

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

US Treasuries bull-flattened across the curve, with the long-ends way richer following concerns over COVID-19 virus infections which reared its ugly head in many states including Texas and California and Florida. The nation's 7-day daily average data compiled by John Hopkins University reveal a 30% spike in new infections compared to a week ago. Overall benchmark yields ended 0-6bps lower with the UST 2Y unchanged at 0.19% and the much-watched UST 10Y rallying 3bps at 0.68% respectively. The auction of \$47b of 5Y notes attracted above average bids on a BTC ratio of 2.58x (previous 10 average auctions: 2.45x) whilst being awarded at 0.33%. UST's are expected to oscillate between pessimism over fresh COVID-19 virus infections and optimism over the ongoing lifting of lockdowns going forward. Expect focus to shift to the auction of \$41b of 7Y notes tonight and jobless claims report for week ending 20th June.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.19	0
5-yr UST	0.32	-1
10-yr UST	0.68	-3
30-yr UST	1.43	-6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.27	-1	2.34	0
5-yr	2.52	-2	2.52	-1
7-yr	2.71	-1	2.73	-4
10-yr	2.89	-1	2.88	-2
15-yr	3.31	-2	3.43	0
20-yr	3.61	0	3.68	0
30-yr	4.01	0	4.05	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.12	-3
3-yr	2.16	-1
5-yr	2.37	1
7-yr	2.55	1
10-yr	2.72	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GIII

- Local govovies ended stronger amid decent secondary market volume of RM3.06b; following weak inflation data of -2.9% YOY in May. Overall benchmark MGS/GII yields closed mostly lower between 1-4bps save for the longer bonds which were either untraded or unchanged denoting a lack of investor interest. Trades were mainly centred in the belly i.e. the 25-26's and also 5Y benchmark MGS/GII bonds. The benchmark 5Y MGS 9/25 closed 2bps lower at 2.52% whilst the 10Y MGS 8/29 edged 1bps at 2.89%. GII bond trades eased slightly to form ~44% of overall trades. Meanwhile the nation's debt level could hit the statutory limit of 55% of GDP this year; from 52% currently following a series of economic stimulus packages due to the economic downturn. There is very little on the data front with June PMI data and May export numbers expected out next week.

