

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended modestly lower on Wednesday following traders reaction to President Trump's comments that the US will not follow UK's steps to implement a 2nd round of lock-down. The curve flattened as overall benchmark yields closed between -1 to +1bps from prior day's close; with the long bond ending richer instead. The UST 2Y edged 1bps up at 0.14% whilst the much-watched 10Y similarly closed within 1bps higher at 0.67%. Meanwhile the \$53b 5Y auction notched a decent BTC ratio of 2.52x (previous 10 auctions: 2.49x) and was awarded at an all-time low of 0.275%. Bond trading activity may continue to be supported by the potential slowing down in the pace of economic rebound and the Fed's intention to leave rates unchanged at near-zero levels for awhile. Expect some attention to shift to the record-sized 7Y auction, weekless jobless claims and further congress testimony by Fed Chair Powell tonight.

MGS/GII

- Local govovies saw some nervous moments earlier in the session before finding support on Wednesday amid the "political drama" by opposition. Overall benchmark yields ended between -9 to +6bps amid the sustained overall secondary market volume of RM2.97b. Support was seen from positive vibes over FTSE Russell's upcoming decision on the nation's weightage in the WGBI and also lower-than-expected CPI data for August. The benchmark 5Y MGS 9/25 edged 1bps higher at 2.21% whilst the 10Y MGS 8/29 yields edged 1bps lower at 2.66%. Interest was again mainly seen in the shorter-end off-the-runs 20-21's, 24's and also benchmark 3Y,15Y MGS/GII. GII bond trades rose to form a 18% of overall trades. Meantime expect all eyes on FTSE Russell's announcement of its decision on Malaysia's weightage of sovereign bonds in its WGBI tonight which is still deemed to be a key event risk for now.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw interest wane due to investors being sidelined amid the momentary uncertainty in the local political scene. Secondary market volume notched a RM511m with transactions seen in about 23 various bonds as overall yields closed mostly mixed-to-lower with some interest seen across the AAA-AA part of the curve. There were surprisingly no govt-guaranteed trades. The AAA-rated PUTRAJAYA and MANJUNG 21's closed 3bps and 59bps lower respectively compared to previous-done levels at 2.19% and 2.24%. The AA-rated YTL saw RM60m in nominal amounts traded between -26 to +5bps; closing within the 2.84-96% range. WESTPORTS saw a slew of 2022-2025 tranches exchange hands with yields sharply lower between 2.50-85%. The banking space was relatively quiet.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	1
5-yr UST	0.27	0
10-yr UST	0.67	0
30-yr UST	1.42	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.94	0	1.99	2
5-yr	2.21	1	2.14	0
7-yr	2.44	-1	2.35	0
10-yr	2.69	3	2.56	-9
15-yr	3.05	-2	3.21	6
20-yr	3.43	3	3.59	0
30-yr	3.98	0	4.10	3

