed 3bps higher at 2.20% whilst the 10Y MGS 8/29 yields edged 1bps up at 2.67%. Interest was again mainly seen in the shorter-end off-the-runs 20-21's and also benchmark 7Y, 10Y MGS and also the 30Y GII. GII bond trades decreased to form ~36% of overall trades. MYR has slipped this morning in anticipation of August CPI numbers tomorrow. Meantime FTSE Russell's announcement of its decision on Malaysia's weightage of sovereign bonds in its WGBI on 24th Sep this week is expected to a key event risk for now. Expect some attention to shift to the CPI data for August come Wednesday with another negative reading.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw improved appetite amid a higher secondary market volume of RM403m with transactions seen in about 31 various bonds. Overall yields closed mostly mixed-to-lower on yields with interest seen across the GG-AA part of the curve. The long-end Govt-guaranteed LPPSA 4/49 and DANA 5/50 moved opposite ends with the former 20bps lower compared to previous done levels at 4.15% whilst the later spiked 34bps to 4.22%. AAA-rated PLUS 28-29's closed between -9 to +2bps to close within 2.96-3.04% range. The AA-space saw energy-related bond SouthernPower 30-32's close between 7-8bps higher between 3.29-4.2% save for the 10/32 tranche which fell 15bps at 3.49%. The banking space was relatively quiet.

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	1.716	193	1.720	18/09/2020	0
MGS	02/21	1.649	41	1.679	18/09/2020	-3
MGS	07/21	1.716	147	1.730	18/09/2020	-1
MGS	09/21	1.710	133	1.714	17/09/2020	0
MGS	11/21	1.734	11	1.793	18/09/2020	-6
MGS	03/22	1.827	21	1.848	18/09/2020	-2
MGS	08/22	1.882	4	1.876	17/09/2020	1
MGS	09/22	1.849	20	1.841	18/09/2020	1
MGS	03/23	1.943	15	1.947	17/09/2020	0
MGS	04/23	1.963	3	1.945	18/09/2020	2
MGS	08/23	2.009	4	2.000	18/09/2020	1
MGS	07/24	2.073	3	2.085	18/09/2020	-1
MGS	09/24	2.180	5	2.167	18/09/2020	1
MGS	09/25	2.196	44	2.167	18/09/2020	3
MGS	04/26	2.274	21	2.228	18/09/2020	5
MGS	07/26	2.338	24	2.260	17/09/2020	8
MGS	11/26	2.338	24	2.346	18/09/2020	-1
MGS	03/27	2.464	5	2.445	17/09/2020	2
MGS	05/27	2.459	360	2.474	18/09/2020	-2
MGS	11/27	3.015	129	2.532	18/09/2020	48
MGS	08/29	2.671	240	2.665	18/09/2020	1
MGS	04/30	2.707	18	2.687	18/09/2020	2
MGS	06/31	2.879	32	2.882	18/09/2020	0
MGS	04/33	3.118	100	3.127	18/09/2020	-1
MGS	11/33	3.156	43	3.180	18/09/2020	-2
MGS	07/34	3.071	144	3.110	18/09/2020	-4
MGS	05/35	3.347	2	3.324	11/09/2020	2
MGS	06/38	3.522	2	3.529	18/09/2020	-1
MGS	05/40	3.440	248	3.495	18/09/2020	-6
MGS	09/43	3.914	30	3.950	18/09/2020	-4
MGS	03/46	3.896	4	3.968	18/09/2020	-7
MGS	07/48	4.020	55	3.971	18/09/2020	5
GII	05/23	1.992	60	1.985	18/09/2020	1
GII	10/24	2.136	10	2.119	18/09/2020	2
GII	08/25	2.226	40	2.206	18/09/2020	2
GII	03/26	2.245	10	2.273	18/09/2020	-3
GII	09/27	2.410	109	2.440	18/09/2020	-3
GII	10/28	2.684	60	2.678	18/09/2020	1
GII	07/29	2.715	80	2.703	18/09/2020	1
GII	11/34	3.144	180	3.209	18/09/2020	-6
GII	09/39	3.590	120	3.536	17/09/2020	5
GII	05/47	4.049	2	3.851	10/09/2020	20
GII	11/49	4.072	481	4.134	18/09/2020	-6
			<u>3275</u>			

