

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.07	-10
5-yr UST	1.08	-9
10-yr UST	1.27	-7
30-yr UST	1.76	-7

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.62	0	2.69	0
5-yr	2.68	0	2.73	-1
7-yr	2.82	2	2.78	0
10-yr	2.85	0	2.90	-1
15-yr	3.04	0	3.10	-1
20-yr	3.23	0	3.29	-1
30-yr	3.65	2	3.63	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.78	-1
3-yr	2.73	0
5-yr	2.76	-1
7-yr	2.85	1
10-yr	2.99	0

Source : Bloomberg

### Upcoming Government Bond Tender

Nil

## Fixed Income Daily Market Snapshot

### US Treasuries

- UST's ended strong again on Thursday with the curve bull-flattening on mounting fears that the Covid-19 virus outbreak will wreak havoc on the global economic climate. Overall benchmark yields closed between 7-10bps sharply lower with the UST 2Y falling rapidly by 10bps at 1.07% and the much-watched UST 10Y declining 7bps at 1.27% (The weekly drop in yields is seen to be the largest since 2008). Meanwhile the auction of \$32b of 7Y notes fared well and awarded at 1.247% on a BTC ratio of 2.49x; above the 6-month average of 2.40x. The CME Group Fed fund futures has boosted the chances of a 25bps rate cut in the upcoming FOMC meeting in March to ~63% whilst the Fed Fund Futures is pricing in a steeper 92% chance of a similar cut instead. Up next are the upcoming release of Fed's preferred PCE inflation numbers tonight.

### MGS/GIII

- Local govies closed mixed with MGS somewhat muted and weaker compared to GII bonds amid a slide in volume to RM2.62b as investors grapple with the nation's political updates. Overall benchmark yields closed mixed between -1 to +2bps with interest mainly seen in off-the-run 20-21's and also the 5Y and 10Y benchmark MGS/GII. Both the benchmark 5Y MGS 6/24 and MGS 8/29 closed literally unchanged at 2.68% and 2.85% respectively. GII bonds dropped to form about ~34% of overall trades. Meanwhile the nation's deeper pool of institutional funds is expected to insulate the bond market against excessive volatility. Nevertheless, the current political uncertainty which has added to existing headwinds that include lower oil prices and the Covid-19 outbreak may prompt BNM to cut rates in next Tuesday's MPC meeting.

