

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries bull-flattened; pivoted along the 7Y sector but ended richer in a demand-led session at the longer ends as the appeal of safe-haven assets rose due to US-China tensions. Overall benchmark yields ended mixed between -2 to +1bps with the UST 2Y up 1bps at 0.15% and the much-watched UST 10Y closing within 1bps lower at 0.60%. The IG dollar issuance meanwhile saw CPPIB Capital's issuance of \$1.0b 5Y bonds come into the market. The re-opening of \$17b 20Y bonds notched a BTC ratio of 2.43x (previous: 2.63x; debut: 2.53x) with bidders opting for a slightly higher yield of 1.059% vs WI of 1.05%. Nevertheless foreign participation was strong. The economic calendar remains light with attention expected to shift to the initial jobs claims report tonight which will drive trading sentiment.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	1
5-yr UST	0.27	1
10-yr UST	0.60	0
30-yr UST	1.29	-2

MGS			GII*	
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.97	-5	2.01	-1
5-yr	2.13	-4	2.09	-1
7-yr	2.34	-3	2.39	-1
10-yr	2.62	-1	2.64	-1
15-yr	3.05	-3	3.08	-3
20-yr	3.31	-1	3.38	-1
30-yr	3.69	-6	3.67	-12

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.88	0
3-yr	1.92	1
5-yr	2.10	1
7-yr	2.35	-3
10-yr	2.56	-1

Source : Bloomberg

Upcoming Government Bond Tender

Reopening of RM5.0b 15Y MGS 7/34 on Thursday, 23rd July 2020

MGS/GIII

- Local govies saw improved sentiment and activity following the fall in June CPI amid a further rise in secondary market volume of RM8.23b. Overall benchmark yields ended between 1-6bps lower save for the odd-lot trades on the 30Y GII. Interest was mainly seen in the off-the-run 20's, 23's, 29's and also benchmark 3Y, 5Y and 10Y MGS/GII. The benchmark 5Y MGS 9/25 rallied pushing yields 4bps lower at 2.13% whilst the 10Y MGS 8/29 yields edged another 1bps lower instead at a historical low of 2.62%. GII bond trades eased slightly to form ~36% of overall trades. The Ringgit meanwhile which retreated slightly this morning following reports of equity outflows and possible US-China tensions has however strengthened at the time of writing. Elsewhere negotiations are still ongoing between the government and Goldman Sachs pertaining to the recovery of some 1MDB assets which is expected to boost sentiment. Expect attention to shift to the upcoming 15Y MGS auction today.

Corp Bonds/Sukuk

- There was no let-up in investor sentiment amid a spike in secondary market volume to RM1.14b; with interest mainly seen across the GG followed by the AAA-AA part of the curve. Overall yields continued to close mostly lower-to-unchanged. Govt-guaranteed DANA and LPPSA 23's ended 5-7 bps lower compared to previous-done levels between 2.20-23% whilst the longer end PRASA 12/38 and DANA 5/46 however closed unchanged at 3.59% and 3.85% respectively. The AAA-rated PASB 29's saw yields fall sharply lower at 3.00-05% levels. The AA-space saw energy cum power-related bonds EDRA 26-27's and Southern Power 2028 and 2031 tranches close sharply lower between 25-92bps. However YTL Power 5/27 and Quantum Solar Park 27-28's closed between 0-2bps lower at 3.40% and 4.53-60% levels. The banking space saw

