

**Global Markets Research**
**Fixed Income**
**Fixed Income Daily Market Snapshot**
**US Treasuries**

- US Treasuries closed mixed in a directionless session last Friday as the strength in the 10Y which triggered some profit-taking across was followed by the safe-haven appeal of bonds due to rising US-China tensions. Overall benchmark yields ended mostly between -0.5to +1bps of prior day's session with the UST 2Y almost unchanged at 0.15% and the much-watched UST 10Y edging 1bps lower at 0.59%. It is noted that US banks have actively accumulated substantial amounts of UST's and also Repo; possibly due to the macroeconomic uncertainty and quick Fed balance sheet expansion; boosting demand for safe assets. Nevertheless, UST's have been seen to have plied through narrow ranges of late with attention now expected to shift to the Fed's MPC meeting and its accompanying statement scheduled for 30<sup>th</sup> July.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	0
5-yr UST	0.28	0
10-yr UST	0.59	1
30-yr UST	1.23	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.97	0	2.01	0
5-yr	2.12	2	2.09	0
7-yr	2.31	-1	2.37	0
10-yr	2.60	0	2.60	-1
15-yr	2.97	-1	3.05	1
20-yr	3.18	-3	3.32	-2
30-yr	3.57	-4	3.69	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.89	0
3-yr	1.93	-1
5-yr	2.09	-1
7-yr	2.35	0
10-yr	2.55	5

Source : Bloomberg

**Upcoming Government Bond Tender**

Nil

**MGS/GII**

- Local govies continued to see positive sentiment especially in the longer-ends last Friday amid a strong secondary market volume of RM4.32b as overall benchmark yields ended mostly unchanged-to-lower between 0-4bps save for the 5Y and 15Y MGS/GII bonds. Interest was mainly seen in the off-the-run 20's and also 5-15Y benchmark MGS. The benchmark 5Y MGS 9/25 bucked the trend; rising 2bps at 2.12% whilst the 10Y MGS 8/29 yields closed unchanged at 2.60%. GII bond trades dropped to form a mere ~16% of overall trades. Separately positive negotiations between the government and Goldman Sachs pertaining to the recovery of about USD3.9b boosted provided some relief and boosted confidence. Meanwhile Moody's which completed a periodic review of the nation has maintained its issuer rating of A3