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.94	0
3-yr	2.02	-2
5-yr	2.20	0
7-yr	2.38	0
10-yr	2.68	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 10/20	1.780	365	1.747	22/09/2020	3
MGS 02/21	1.599	50	1.599	22/09/2020	0
MGS 07/21	1.731	273	1.730	22/09/2020	0
MGS 09/21	1.729	114	1.764	22/09/2020	-3
MGS 11/21	1.760	67	1.750	22/09/2020	1
MGS 03/22	1.823	30	1.806	22/09/2020	2
MGS 08/22	1.880	1	1.882	21/09/2020	0
MGS 09/22	1.839	90	1.846	22/09/2020	-1
MGS 03/23	1.940	398	1.943	22/09/2020	0
MGS 08/23	2.019	12	2.012	22/09/2020	1
MGS 07/24	2.184	250	2.134	22/09/2020	5
MGS 09/24	2.206	111	2.157	22/09/2020	5
MGS 03/25	2.207	5	2.174	18/09/2020	3
MGS 09/25	2.204	41	2.202	22/09/2020	0
MGS 07/26	2.340	5	2.278	22/09/2020	6
MGS 11/26	2.344	2	2.353	22/09/2020	-1
MGS 05/27	2.435	88	2.445	22/09/2020	-1
MGS 11/27	2.525	57	2.507	22/09/2020	2
MGS 06/28	2.549	20	2.563	22/09/2020	-1
MGS 08/29	2.692	49	2.660	22/09/2020	3
MGS 04/30	2.744	10	2.739	22/09/2020	1
MGS 06/31	2.894	31	2.864	22/09/2020	3
MGS 04/32	3.033	1	3.032	22/09/2020	0
MGS 04/33	3.138	16	3.122	22/09/2020	2
MGS 07/34	3.047	249	3.066	22/09/2020	-2
MGS 05/35	3.338	1	3.370	22/09/2020	-3
MGS 04/37	3.422	2	3.481	17/09/2020	-6
MGS 06/38	3.521	2	3.501	22/09/2020	2
MGS 05/40	3.433	50	3.406	22/09/2020	3
MGS 09/43	3.938	40	3.911	22/09/2020	3
MGS 07/48	4.047	3	3.987	22/09/2020	6
GII 03/22	1.841	12	1.815	22/09/2020	3
GII 05/23	1.989	162	1.971	22/09/2020	2
GII 03/26	2.279	1	2.245	21/09/2020	3
GII 09/27	2.354	34	2.359	22/09/2020	0
GII 10/28	2.662	16	2.680	22/09/2020	-2
GII 10/30	2.564	100	2.656	22/09/2020	-9
GII 11/34	3.206	60	3.144	21/09/2020	6
GII 09/39	3.589	130	3.590	21/09/2020	0
GII 11/49	4.100	20	4.072	21/09/2020	3
		<u>2966</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*	
Putrajaya Holdings Sdn Berhad	07/21	AAA	2.191	20	2.219	22/09/2020	-3	45
Manjung Island Energy Berhad	11/21	AAA	2.238	10	2.828	15/05/2020	-59	49
Tenaga Nasional Berhad	08/38	AAA	3.609	2	3.519	14/09/2020	9	15
YTL Power International Berhad	06/22	AA1	2.837	10	3.092	10/06/2020	-26	100
YTL Power International Berhad	03/23	AA1	2.918	20	2.995	09/07/2020	-8	108
YTL Power International Berhad	08/23	AA1	2.958	30	2.906	04/09/2020	5	101
Malayan Banking Berhad	10/25	AA1	2.299	150	2.890	12/05/2020	-59	10
Westports Malaysia Sdn Berhad	05/22	AA+	2.497	20	2.541	25/08/2020	-4	66
Westports Malaysia Sdn Berhad	05/23	AA+	2.578	10	4.548	03/04/2018	-197	63
Westports Malaysia Sdn Berhad	05/25	AA+	2.801	30	3.928	27/03/2020	-113	60
Westports Malaysia Sdn Berhad	10/25	AA+	2.849	10	2.848	21/09/2020	0	65
United Growth Berhad	06/22	AA2	2.647	10	3.538	04/12/2019	-89	81
Al-Aqar Capital Sdn Berhad	05/23	AA2	3.097	10	-	-	-	115
Al-Aqar Capital Sdn Berhad	05/23	AA2	3.130	10	3.167	29/07/2020	-4	118
Tadai Energy Sdn Berhad	07/22	AA3	3.162	2	3.205	12/08/2020	-4	132
BGSM Management Sdn Berhad	12/26	AA3	3.043	25	3.449	30/04/2020	-41	69
IJM Corporation Berhad	04/29	AA3	3.679	51	3.939	04/06/2020	-26	107
UEM Sunrise Berhad	03/24	AA-	3.604	10	3.697	03/08/2020	-9	166
Westports Malaysia Sdn Berhad	04/23	AA+	2.568	70	3.077	24/06/2020	-51	62
UEM Sunrise Berhad	12/20	AA-	3.124	10	2.845	18/05/2020	28	138
MMC Corporation Berhad	03/28	AA-	4.135	1	3.868	22/09/2020	27	157
IJM Land Berhad	03/19	A2	4.803	1	4.299	06/08/2020	50	134
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	3.600	1	3.600	14/09/2020	0	92
			<u>511</u>					

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

Market/Corporate News: What's Brewing

Brazilian and Dutch police executed dozens of search warrants on Wednesday as part of a corruption probe into offshore oil rig company Seadrill Ltd and Malaysia's Sapura Energy Bhd, as Brazil's famed 'Car Wash' corruption investigation eyes an increasing number of international firms. In a statement, federal prosecutors in Brazil said they had carried out 25 searches, concentrated in Rio de Janeiro and Sao Paulo, while Dutch police had also carried out searches as part of a parallel investigation into the matter. The prosecutors described the operation as an attempt to deepen ongoing probes into three contracts worth US\$2.7 billion signed between Sapura and State-run oil firm Petrobras in 2011. The contracts, for the construction and charter of three pipe-laying support vessels, known as PLSVs, are still in effect today, prosecutors said. In the statement, prosecutors described an alleged scheme in which Sapura, a joint venture in Brazil between Sapura Energy and Seadrill, allegedly paid bribes worth 1.5% of the contracts it won with Petrobras. Some of that bribe money appeared to have made its way back to two "high-ranking" Sapura Energy executives in Malaysia, prosecutors said, without providing names. Sapura said in a statement it would make itself available to investigators, adding that it did not yet have access to key parts of the investigation. Petroleo Brasileiro SA, as Petrobras is formally known, said it had been recognized by authorities as the victim of graft schemes in recent years, adding that it has always cooperated with investigators and that no searches had been carried out at its headquarters on Wednesday. Seadrill did not immediately respond to a request for comment, nor did Sapura Energy outside of business hours. Since 2014, Brazilian prosecutors have been investigating contracting graft at Petrobras. The probes quickly expanded, leading to charges against hundreds of high-ranking businessmen and politicians throughout Latin America. In recent years, several international companies have come into prosecutors' crosshairs, ranging from Danish shipping giant Maersk to commodity trading behemoths Glencore PLC and Vitol SA. (Source: *The EdgeMarkets*)