CIMB Group 29NC24 bonds close at 3.04-05% area on substantial volume totaling RM90m.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 08/20	1.267	800	1.308	21/07/2020	-4
MGS 10/20	1.751	441	1.748	21/07/2020	0
MGS 02/21	1.759	80	1.771	17/07/2020	-1
MGS 04/21	1.773	110	0.000	00/01/1900	177
MGS 09/21	1.798	9	1.773	21/07/2020	3
MGS 03/22	1.870	314	1.904	21/07/2020	-3
MGS 08/22	1.911	50	1.927	21/07/2020	-2
MGS 09/22	1.917	125	1.924	21/07/2020	-1
MGS 03/23	1.966	789	2.010	21/07/2020	-4
MGS 04/23	2.004	105	2.002	21/07/2020	0
MGS 08/23	2.048	71	2.051	21/07/2020	0
MGS 10/23	2.053	40	2.067	20/07/2020	-1
MGS 06/24	2.055	102	2.084	21/07/2020	-3
MGS 07/24	2.049	50	2.083	20/07/2020	-3
MGS 03/25	2.128	7	2.237	16/07/2020	-11
MGS 09/25	2.127	600	2.170	21/07/2020	-4
MGS 11/26	2.300	1	2.261	21/07/2020	4
MGS 05/27	2.342	238	2.372	21/07/2020	-3
MGS 06/28	2.527	30	2.554	21/07/2020	-3
MGS 08/28	2.622	80	2.846	07/07/2020	-22
MGS 08/29	2.616	344	2.625	21/07/2020	-1
MGS 04/30	2.699	70	2.716	21/07/2020	-2
MGS 06/31	2.797	131	2.821	21/07/2020	-2
MGS 04/33	3.052	184	3.090	21/07/2020	-4
MGS 11/33	3.076	40	3.088	21/07/2020	-1
MGS 07/34	3.048	108	3.081	21/07/2020	-3
MGS 04/37	3.332	8	3.370	17/07/2020	-4
MGS 06/38	3.363	70	3.385	21/07/2020	-2
MGS 05/40	3.314	61	3.321	21/07/2020	-1
MGS 09/43	3.692	150	3.744	21/07/2020	-5
MGS 07/48	3.760	10	3.787	21/07/2020	-3
MGS 06/50	3.693	68	3.754	21/07/2020	-6
GII 03/21	1.769	100	1.785	20/07/2020	-2
GII 04/21	1.773	110	1.793	21/07/2020	-2
GII 05/23	2.006	70	2.010	21/07/2020	0
GII 10/23	2.053	40	2.067	20/07/2020	-1
GII 11/23	2.048	440	2.068	21/07/2020	-2
GII 08/24	2.100	40	2.109	21/07/2020	-1
GII 10/24	2.094	200	2.100	21/07/2020	-1
GII 08/25	2.199	40	2.239	20/07/2020	-4
GII 03/26	2.247	60	2.293	21/07/2020	-5
GII 09/26	2.300	100	2.342	21/07/2020	-4
GII 07/27	2.426	160	2.448	17/07/2020	-2
GII 09/27	2.394	70	2.409	21/07/2020	-1
GII 08/28	2.622	80	2.846	07/07/2020	-22
GII 10/28	2.622	22	2.630	21/07/2020	-1
GII 12/28	2.626	10	2.627	21/07/2020	0
GII 07/29	2.705	400	2.713	21/07/2020	-1
GII 09/30	2.750	210	2.744	21/07/2020	1
GII 10/30	2.637	54	2.643	21/07/2020	-1
GII 06/33	3.113	50	3.142	17/07/2020	-3
GII 08/33	3.126	40	3.144	21/07/2020	-2
GII 11/34	3.078	281	3.112	21/07/2020	-3
GII 08/37	3.415	160	3.415	21/07/2020	0
GII 09/39	3.382	155	3.395	21/07/2020	-1
GII 11/49	3.669	51	3.786	21/07/2020	-12
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Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Khazanah Nasional Berhad	09/22	GG	2.144	60	2.410	01/07/2020	-27	25
Danainfra Nasional Berhad	08/23	GG	2.230	15	2.281	14/07/2020	-5	26
Lembaga Pembiayaan Perumahan Sektor Awam	09/23	GG	2.198	85	2.266	14/07/2020	-7	23
Pengurusan Air SPV Berhad	06/24	GG	2.279	30	2.331	14/07/2020	-5	21
PR1MA Corporation Malaysia	10/24	GG	2.351	10	2.400	14/07/2020	-5	28
Prasarana Malaysia Berhad	02/27	GG	2.570	10	2.752	08/07/2020	-18	23
Lembaga Pembiayaan Perumahan Sektor Awam	04/27	GG	2.607	60	2.660	16/07/2020	-5	26
Small Medium Enterprise Development Bank Mal	04/27	GG	2.709	10	2.739	16/07/2020	-3	37