Corp Bonds/Sukuk

- Investor interest was seen slightly softer amid lower secondary market of RM454m with transactions across the GG-AA-part of the curve as overall yields closed mostly mixed-to-lower. Govt-guaranteed DANA dominated with the 2024-2027 tranches closing between 1-3bps lower compared to previous-done levels between 2.68-3.00% whilst the 10/27 and 2/29 tranche rose spiked between 3-10bps instead at 3.11% and 3.19% each. TELEKOM 6/22 closed 22bps lower at 2.79% whereas the 6/24 and 10/24 tranches moved opposite direction yield-wise to end between 2.98-3.00% area. AA-rated toll-operator DUKE3 saw its 8/28 tranche spike 20bps at 4.39%. Energy-related bonds YTL Power 5/27 closed 5bps higher at 3.62% whilst TBEI 3/31 ended 4bps lower at 3.69%. Nevertheless the banking space was relatively quiet.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 10/20	1.999	85	2.027	23/06/2020	-3
MGS 02/21	2.001	10	2.022	23/06/2020	-2
MGS 07/21	2.040	5	2.040	23/06/2020	0
MGS 09/21	2.052	1	2.041	23/06/2020	1
MGS 11/21	2.085	90	2.088	23/06/2020	0
MGS 03/22	2.188	293	2.164	23/06/2020	2
MGS 08/22	2.232	34	2.245	23/06/2020	-1
MGS 09/22	2.240	83	2.246	23/06/2020	-1
MGS 03/23	2.271	87	2.283	23/06/2020	-1
MGS 08/23	2.369	39	2.369	23/06/2020	0
MGS 06/24	2.453	89	2.475	23/06/2020	-2
MGS 09/24	2.491	52	2.503	22/06/2020	-1
MGS 03/25	2.548	4	2.564	23/06/2020	-2
MGS 09/25	2.515	251	2.535	23/06/2020	-2
MGS 04/26	2.705	30	2.687	23/06/2020	2
MGS 07/26	2.693	181	2.706	23/06/2020	-1
MGS 11/26	2.699	10	2.706	23/06/2020	-1
MGS 03/27	2.810	1	2.728	23/06/2020	8
MGS 05/27	2.713	60	2.723	22/06/2020	-1
MGS 11/27	2.841	3	2.832	23/06/2020	1
MGS 06/28	2.912	5	2.906	23/06/2020	1
MGS 09/28	2.981	60	2.952	11/06/2020	3
MGS 08/29	2.888	130	2.895	23/06/2020	-1
MGS 04/30	3.022	94	3.021	23/06/2020	0
MGS 06/31	3.129	3	3.145	23/06/2020	-2
MGS 11/33	3.339	4	3.359	22/06/2020	-2
MGS 07/34	3.308	3	3.325	22/06/2020	-2
MGS 07/48	4.010	1	4.024	22/06/2020	-1
GII 08/20	2.001	50	2.000	23/06/2020	0
GII 05/23	2.336	40	2.340	23/06/2020	0
GII 11/23	2.412	63	2.410	23/06/2020	0
GII 08/24	2.509	20	2.547	23/06/2020	-4
GII 10/24	2.520	190	2.528	23/06/2020	-1
GII 08/25	2.580	210	2.601	23/06/2020	-2
GII 03/26	2.670	177	2.680	23/06/2020	-1
GII 09/26	2.707	37	2.749	23/06/2020	-4
GII 07/27	2.771	130	2.809	23/06/2020	-4
GII 09/27	2.734	110	2.772	23/06/2020	-4
GII 10/28	2.921	141	2.928	23/06/2020	-1
GII 07/29	2.986	95	2.983	23/06/2020	0
GII 09/30	2.992	20	2.994	23/06/2020	0
GII 10/30	2.883	46	2.900	22/06/2020	-2
GII 06/33	3.303	20	3.472	23/06/2020	-17
		<u>3057</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*
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	2.803	20	2.799	22/06/2020	0	35
DanaInfra Nasional Berhad	11/24	GG	2.683	25	2.703	18/06/2020	-2	23
DanaInfra Nasional Berhad	11/25	GG	2.769	10	2.799	05/06/2020	-3	25
DanaInfra Nasional Berhad	11/25	GG	2.768	20	2.776	19/06/2020	-1	25
DanaInfra Nasional Berhad	07/27	GG	3.001	20	3.026	17/06/2020	-2	28
Khazanah Nasional Berhad	10/27	GG	3.107	10	3.076	24/04/2020	3	39
DanaInfra Nasional Berhad	02/29	GG	3.190	20	3.090	29/05/2020	10	32
Telekom Malaysia Berhad	06/22	AAA	2.786	5	3.007	22/04/2020	-22	59
Ranhill Powertron II Sdn Berhad	06/23	AAA	3.246	20	4.782	02/07/2018	-154	96
Pengurusan Air SPV Berhad	06/24	AAA	3.021	10	3.047	28/02/2020	-3	57
Telekom Malaysia Berhad	06/24	AAA	2.979	5	2.940	13/05/2020	4	53
Telekom Malaysia Berhad	10/24	AAA	3.000	10	3.019	16/06/2020	-2	55
Pengurusan Air SPV Berhad	06/27	AAA	3.282	20	3.299	11/06/2020	-2	56
Aman Sukuk Berhad	07/27	AAA	3.259	10	3.259	11/06/2020	0	54
Pengurusan Air SPV Berhad	02/29	AAA	3.378	20	4.038	27/03/2020	-66	51
Rantau Abang Capital Berhad	03/29	AAA	3.354	10	3.355	23/06/2020	0	49
TNB Northern Energy Berhad	05/33	AAA	3.619	10	3.571	15/05/2020	5	30
Tenaga Nasional Berhad	08/37	AAA	3.689	30	3.718	19/06/2020	-3	37
Teknologi Tenaga Perlis Consortium Sdn Berhad	07/22	AA1	2.985	5	3.416	06/02/2020	-43	79
YTL Corporation Berhad	04/23	AA1	3.288	10	3.266	11/06/2020	2	101
UniTapah Sdn Berhad	06/23	AA1	3.215	10	4.431	30/08/2018	-122	93
YTL Corporation Berhad	11/26	AA1	3.569	10	3.618	28/04/2020	-5	92
YTL Power International Berhad	05/27	AA1	3.618	20	3.569	02/06/2020	5	90
Westports Malaysia Sdn Berhad	04/23	AA+	3.077	10	3.816	01/08/2019	-74	80
Danajamin Nasional Berhad	10/27	AA+	3.213	10	3.177	02/06/2020	4	49
Tanjung Bin Power Sdn Berhad	08/28	AA2	3.657	10	3.829	04/02/2020	-17	83
Bandar Serai Development Sdn Berhad	10/20	AA3	2.842	3	2.963	09/04/2020	-12	81
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/28	AA-	4.390	10	4.190	14/02/2020	20	156
Tanjung Bin Energy Issuer Berhad	03/31	AA3	3.688	10	3.728	19/06/2020	-4	80
Tadua Energy Sdn Berhad	07/31	AA3	4.558	10	5.022	20/06/2019	-46	167
Quantum Solar Park (Semenanjung) Sdn Berhad	10/33	A+	5.279	20	6.182	22/07/2019	-90	196
Quantum Solar Park (Semenanjung) Sdn Berhad	04/34	A+	5.319	10	-	-	-	200
Quantum Solar Park (Semenanjung) Sdn Berhad	10/34	A+	5.359	10	-	-	-	204
Tan Chong Motor Holdings Berhad	11/21	A1	3.947	1	3.620	11/06/2020	33	191
Quantum Solar Park (Semenanjung) Sdn Berhad	04/33	A+	5.229	20	5.630	22/04/2020	-40	191
				<u>454</u>				