### Corp Bonds/Sukuk

- Corporate bonds/Sukuk space remained active despite lower secondary market volume of RM597m with interest seen returning across the GG-AA part of the curve as overall yields still ended mostly lower. The Govt-guaranteed LPPSA and PRASA dominated trades. LPPSA 4/33 4/39 closed unchanged compared to previous-done levels at 3.30% and 3.48% each whilst PRASA 12/35 and 9/47 closed between 0-1bps lower at 3.33% and 3.67% respectively. AAA-rated AMAN 4/24 closed sharply lower on yields at 3.03% whereas DANGA 9/33 moved 5bps lower at 3.34%. The shorter-tenured AA-rated PKNS 5/20 declined 35bps at 3.10% whereas Country Garden 22's edged merely 1bps lower at 4.42-43% levels. The banking space saw both AmBank Islamic 27NC22 and Sabah Development 2/26 close sharply lower on yields at 3.16% and 3.76% each.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.656	200	2.764	26/02/2020	-11
MGS 07/20	2.589	8	2.686	26/02/2020	-10
MGS 10/20	2.592	58	2.606	26/02/2020	-1
MGS 02/21	2.588	356	2.634	26/02/2020	-5
MGS 07/21	2.611	101	2.630	26/02/2020	-2
MGS 09/21	2.611	1	2.678	26/02/2020	-7
MGS 03/22	2.620	246	2.617	26/02/2020	0
MGS 09/22	2.624	70	2.616	26/02/2020	1
MGS 03/23	2.629	146	2.644	26/02/2020	-2
MGS 04/23	2.652	1	2.655	26/02/2020	0
MGS 08/23	2.703	38	2.682	26/02/2020	2
MGS 06/24	2.685	10	2.683	26/02/2020	0
MGS 07/24	2.704	1	2.683	26/02/2020	2
MGS 07/25	2.760	20	2.772	26/02/2020	-1
MGS 07/26	2.818	21	2.803	26/02/2020	2
MGS 11/26	2.827	21	2.848	26/02/2020	-2
MGS 05/27	2.775	35	2.782	26/02/2020	-1
MGS 06/28	2.848	70	2.828	26/02/2020	2
MGS 08/29	2.845	167	2.847	26/02/2020	0
MGS 04/30	2.998	106	2.978	26/02/2020	2
MGS 06/31	3.045	2	3.016	26/02/2020	3
MGS 04/33	3.053	12	3.066	26/02/2020	-1
MGS 11/33	3.067	1	3.058	26/02/2020	1
MGS 04/37	3.230	5	3.214	26/02/2020	2
MGS 06/38	3.256	3	3.266	26/02/2020	-1
MGS 03/46	3.621	3	3.573	26/02/2020	5
MGS 07/48	3.646	12	3.629	26/02/2020	2
GII 04/20	2.664	20	2.641	25/02/2020	2
GII 04/22	2.630	150	2.658	25/02/2020	-3
GII 05/23	2.675	60	2.660	26/02/2020	1
GII 10/24	2.727	380	2.737	26/02/2020	-1
GII 08/25	2.778	3	2.759	26/02/2020	2
GII 03/26	2.777	5	2.772	26/02/2020	1
GII 06/27	2.830	10	2.867	26/02/2020	-4
GII 10/28	2.901	40	3.009	26/02/2020	-11
GII 07/29	2.896	129	2.908	26/02/2020	-1
GII 08/33	3.112	10	3.059	26/02/2020	5
GII 11/34	3.098	20	3.103	26/02/2020	-1
GII 09/39	3.294	40	3.304	26/02/2020	-1
GII 05/47	3.627	40	3.617	18/02/2020	1
		<u>2618</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*
Prasarana Malaysia Berhad	12/22	GG	2.817	5	4.110	03/08/2018	-129	18
Prasarana Malaysia Berhad	02/31	GG	3.109	10	3.168	25/02/2020	-6	26
Lembaga Pembiayaan Perumahan Sektor Awam	04/33	GG	3.299	60	3.300	26/02/2020	0	23
Prasarana Malaysia Berhad	12/35	GG	3.329	30	3.330	26/02/2020	0	26
DanInfra Nasional Berhad	05/36	GG	3.290	10	3.930	26/12/2019	-64	22
Lembaga Pembiayaan Perumahan Sektor Awam	10/38	GG	3.429	75	3.470	26/02/2020	-4	18
Lembaga Pembiayaan Perumahan Sektor Awam	04/39	GG	3.479	15	3.480	26/02/2020	0	23
Prasarana Malaysia Berhad	09/47	GG	3.670	1	3.680	19/02/2020	-1	42
Putrajaya Holdings Sdn Berhad	09/20	AAA	2.820	10	3.229	03/10/2019	-41	19
AI Dzahab Assets Berhad	06/21	AAA	3.281	1	3.700	17/12/2019	-42	66
Sarawak Energy Berhad	06/21	AAA	3.003	50	3.043	25/02/2020	-4	38
Aman Sukuk Berhad	04/24	AAA	3.027	20	3.338	28/01/2020	-31	35
Danum Capital Berhad	02/25	AAA	3.059	5	3.057	26/02/2020	0	36
Bank Pembangunan Malaysia Berhad	11/26	AAA	3.289	20	3.340	19/02/2020	-5	51
Starbright Capital Berhad	12/26	AAA	3.959	8	4.448	03/01/2020	-49	118
Danga Capital Berhad	09/33	AAA	3.340	10	3.391	19/02/2020	-5	27
Bank Pembangunan Malaysia Berhad	11/35	AAA	3.683	1	3.677	19/02/2020	1	61
Sabah Development Bank Berhad	02/26	AA1	3.762	20	4.389	12/09/2019	-63	100
Danajamin Nasional Berhad	10/27	AA+	3.436	10	3.475	25/02/2020	-4	62
First Resources Limited	06/20	AA2	3.168	20	3.302	14/02/2020	-13	54
AmBank (M) Berhad	06/20	AA2	3.014	1	3.291	23/01/2020	-28	39
Perbadanan Kemajuan Negeri Selangor	05/20	AA3	3.103	40	3.453	12/12/2019	-35	48
Country Garden Real Estate Sdn Berhad	03/22	AA3	4.422	5	4.429	26/02/2020	-1	179
Country Garden Real Estate Sdn Berhad	05/22	AA3	4.426	15	4.440	26/02/2020	-1	180
AmBank (M) Berhad	03/27	AA3	3.186	32	3.193	26/02/2020	-1	40
AmBank Islamic Berhad	03/27	AA3	3.163	10	3.965	25/02/2020	-80	38
IJM Corporation Berhad	08/28	AA3	3.881	10	3.889	13/02/2020	-1	106
Tadaw Energy Sdn Berhad	07/29	AA3	4.297	1	5.109	28/03/2019	-81	146
Edra Energy Sdn Berhad	07/32	AA3	4.022	5	4.023	26/02/2020	0	117
MMC Corporation Berhad	04/23	AA-	4.158	8	4.438	17/12/2019	-28	152
Aman Sukuk Berhad	05/24	AA-	3.037	20	3.524	08/10/2019	-49	36
Penang Port Sdn Berhad	12/26	AA-	3.679	2	3.809	10/02/2020	-13	90
MMC Corporation Berhad	04/27	AA-	4.479	10	4.481	26/02/2020	0	170
Penang Port Sdn Berhad	12/29	AA-	3.819	2	3.946	10/02/2020	-13	97
TG Excellence Berhad	02/20	aa-	3.619	35	3.900	26/02/2020	-28	37
Alliance Bank Malaysia Berhad	10/25	A2	3.860	1	3.529	14/02/2020	33	110
MBSB Bank Berhad (fka Asian Finance Bank Bt	12/31	A3	4.790	4	4.998	13/02/2020	-21	194
MEX II Sdn Berhad	04/30	A	6.186	1	4.489	14/08/2019	170	333
WCT Holdings Berhad	09/19	A	5.528	16	5.530	26/02/2020	0	228
				<u>597</u>				