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*
Danainfra Nasional Berhad	02/29	GG	2.739	50	2.678	09/09/2020	6	18
Danainfra Nasional Berhad	04/33	GG	3.150	50	3.301	07/07/2020	-15	6
Lembaga Pembiayaan Perumahan Sektor Awam	04/49	GG	4.150	10	4.349	17/07/2019	-20	69
Danainfra Nasional Berhad	05/50	GG	4.220	5	3.877	28/07/2020	34	76
Berjaya Land Berhad	12/20	AAA	2.726	7	2.809	22/07/2020	-8	98
Projek Lebuhraya Usahasama Berhad	01/21	AAA	2.211	20	3.217	05/02/2020	-101	47
Aman Sukuk Berhad	02/21	AAA	2.210	5	2.543	03/07/2020	-33	47
Aman Sukuk Berhad	05/21	AAA	2.220	50	2.533	06/07/2020	-31	48
Aman Sukuk Berhad	04/27	AAA	2.881	15	2.891	15/09/2020	-1	41
Projek Lebuhraya Usahasama Berhad	01/28	AAA	2.957	20	2.941	15/09/2020	2	49
Projek Lebuhraya Usahasama Berhad	01/29	AAA	3.037	20	3.131	17/07/2020	-9	47
Sabah Development Bank Berhad	04/24	AA1	2.991	1	3.865	18/09/2020	-87	89
YTL Power International Berhad	05/27	AA1	3.390	2	3.479	10/09/2020	-9	92
UMW Holdings Berhad	10/26	AA2	3.115	10	3.199	03/08/2020	-8	77
SPR Energy (M) Sdn Berhad	07/25	AA3	3.270	4	4.890	24/09/2018	-162	108
SPR Energy (M) Sdn Berhad	07/27	AA3	3.470	2	4.290	05/11/2019	-82	100
WCT Holdings Berhad	05/22	AA-	3.357	2	3.403	13/08/2020	-5	151
Jimah East Power Sdn Berhad	06/25	AA-	3.096	10	3.248	18/08/2020	-15	91
MMC Corporation Berhad	03/28	AA-	4.281	1	3.868	10/09/2020	41	172
Pelabuhan Tanjung Pelepas Sdn Berhad	06/30	AA-	3.371	15	3.339	09/09/2020	3	70
Southern Power Generation Sdn Berhad	04/31	AA-	3.289	10	3.218	09/09/2020	7	62
Southern Power Generation Sdn Berhad	10/31	AA-	3.360	20	3.289	09/09/2020	7	69
Southern Power Generation Sdn Berhad	04/32	AA-	3.418	10	3.343	02/09/2020	8	75
Southern Power Generation Sdn Berhad	10/32	AA-	3.488	10	3.640	27/07/2020	-15	82
TG Excellence Berhad	02/20	AA-	3.320	4	3.321	18/09/2020	0	-14
Pelabuhan Tanjung Pelepas Sdn Berhad	06/25	AA-	3.027	20	3.100	02/09/2020	-7	84
Westports Malaysia Sdn Berhad	10/25	AA+	2.848	20	3.831	12/12/2019	-98	66
Celcom Networks Sdn Berhad	08/27	AA+	3.061	10	3.396	26/06/2020	-34	59
Affin Bank Berhad	07/18	A3	4.469	1	4.326	24/08/2020	14	101
Eco World International Berhad	05/23	-	4.584	1	5.370	18/09/2020	-79	265
Mah Sing Group Berhad	04/17	-	5.129	1	4.869	08/09/2020	26	167
				403				

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

Market/Corporate News: What's Brewing

Green Packet Bhd has teamed up with MMAG Holdings Bhd, whose share price shot up 29.37% today, to set up a digital payment system for migrant workers. In a bourse filing, Green Packet said its wholly-owned unit Kiplepay Sdn Bhd had entered into a master agreement with MMAG's wholly-owned subsidiary MMantap Sdn Bhd. Under the master agreement, Kiplepay's Kiplepay e-wallet and digital payment system would be deployed. As such, MMantap seeks to use Kiplepay's digital payment payment solution for migrant workers managed by it. The tenure of the master agreement is two years (24 months), and will be renewed for successive periods of one year (12 months) each. "The services are in the ordinary course of the business of Green Packet group. The services are not expected to have any material effects on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholdings of the company for the financial year ending Dec 31, 2020. "None of the directors, major shareholders and persons connected with a director or a major shareholder of Green Packet Bhd has any interest, direct or indirect, on the master agreement," it said. Green Packet said the e-wallet, which could be extended to 2.5 million foreign workers that are managed by MMantap, is dynamic and is contingent on borders reopening and government policies. (Source: *The EdgeMarkets*)

Bintai Kinden Corp Bhd has entered into a licensing agreement with US-based firm Generex Biotechnology Corp for Covid-19 vaccine compounds in Malaysia. According to a bourse filing today, Bintai Kinden, Generex and the latter's wholly-owned subsidiary NuGenerex Immuno-Oncology entered into a heads of agreement (HOA) on Friday. Under this HOA, Bintai Kinden will hold the exclusive licence in Malaysia when it comes to the commercialization and development of compounds and research information in the country when it comes to a Covid-19 vaccine.

Additionally, Bintai Kinden will also have the first right of refusal when it comes to the further development and commercialisation of the vaccine compounds and research information within New Zealand, Australia and global Halal markets. "The parties represent that they had commenced due diligence on each other and is in the midst of completing the same. The parties further undertake to finalise and solidify the terms and conditions of the licensing agreement within two weeks from the date of the HOA wherein the parties will complete their perusal, clarify and finalize the terms and conditions of the licensing agreement. "Without limiting the generality of the foregoing, the licensee (itself or through its affiliates and/or sub-licensees), as stated in the MOU (Memorandum of Understanding) executed on Aug 14, 2020, make payable a sum of US\$2 million to the licensor. Parties agree to be bound by the terms from the original non-binding MOU and parties are in legal process to effectuate and finalise the contract document," Bintai Kinden said. Today's bourse filing is an update on the MoU signed by Bintai Kinden, Generex and NuGenerex Immuno-Oncology in August. Under the MoU, Bintai Kinden would fund and manage a synthetic peptide vaccine for Covid-19. This would be based on Generex' proprietary, patented li-Key immune system activation technology that can be used to stop viral outbreaks. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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