**Corp Bonds/Sukuk**

- Investor interest remained decent last Friday amid secondary market volume of RM616m; with transactions mainly seen across the curve (i.e GG to single-A). Overall yields continued to close mostly lower. The longer-end PLUS 1/38 which rallied prior day; rose 2bps instead compared to previous-done levels at 3.58% whilst DANA 25's declined 40-62bps between 2.33-35%. AAA-rated AMAN 7/22 and 4/27 also saw yields fall sharply to 2.51% and 2.85% respectively whilst the longer-end SEB 35-36's moved 5-21bps lower at 3.45-47% area. The AA-space saw energy-related bonds EDRA 1/27 close 5bps lower at 3.37% whereas JEP 6/24 ended 145bps sharply lower at 3.13%. The banking space was active with AFFIN Bank 27NC22 closing unchanged at 3.16% whereas AFFIN Islamic Bank 28NC2349bps moved 49bps lower at 3.41%; both notching RM135m in nominal trades.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 08/20	0.916	118	1.267	22/07/2020	-35
MGS 10/20	1.748	459	1.772	23/07/2020	-2
MGS 07/21	1.782	1	1.732	23/07/2020	5
MGS 11/21	1.798	54	1.808	23/07/2020	-1
MGS 03/22	1.860	25	1.867	23/07/2020	-1
MGS 08/22	1.918	50	1.930	23/07/2020	-1
MGS 09/22	1.864	2	1.919	23/07/2020	-5
MGS 03/23	1.972	29	1.973	23/07/2020	0
MGS 04/23	2.000	166	1.993	23/07/2020	1
MGS 06/24	2.063	5	2.064	23/07/2020	0
MGS 07/24	2.054	44	2.050	23/07/2020	0
MGS 09/25	2.116	405	2.101	23/07/2020	2
MGS 07/26	2.234	3	2.235	23/07/2020	0
MGS 11/26	2.249	601	2.253	23/07/2020	0
MGS 05/27	2.312	462	2.317	23/07/2020	-1
MGS 11/27	2.340	90	2.355	23/07/2020	-2
MGS 06/28	2.496	32	2.482	23/07/2020	1
MGS 08/29	2.600	346	2.601	23/07/2020	0
MGS 04/30	2.675	40	2.699	22/07/2020	-2
MGS 04/33	3.024	12	3.020	23/07/2020	0
MGS 07/34	2.974	333	2.980	23/07/2020	-1
MGS 06/38	3.357	78	3.351	23/07/2020	1
MGS 05/40	3.176	95	3.208	23/07/2020	-3
MGS 09/43	3.657	3	3.677	23/07/2020	-2
MGS 03/46	3.689	1	3.742	23/07/2020	-5
MGS 07/48	3.710	40	3.711	23/07/2020	0
MGS 06/50	3.572	154	3.609	23/07/2020	-4
GII 08/20	1.754	60	1.749	23/07/2020	0
GII 11/20	1.739	40	2.039	26/06/2020	-30
GII 04/21	1.802	5	1.783	23/07/2020	2
GII 03/22	1.903	1	1.905	21/07/2020	0
GII 03/26	2.236	1	2.239	23/07/2020	0
GII 09/26	2.297	6	2.275	23/07/2020	2
GII 10/28	2.593	75	2.622	22/07/2020	-3
GII 07/29	2.675	161	2.682	23/07/2020	-1
GII 10/30	2.602	8	2.612	23/07/2020	-1
GII 06/33	3.073	10	3.048	23/07/2020	2
GII 11/34	3.045	81	3.033	23/07/2020	1
GII 08/37	3.351	80	3.358	23/07/2020	-1
GII 09/39	3.316	130	3.333	23/07/2020	-2
GII 11/49	3.692	20	3.694	23/07/2020	0
		<u>4327</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*	
Danainfra Nasional Berhad	02/25	GG	2.327	10	2.722	18/06/2020	-40	20
Danainfra Nasional Berhad	05/25	GG	2.346	10	2.962	21/02/2020	-62	22
Danainfra Nasional Berhad	02/26	GG	2.437	20	2.828	18/06/2020	-39	18
Prasarana Malaysia Berhad	02/27	GG	2.597	10	2.570	22/07/2020	3	27
Danainfra Nasional Berhad	11/29	GG	2.800	25	2.850	21/07/2020	-5	24
Danainfra Nasional Berhad	03/32	GG	3.028	10	3.130	09/07/2020	-10	42
Danainfra Nasional Berhad	04/35	GG	3.249	5	3.867	22/04/2020	-62	26
Prasarana Malaysia Berhad	09/37	GG	3.450	15	3.500	23/07/2020	-5	46
Projek Lebuhraya Usahasama Berhad	01/38	GG	3.580	40	3.559	23/07/2020	2	59
Cagamas Berhad	11/20	AAA	2.031	5	2.451	19/06/2020	-42	24
GENM Capital Berhad	03/22	AAA	3.499	5	4.282	10/06/2020	-78	161
Aman Sukuk Berhad	07/22	AAA	2.511	15	2.822	21/05/2020	-31	62
GENM Capital Berhad	07/23	AAA	3.983	1	3.706	20/07/2020	28	201
DiGi Telecommunications Sdn Berhad	09/26	AAA	2.668	10	3.148	25/06/2020	-48	41
Sarawak Energy Berhad	01/27	AAA	2.807	20	2.881	23/07/2020	-7	55
Aman Sukuk Berhad	04/27	AAA	2.848	10	3.271	16/03/2020	-42	52
Danum Capital Berhad	05/27	AAA	2.790	2	2.785	23/07/2020	0	46
Manjung Island Energy Berhad	11/27	AAA	2.769	10	2.989	08/07/2020	-22	44
Pengurusan Air SPV Berhad	06/29	AAA	2.980	10	3.000	23/07/2020	-2	42
Genting RMTN Berhad	11/34	AAA	4.144	1	4.152	15/06/2020	-1	116
Sarawak Energy Berhad	08/35	AAA	3.449	20	3.658	24/06/2020	-21	46
Sarawak Energy Berhad	04/36	AAA	3.468	10	3.519	20/07/2020	-5	48
YTL Corporation Berhad	07/30	AA1	3.590	13	-	-	-	98
Imtiaz Sukuk II Berhad	05/22	AA2	2.712	45	3.644	18/11/2019	-93	82
Country Garden Real Estate Sdn Berhad	03/21	AA3	3.101	5	3.576	29/04/2020	-48	131
Press Metal Aluminium Holdings Berhad	10/24	AA3	3.369	4	3.777	29/04/2020	-41	130
Edra Energy Sdn Berhad	01/27	AA3	3.374	30	3.426	22/07/2020	-5	112
UEM Sunrise Berhad	05/21	AA-	3.267	5	3.650	15/05/2020	-38	148
Jimah East Power Sdn Berhad	06/24	AA-	3.130	5	4.575	23/01/2019	-145	107
Bank Islam Malaysia Berhad	12/25	A1	2.694	30	2.777	21/07/2020	-8	57
Affin Bank Berhad	02/27	A1	3.160	115	3.160	21/07/2020	0	83
Affin Islamic Bank Berhad	10/28	A1	3.407	20	3.898	05/06/2020	-49	91
Bank Islam Malaysia Berhad	03/30	A1	3.429	20	3.668	15/05/2020	-24	82
CIMB Group Holdings Berhad	05/16	A1	3.488	1	3.494	22/07/2020	-1	30
Tropicana Corporation Berhad	05/27	A+	5.691	40	5.738	09/07/2020	-5	336
UEM Sunrise Berhad	05/23	AA-	3.638	20	3.536	22/04/2020	10	166
				<u>616</u>				