Danainfra Nasional Berhad	07/27	GG	2.619	10	2.701	09/07/2020	-8	28
Danainfra Nasional Berhad	05/35	GG	3.240	20	3.309	17/07/2020	-7	21
Danainfra Nasional Berhad	11/35	GG	3.275	10	3.399	15/07/2020	-12	24
Danainfra Nasional Berhad	04/38	GG	3.490	30	3.680	16/06/2020	-19	17
Danainfra Nasional Berhad	11/38	GG	3.599	60	3.609	13/07/2020	-1	28
Prasarana Malaysia Berhad	12/38	GG	3.590	120	3.594	21/07/2020	0	27
Danainfra Nasional Berhad	05/46	GG	3.859	90	3.861	21/07/2020	0	54
Berjaya Land Berhad	12/20	AAA	2.809	9	2.875	16/07/2020	-7	102
Bank Pembangunan Malaysia Berhad	04/21	AAA	2.386	10	3.221	31/03/2020	-84	59
Bakun Hydro Power Generation Sdn Berhad (fka S	08/24	AAA	2.633	40	2.947	30/04/2020	-31	56
Danum Capital Berhad	02/25	AAA	2.652	10	2.648	20/07/2020	0	51
Pengurusan Air SPV Berhad	06/27	AAA	2.848	10	2.901	20/07/2020	-5	51
Manjung Island Energy Berhad	11/28	AAA	2.899	5	3.621	16/01/2020	-72	38
Pengurusan Air SPV Berhad	02/29	AAA	2.998	5	3.378	24/06/2020	-38	43
Pengurusan Air SPV Berhad	06/29	AAA	3.028	10	3.580	12/02/2020	-55	46
Pengurusan Air SPV Berhad	10/29	AAA	3.048	10	4.107	31/03/2020	-106	48
Genting RMTN Berhad	11/29	AAA	3.625	1	3.842	16/06/2020	-22	106
Danum Capital Berhad	05/30	AAA	3.081	15	3.153	13/07/2020	-7	46
CIMB Group Holdings Berhad	06/22	AA1	2.645	10	3.114	23/04/2020	-47	75
CIMB Group Holdings Berhad	04/25	AA1	2.897	10	2.670	21/07/2020	23	76
Malayan Banking Berhad	10/25	AA1	2.491	9	2.754	09/06/2020	-26	35
YTL Power International Berhad	05/27	AA1	3.401	70	3.420	21/07/2020	-2	106
CIMB Group Holdings Berhad	09/29	AA	3.039	80	3.048	21/07/2020	-1	47
CIMB Group Holdings Berhad	11/29	AA	3.048	10	3.611	17/04/2020	-56	48
MBSB Bank Berhad (fka Asian Finance Bank Ber	12/31	A3	3.599	1	3.599	20/07/2020	0	98
Malakoff Power Berhad	12/20	AA-	2.577	9	2.776	18/05/2020	-20	79
Sinar Kamiri Sdn Berhad	01/26	AA-	4.228	5	4.231	21/07/2020	0	197
Sinar Kamiri Sdn Berhad	01/27	AA-	4.358	5	4.360	21/07/2020	0	202
Sinar Kamiri Sdn Berhad	01/28	AA-	4.478	5	4.480	21/07/2020	0	196
UiTM Solar Power Sdn Berhad	04/30	AA-	4.419	5	4.421	21/07/2020	0	180
UiTM Solar Power Sdn Berhad	04/31	AA-	4.550	5	4.551	21/07/2020	0	193
Southern Power Generation Sdn Berhad	10/31	AA-	3.519	10	3.909	17/06/2020	-39	90
Bank Islam Malaysia Berhad	11/28	A1	3.276	10	3.365	14/07/2020	-9	75
CIMB Group Holdings Berhad	05/16	A1	3.494	2	3.385	17/07/2020	11	18
Eco World International Berhad	10/21	-	4.116	1	4.113	20/07/2020	0	232
Quantum Solar Park (Semenanjung) Sdn Berhad	10/27	A+	4.529	5	4.531	21/07/2020	0	219
Quantum Solar Park (Semenanjung) Sdn Berhad	04/28	A+	4.600	10	4.602	21/07/2020	0	208
Southern Power Generation Sdn Berhad	10/28	AA-	3.279	40	3.699	30/01/2020	-42	76
Celcom Networks Sdn Berhad	08/24	AA+	2.829	30	3.183	23/06/2020	-35	76
Exsim Ventures Berhad	08/23	AA3	4.158	5	4.162	21/07/2020	0	219
Edra Energy Sdn Berhad	07/26	AA3	3.395	20	3.645	03/07/2020	-25	113
Edra Energy Sdn Berhad	01/27	AA3	3.426	10	4.348	26/09/2019	-92	116
AEON Credit Service (M) Berhad	02/28	AA3	3.518	10	3.565	17/07/2020	-5	100
Cypark Ref Sdn Berhad	06/40	AA3	5.270	20	-	-	-	195
				1140				