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

Market/Corporate News: What's Brewing

Gamuda Bhd's net profit for its third financial quarter ended April 30, 2020 (3QFY20) slumped 77.14% to RM40.23 million from RM175.99 million a year earlier, as its Malaysian operations were affected by the movement control order (MCO) imposed during the final six weeks of the quarter. Earnings per share fell to 1.6 sen from 7.13 sen in 3QFY19, the group's filing with Bursa Malaysia showed. Gamuda said the MCO, imposed on March 18 to halt the spread of the Covid-19 pandemic, caused work stoppages and reduced traffic volume across its four expressways, as a result of which the group recorded its lowest quarterly revenue since 1QFY17. Following this, the group decided that no dividend will be paid for the quarter. It had paid out a dividend of six sen per share for 1QFY20 and has consistently paid 12 sen dividend for every financial year since FY09. Gamuda's revenue for 3QFY20 fell 46.96% to RM549.9 million from RM1.04 billion in the year-ago quarter. While property sales in Malaysia fell 58% to RM90 million from RM215 million due to the MCO, the saving grace was the overseas market, which contributed two-thirds of overall property sales in the quarter, the group said. Gamuda's property sales continued to do well in Vietnam while it also managed to sell one-third or S\$219 million worth of its latest Singapore property project, OLA Residences, during its maiden launch in March. The dismal quarterly performance dragged Gamuda's net profit for the nine-month period ended April 30, 2020 down 25.36% to RM389.02 million from RM521.17 million in the previous corresponding period. Similarly, cumulative revenue fell 10.74% to RM2.74 billion from RM3.07 billion. Gamuda said the progress of the MRT Putrajaya Line (Line 2) was picking up pace, while the group's property division and expressways were delivering steady results up until the imposition of MCO in mid-

March. “Gamuda Land sold RM1.2 billion worth of properties for the first nine months of this year, lower than the RM2 billion sales for the same period last year,” it added. MRT2, overseas property sales to support FY20 performance. On prospects, Gamuda pointed to the COVID-19 uncertainties and low oil prices as potential headwinds, with the latter expected to weigh on the Government’s plans for infrastructure development. “It is anticipated that current year’s performance will be driven by overseas property sales especially Vietnam and the continued progress of MRT Line 2,” the group said. Gamuda said the completion of MRT2 is still expected to be within the contractual dates despite the delays caused by the MCO. “Moving forward, the resilience of the group is underpinned by its construction order book of RM7 billion and unbilled property sales totalling RM3 billion which will see it through the next two years. On top of that, the group has a healthy balance sheet with a prudent gearing of 0.4 times,” it added. On local property sales, Gamuda said it has launched the online deals platform to extend market reach following the new norm, with its showrooms reactivated since May. The group has eight on-going property projects across Malaysia. (Source: *The Edgemarkets*)

Utility giant Tenaga Nasional Bhd (TNB) today inked three large-scale solar (LSS) Photovoltaic Power Purchase Agreements (PPAs) with three special purpose companies (SPCs) to build transmission connected LSS projects, which have a total capacity of 290.88 megawatts of alternating current (MWAC). The new agreements are in relation to the LSS Phase 3 (LSS3) competitive bidding exercise organised by Suruhanjaya Tenaga in the first quarter of 2019 to develop, among others, the transmission connected LSS projects. The three SPCs are Cypark Suria Merchang Sdn Bhd, Solarpack Suria Sungai Petani Sdn Bhd, and LSS3 Pekan Sdn Bhd, according to a filing with Bursa Malaysia today. The first project with a capacity of 100 MWAC, which was awarded to Cypark Suria Merchang — an SPC set up by Cypark Resources Bhd and Impian Bumiria Sdn Bhd — and is located in Marang, Terengganu. Meanwhile, the second project which has a capacity of 90.88 MWAC, was bagged by Solarpack Suria Sungai Petani that was set up by JKH Renewables Sdn Bhd and Solarpack Asia Sdn Bhd, and is located in Kuala Muda, Kedah. The final project, which has a capacity of 100 MWAC, which was awarded to LSS3 Pekan Sdn Bhd — set up by Konsortium Beseri Jaya Sdn Bhd and Hanwha Energy Corp Singapore Pte Ltd — is located in Pekan, Pahang. All three projects’ commercial operation is scheduled to be from Dec 31, 2021. “Each of the SPCs will design, construct, own, operate and maintain a solar photovoltaic energy generating facility with the approved capacity at its proposed location,” said TNB. “The PPAs govern the obligations of the parties to sell and purchase the energy generated by the facility for a period of 21 years from the commercial operation date in accordance with the agreed terms and conditions as stipulated in the PPAs,” TNB added. Shares of TNB closed 14 sen or 1.18% lower at RM11.74, valuing the company at RM66.97 billion.. (Source: *The Edgemarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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