

Global Markets Research
Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	0
5-yr UST	0.29	-1
10-yr UST	0.69	0
30-yr UST	1.41	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.81	1	1.79	1
5-yr	2.08	1	2.02	1
7-yr	2.29	5	2.30	0
10-yr	2.57	6	2.52	-1
15-yr	3.04	11	3.06	9
20-yr	3.37	10	3.34	4
30-yr	3.65	11	3.65	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.88	3
3-yr	1.94	4
5-yr	2.15	5
7-yr	2.33	4
10-yr	2.55	4

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot
US Treasuries

- US Treasuries remained under pressure as extended risk-on sentiments continued driving stocks to record levels at the expense of safer government bonds. Overall yields however ended little changed as the UST pared some losses towards the later part of the trading day. 10Y note yields pulled back from as high as 0.72% to 0.69% at close, up just 1bp while the 2s remained flattish at 0.15%. The 5Y was the contrarian for the day amid a debt sale. The 5Y note auction attracted a BTC of 2.71x, higher than prior's 2.32x at a slightly higher yield of 0.298% (prior 0.288%) while the reopening sale of 2Y FRN drew a much weaker BTC of 2.85x (prior 3.29x) at 0.055%. All eyes will be on Powell's speech at the annual Jackson Hole Symposium tonight, which will likely overshadow second reading of US 2Q GDP and weekly jobless claims numbers.

MGS/GII

- Trading activities in local govies turned in more robust with secondary market volume picking up further to RM3.91bn (prior RM3.66bn) with focus shifted back to the benchies. Selling at the long end prompted the curve to bear steepen. The long end (15Y-30Y MGS) saw yields gapping up by 10-11bps whilst the 10Y and below benchmarks saw more moderate increase of 1-6bps. Benchmark 5Y MGS 9/25 yields edged up by just one basis point at 2.08% while the 10Y MGS 8/29 yields closed 6bps higher at 2.57%. GII trades rose substantially to form 59% of overall trade, spurred by the reopening of GII 11/34 which garnered a subdued BTC of 1.423x at an average yield of 3.03%. Expect the local bond scene to remain cautious ahead of Fed Chair Powell's speech tonight.

Corp Bonds/Sukuk

- Mirroring the traction in local govies, corporate bonds/ sukuk saw sustained interests with secondary market transaction printing RM836m (prior RM851m). Trading interests continued to focus on the GG to AA-rated part of the curve with yields settling largely flat to lower. AA-rated PKNS '23 hogged the limelight with a whopping RM200m changed hands at 3.699% (+42bps). Within the government-guaranteed spectrum, various tenors of DANAINFRA '26-'27 saw a combined RM170m transacted between 2.31-2.46% (0 to -57bps). LPPSA '25 also attracted substantial interest of RM85m that traded 4bps inner at 2.29%. In the AAA-rated space, energy names like SEB and TENAGA took center stage, in addition to popular names like Danga and Aman Sukuk. IRS were seen climbing 3-5bps higher across the curve.

Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 10/20	1.552	141	1.690	25/08/2020	-14
MGS 09/21	1.685	0	1.674	25/08/2020	1
MGS 03/22	1.703	1	1.735	25/08/2020	-3
MGS 09/22	1.787	210	1.754	25/08/2020	3
MGS 03/23	1.814	100	1.806	25/08/2020	1
MGS 04/23	1.819	1	1.821	25/08/2020	0
MGS 06/24	2.006	121	2.010	25/08/2020	0
MGS 07/24	2.052	6	2.023	25/08/2020	3
MGS 09/24	2.030	30	2.020	25/08/2020	1
MGS 09/25	2.078	59	2.070	25/08/2020	1
MGS 07/26	2.216	108	2.216	25/08/2020	0
MGS 05/27	2.289	27	2.236	25/08/2020	5
MGS 11/27	2.347	39	2.326	25/08/2020	2
MGS 06/28	2.520	37	2.474	25/08/2020	5
MGS 08/29	2.566	153	2.508	25/08/2020	6
MGS 04/30	2.548	0	2.543	25/08/2020	0
MGS 06/31	2.696	2	2.689	25/08/2020	1
MGS 04/33	3.002	10	2.976	25/08/2020	3
MGS 11/33	3.116	10	2.990	24/08/2020	13
MGS 07/34	3.037	353	2.923	25/08/2020	11
MGS 04/37	3.260	4	3.305	25/08/2020	-5
MGS 05/40	3.373	190	3.273	21/08/2020	10
MGS 09/43	3.703	0	3.641	18/08/2020	6
MGS 03/46	3.677	0	3.658	25/08/2020	2
MGS 07/48	3.782	0	3.706	24/08/2020	8
MGS 06/50	3.650	0	3.536	25/08/2020	11
GII 03/21	1.650	50	1.723	18/08/2020	-7
GII 04/21	1.655	180	1.654	25/08/2020	0
GII 04/22	1.725	0	1.707	24/08/2020	2
GII 05/23	1.793	49	1.787	25/08/2020	1
GII 10/24	2.019	30	2.013	25/08/2020	1
GII 06/27	2.350	30	2.323	25/08/2020	3
GII 07/27	2.350	30	2.314	25/08/2020	4
GII 09/27	2.303	60	2.308	25/08/2020	0
GII 08/28	2.516	10	2.453	25/08/2020	6
GII 10/28	2.530	180	2.499	25/08/2020	3
GII 10/30	2.515	100	2.528	25/08/2020	-1
GII 06/33	3.001	40	3.000	25/08/2020	0
GII 08/33	3.003	80	3.013	25/08/2020	-1
GII 11/34	3.061	1390	2.968	25/08/2020	9
GII 09/39	3.339	80	3.300	25/08/2020	4
		<u>3914</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*
Lembaga Pembiayaan Perumahan Sektor Awam	10/25	GG	2.290	85	2.331	11/08/2020	-4	25
DanaInfra Nasional Berhad	04/26	GG	2.310	105	2.449	28/07/2020	-14	12
DanaInfra Nasional Berhad	10/26	GG	2.350	10	2.376	18/08/2020	-3	16
DanaInfra Nasional Berhad	11/26	GG	2.351	30	2.921	27/05/2020	-57	16
DanaInfra Nasional Berhad	03/27	GG	2.409	5	2.452	06/08/2020	-4	18
DanaInfra Nasional Berhad	07/27	GG	2.460	20	2.458	18/08/2020	0	23
Projek Lebuhraya Usahasama Berhad	01/38	GG	3.400	1	3.400	25/08/2020	0	47
Perbadanan Tabung Pendidikan Tinggi Nasional	07/41	GG	3.550	10	3.776	09/06/2020	-23	29
Prasarana Malaysia Berhad	02/50	GG	3.759	30	4.040	07/07/2020	-28	50
Pengurusan Air SPV Berhad	02/26	AAA	2.603	60	3.075	06/07/2020	-47	41
Sarawak Energy Berhad	01/27	AAA	2.702	10	2.670	13/08/2020	3	51
GENM Capital Berhad	03/27	AAA	4.953	0	3.352	07/08/2020	160	272
Aman Sukuk Berhad	04/27	AAA	2.763	40	2.848	24/07/2020	-9	53
Danga Capital Berhad	01/33	AAA	3.109	20	3.109	19/08/2020	0	59
Danga Capital Berhad	09/33	AAA	3.154	20	3.149	19/08/2020	0	22
Tenaga Nasional Berhad	08/35	AAA	3.260	10	3.259	18/08/2020	0	33
Sarawak Energy Berhad	04/36	AAA	3.320	20	3.468	24/07/2020	-15	39
Tenaga Nasional Berhad	08/38	AAA	3.418	3	3.419	14/08/2020	0	15
Tenaga Nasional Berhad	08/40	AAA	3.500	2	3.500	24/08/2020	0	24
Sabah Credit Corporation	05/22	AA1	2.637	30	2.613	25/08/2020	2	88
Encorp Systembilt Sdn Berhad	05/28	AA1	3.050	15	3.990	15/04/2020	-94	66
United Overseas Bank (Malaysia) Berhad	08/30	AA1	2.651	0	2.721	25/08/2020	-7	14
Benih Restu Berhad	06/25	AA2	3.032	30	3.030	25/08/2020	0	99
Perbadanan Kemajuan Negeri Selangor	05/23	AA3	3.699	200	3.284	14/08/2020	42	189
Press Metal Aluminium Holdings Berhad	08/25	AA3	3.951	0	3.991	25/08/2020	-4	191
Pelabuhan Tanjung Pelepas Sdn Berhad	06/30	AA-	3.582	30	3.569	05/08/2020	1	107
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/39	AA-	5.080	15	5.080	25/08/2020	0	182
WCT Holdings Berhad	03/19	A	5.859	19	5.860	25/08/2020	0	260
WCT Holdings Berhad	09/19	A	5.768	9	5.770	25/08/2020	0	250
YNH Property Berhad	07/19	-	6.684	0	6.177	25/08/2020	51	342
Eco World Capital Assets Berhad	08/24	-	5.665	6	5.681	18/08/2020	-2	-
Tropicana Corporation Berhad	09/19	-	5.837	1	6.283	24/08/2020	-45	-
				<u>836</u>				