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

### Market/Corporate News: What's Brewing

**The Northern Corridor Implementation Authority (NCIA) has established cooperation with seven private companies operating in Perak that will invest over RM1 billion more in the State.** Menteri Besar, Datuk Seri Ahmad Faizal Azumu said the cooperation would create more than 700 job opportunities, hence increasing the income of people in the State. He said the Perak government was taking proactive measures to boost the State's economy through strategic development, investment stimuli and programmes to empower the people in battling the impact of the COVID-19 pandemic. "The State Government always collaborates with the NCIA in carrying out various initiatives towards creating employment opportunities and in reviving the economy that has been adversely affected by the pandemic. "As a regional development authority also tackling the impact of the COVID-19 pandemic, the NCIA has come up with a strategic, three-pronged approach of focusing on strategic infrastructure development, accelerating private investment growth and empowering the people." Ahmad Faizal said this to reporters after witnessing the exchange of signed documents on the Perak State Investment Commitment between the seven companies and NCIA at Bangunan Perak Darul Ridzuan, here, today. Also present was NCIA chief executive officer, Datuk Seri Jebasingam Issace John. The Menteri Besar said these seven companies investing in Perak had long-term plans as they saw the potential of expanding their business in the State. The companies are Lumut Maritime Terminal Sdn Bhd, PHN Industry Sdn Bhd, Manjung Naluri Sdn Bhd, Mata Aerotech Sdn Bhd, Unisem Advanced Technologies Sdn Bhd, ExcelVite Sdn Bhd and Gading Kencana Sdn Bhd. "All companies across the country have been affected by the COVID-19 pandemic, but these (seven) companies surely have considered all aspects before deciding to sign the document of commitment to further invest in Perak," Ahmad Faizal said. (Source: *The Star/Bernama*)

**Khazanah Nasional Bhd has stressed that a merger between Malaysia Airlines Bhd (MAS) and low-cost airline AirAsia would be difficult to carry out.** Khazanah managing director Datuk Shahril Ridza Ridzuan (pic below) said the different business model and work culture of the two entities would make a merger between the two an unlikely option. "Malaysia requires both low-cost operators as well as a higher-value operator like MAS to co-exist, because you need to address multiple segments of the market. "So I think for the long-term strategy of Malaysia, (it is) important to provide enough choice, not only for Malaysians to fly, but for international travellers to come to the country (as well), " he said on TV3's Money Matters programme on Saturday. Khazanah Nasional fully owns MAS. Shahril had reportedly said earlier that the sovereign wealth fund was waiting for the Malaysia Airlines management to come up with a recovery plan. – Bernama. (Source: *The Edgemarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Gas Malaysia Distribution Sdn Bhd	Proposed Islamic Medium-Term Notes (IMTN) programme and Islamic Commercial Papers (ICP) programme with a combined limit of up to RM1.0 billion.	AAA IS/MARC-1 IS	Assigned
Projek Lebuhraya Usahasama Berhad (PLUS)	RM23.35 billion Sukuk Musharakah Programme.	AAA IS/Developing	Extended MARC Watch Developing status

Source: RAM, MARC

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