The government will implement several initiatives and additional assistance under the RM10 billion Prihatin Supplementary Initiative Package (Kita Prihatin) in line with its efforts to boost economic recovery. Prime Minister Tan Sri Muhyiddin Yassin said the additional package includes the RM7 billion Bantuan Prihatin Nasional 2.0 (BPN 2.0), the RM2.4 billion Wage Subsidy Programme 2.0 and the RM600 million Prihatin Special Grant (GKP) worth RM600 million. He said the Kita Prihatin package targets four main groups, namely the bottom 40% income group (B40) who are married and single; M40 group with family and who are single; local workers in various fields and micro-traders in various fields..“Since the beginning, the government has been focused on being a caring administration — a government that not only understands the problems faced by the people but also acts quickly and effectively to overcome the challenges that threaten the prosperity of the nation. “The government needs to be caring during this time of need for Malaysians, especially given the current challenging period,” he said while announcing the Kita Prihatin package today. The Kita Prihatin package is an extension of previous economic stimulus packages, namely Prihatin, Prihatin SME Plus (for small and medium enterprises) and Penjana worth a total of RM295 billion, or about 20% of the nation’s gross domestic product (GDP), with an additional fiscal injection by the government totalling RM45 billion. Muhyiddin said the decision to provide additional cash handouts under BPN 2.0 is in consideration of the ongoing difficulties faced by the people as industries such as tourism and aviation are taking a longer time to recover from effects of the Covid-19 pandemic. Meanwhile, the implementation of the Wage Subsidy Programme 2.0 aims to provide assistance to employers and employees who are still facing difficulties during the economic recovery period despite signs of a recovery in the job market. “Under the Prihatin and Prihatin SME Plus packages, the government has provided a total allocation of RM15.3 billion to fund the Wage Subsidy Programme for up to 3.3 million workers. “As at Sept 11, 2020, a total of 2.63 million workers and 321,000 employers had benefited from the Wage

Subsidy Programme, involving an expenditure of RM10.4 billion,” he said. The prime minister added that the government had agreed to reopen applications for the GKP from Oct 1 to 31, 2020 to ensure that more micro-businesses — which are eligible but have not yet availed themselves to the GKP — are able to obtain the financial assistance. He said the latest figures from the Department of Statistics Malaysia (DOSM) revealed encouraging developments in economic indicators, such as the unemployment rate, manufacturing index, consumption index and others. “The Ministry of Finance (MoF) will closely monitor measures to empower the people, support businesses and strengthen the economy to ensure the country’s economic recovery continues. “My Cabinet colleagues and I are always open to receiving feedback from the public in order to ensure the effectiveness of the measures implemented by the government in alleviating the people’s burden,” Muhyiddin said. He added that after the announcement of each economic stimulus package, the government will monitor the implementation for areas that can be further strengthened, and continuous improvements are made to ensure that no citizen is left out from receiving assistance. “The amount to be channelled under BPN 2.0 is RM1,000 each to 3.7 million B40 households, RM500 to 3.8 million single people in B40, RM600 to nearly 1.4 million M40 households, and RM300 to 1.7 million singles in the M40 group. “The BPN 2.0 payment will be made in two instalments, the first at the end of October 2020 and the second in January 2021. For the B40 group, the first instalment payment of RM700 will be made this October and the second payment of RM300 in January 2021,” he said. With the announcement, Muhyiddin hopes that the groups involved could feel some relief in meeting their households’ daily expenses. The government on March 27 announced the BPN of RM9.24 billion under the Prihatin Economic Stimulus Package (Prihatin) to ensure that no group would be neglected. Previously, the BPN payment was RM1,600 for those with a monthly household income of RM4,000 or below, RM1,000 for household income of RM4,001 to RM8,000, RM800 for singles earning RM2,000 or below, and RM500 for singles earning RM2,001 to RM4,000 per month. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Pujian Bayu Sdn Bhd	RM200 mil MTN Programme	AA3/Stable	Reaffirmed

Source: RAM, MARC

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