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

Market/Corporate News: What's Brewing

AirAsia X Bhd's (AAX) net loss for the second quarter ended June 30, 2020 (2QFY20) widened to RM305.24 million, 47.4% more than the RM207.11 million it recorded a year ago as the airline bore the full brunt of travel restrictions implemented to curb the Covid-19 pandemic. AAX sees more turbulence ahead due to uncertainties surrounding the lifting of travel restrictions, which have grounded most of its aircraft fleet. The low-cost carrier revealed that its severe liquidity constraints persisted. "In the short term the company will need to seek agreement with major creditors to restructure outstanding liabilities, which have accrued during the period since the start of the Covid-19 pandemic, in order to continue as a going concern," AAX said in its quarterly financial result announcement. Meanwhile, the carrier continues to seek payment deferrals and concessions from its suppliers, lessors and lenders. "Further payroll reductions will be implemented in the next month to reflect the significantly lower level of operations both at the current time, and also when the company is able to start operating again," it added. However, the quarter's performance was an improvement over the preceding quarter's in which the long-haul low-cost carrier posted its largest-ever net loss of RM549.7 million due to large foreign exchange losses and losses from the hedges against higher crude oil prices. Quarterly revenue shrank to barely RM91.44 million compared with the RM1.01 billion reported a year ago as AAX operated only 16 scheduled flights throughout the three months versus 4,824 a year ago. Its total cash balance contracted almost 30% to RM252.04 million from RM357.96 million at the end of last year. Deducting pledged deposits, its cash pile stood at RM211.94 million, a drop from RM307.85 million previously. The airline's current liabilities ballooned by nearly 31% to RM3.38 billion from RM2.58 billion as at end-2019. The spike in its current liabilities was mainly attributed to trade and other payables, which rose to RM1.31 billion from RM823.81 million. "AAX will not be able to restart scheduled operations until

international borders reopen and, in recognition of the current degree of uncertainty and the timing of the lifting of restrictions, the company has stopped selling tickets for future travel dates," said the carrier. Shares in AAX closed unchanged at 6.5 sen today, giving the airline a market capitalisation of RM269.63 million. Year-to-date, the counter has plummeted by more than half from 15.5 sen. . (Source: *The EdgeMarkets*)

Sime Darby Property Bhd reported today a second quarter net loss of RM81.77 million versus net profit a year earlier and in the preceding quarter as all three business segments of the company registered losses due to the disruption caused by the Covid-19 pandemic. In a statement to Bursa Malaysia today, Sime Darby Property said group revenue fell to RM288.23 million in the second quarter ended June 30, 2020 (2QFY20) from RM865.9 million a year earlier. "The Covid-19 pandemic in Malaysia put the country in an almost complete lockdown during the MCO and CMCO periods and resulted in significant adverse impact on the performance of the group in the current quarter. The unprecedented global pandemic hits hard on the already weakened property market, which was evidenced by a sharp decline in all three segments in the current quarter," Sime Darby Property said. The MCO and CMCO stand for Malaysia's Movement Control Order and Conditional Movement Control Order, respectively, to curb the spread of the Covid-19 outbreak. Sime Darby Property's three business segments comprise the property development and investment divisions besides the leisure and hospitality unit. For 2QFY20, Sime Darby Property registered a group net loss of RM81.77 million versus a net profit of RM205.26 million a year earlier. In the preceding 1QFY20, group net profit stood at RM14.15 million, it said. "The performance of property development segment declined significantly from a profit of RM4.8 million in the preceding quarter to a loss of RM94.4 million in current quarter. Property investment segment registered a loss of RM5.0 million as compared to a profit of RM0.5 million in the preceding quarter. "Leisure and hospitality segment recorded higher loss of RM10.4 million as compared to RM5.4 million in the preceding quarter mainly due to lower revenue from golfing revenue, events and functions with the temporary closure of businesses during the MCO period," the company said. For 1HFY20, Sime Darby Property said group net loss stood at RM67.61 million versus net profit of RM470.33 million a year earlier while revenue fell to RM764.96 million from RM1.44 billion. In the near term, the group said today it continues to review and monitor the financial impact of the Covid-19 pandemic, to remain focused on maintaining its financial discipline through cost rationalisation as well as cashflow and inventory management. "The group recognises that the first half of 2020 was difficult and challenging. We are however already seeing promising signs of economic recovery. "As reflected by our strong fundamentals and resilient financial position with net gearing ratio currently at 27%, the group's long-term position remains healthy. We therefore have the potential to ride on the improved outlook going into year 2021," Sime Darby Property said. Sime Darby Property's latest reported net assets per share stood at RM1.39. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
KIP REIT Capital Sdn Bhd	First issuance (2019-Issue 1 MTN) of RM210 mil Class A Medium Term Notes (MTN) under RM2.0 bil perpetual MTN Programme	AAA/Stable	Reaffirmed

Source: RAM, MARC

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