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

Market/Corporate News: What's Brewing

The 640-kilometre East Coast Rail Link (ECRL) is expected to be operational as early as Jan 1, 2027. Finance Deputy Minister 1, Datuk Abdul Rahim Bakri said the ECRL, which will potentially connect the peninsula's East Coast States of Kelantan, Terengganu and Pahang with Negeri Sembilan, the Federal Territory of Putrajaya and the Klang Valley, is scheduled to be completed by the end of 2026. He said the project would be a catalyst for economic growth in the East Coast and the country as a whole in the next few decades. "This project is also expected to boost trade between Malaysia and China. Being a China-funded project, we hope the country's commodity exports, in particular oil, gas, palm oil, rubber and manufactured products, can penetrate the Chinese market more widely. "When the COVID-19 pandemic ends, there will be an influx of Chinese tourists for sure, and the country's tourism revenue will also increase," he said in a statement after attending a briefing on the mega infrastructure project. Unlike the existing three-metre gauge double track, the ECRL will use the standard gauge track to enable rolling stock carriages with a speed of 160 km per hour to be installed. "The standard gauge can handle high-speed trains

of over 300 km per hour, depending on the service operator's requirement," Abdul Rahim said. The ECRL 2.0 track, so named after the downscaling of the project cost, has been shortened by 48km to 640km from the proposed 688km, with the number of train stations also reduced to 20 from 26. The project cost was trimmed by RM21.5 billion to RM44 billion from RM65.5 billion.. (Source: *The Edgemarkets*)

Malaysian home improvement retailer MR D.I.Y. will open 30 new stores nationwide this weekend. Vice president of marketing Andy Chin said the move is timely during these unprecedented times of the COVID-19 pandemic, with people more than ever looking to stretch their finances further. "I am delighted to announce the simultaneous opening of 30 new MR D.I.Y. stores across Malaysia, so that we can help them achieve that goal by offering a wide range of value-for-money products at 'Always Low Prices'," he said in a statement today. Chin said customers in Kedah, Kelantan and Terengganu will get to enjoy the grand opening of the retailer's new stores from July 24-25, while those in Selangor, Kuala Lumpur, Johor, Perak, Sabah and Sarawak can join in from July 25-26. Among the store locations are Tanah Merah, Kota Bharu and Ketereh (Kelantan), Miri and Kuching (Sarawak), Skudai and Kluang (Johor), as well as Kajang and Port Klang (Selangor). In addition, Chin said in accordance with the 'new normal', the stores will operate according to the guidelines set by the Ministry of Health and the National Security Council.. (Source: *The Edgemarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
TSH Sukuk Murabahah Sdn Bhd	RM150 million Medium Term Notes (IMTN)	A+IS	Affirmed
	RM50 million Sukuk Murabahah Commercial Papers (ICP) programme	MARC-1 IS from MARC-2 IS.	Upgraded

Source: RAM, MARC

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