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

## Market/Corporate News: What's Brewing

**STAR MEDIA GROUP BHD (SMG) posted a pre-tax profit of RM14.64mil for its financial year ended Dec 31,2019 from RM8.94mil in the previous year mainly due to lower operating expenses from its print and radio segment.** SMG said its digital segment strategy is gaining traction based on year-on-year comparison as digital revenue rose by 18% last financial year. The company declared an interim dividend of 2 sen a share for 2019. For 2019, SMG reported a net profit of RM5.72mil from RM5.46mil the year earlier. On the performance of its business units, SMG said print advertising revenue declined as a result of slow-down in ad spending and its radio business posted a revenue of RM24.82mil from RM29.51mil in FY 2018 as a result of cautious spending by advertisers. Revenue for its event and exhibition segment was RM13.80mil from RM17.22mil mainly due to fewer events held by Perfect Livin' in FY 2019 vs FY 2018. On its outlook, SMG expects revenue growth from its digital segment going forward despite soft and challenging market conditions. "The group will focus on using new technologies and analytics to improve, deepen and predict how our customers consume content with the end goal of increasing engagement and monetisation to drive new revenue streams beyond Print. "dimsum entertainment continues to serve the best Asian content with simulcast and exclusive premiers from Asian content partners. It is currently available in Malaysia, Singapore and Brunei. SMG said it will explore ways to diversify and enhance dimsum entertainment's revenue stream. "Our radio segment is expected to perform satisfactorily despite the slowing economy. We will focus on Chinese and Malay audiences and develop in-depth knowledge of our audiences, to enhance our product's performance. "In the events and exhibition business segment, the group will continue its efforts to strengthen its market position," it said. SMG said a subdued economic environment which may affect the group's performance. "Global economies are currently facing strong headwinds with uncertain economic and political conditions abroad and locally. This was also further compounded by the recent Covid-19 virus

outbreak that is now showing strong signs of negative economic repercussions in many countries," it said. (Source: *The Star*)

**The Malaysian government has allocated RM20 billion under a stimulus package to boost the sluggish economy by putting more cash into the hands of consumers and providing tax reliefs to sectors particularly hard hit by the Covid-19 outbreak.** It will also accelerate planned investment projects by government-linked companies this year including one involving 1,400mw of solar power generation to flush more money into the economy. The aid package is expected to raise the fiscal deficit to 3.4% this year from an initial projection of 3.2%. Under a three-prong approach, the package aims to mitigate the impact of Covid-19, encourage rakyat-centric spending, and support sectors directly hurt, chiefly tourism and aviation. Announcing the package yesterday, Interim Prime Minister Tun Dr Mahathir Mohamad said cash payments to entitled recipients would be brought forward, and the employees' contribution to the Employees Provident Fund cut to 7% from 11% at present — effective from April 1 to Dec 31, 2020 — in a move that would potentially unlock up to RM10 billion worth of private consumption. To stimulate the tourism sector, the package includes personal income tax relief of up to RM1,000 on expenditure related to domestic tourism, as well as digital vouchers, for eligible Malaysians of up to RM100 per person for domestic travel (air and railways), and hotel accommodation. He also announced extra matching grants for tourism promotion. In all RM500 million was allocated for the vouchers and tourism promotion. "[There will also be] relaxation of existing guidelines limiting use of hotels by government agencies as part of mitigating the reduced demand," Dr Mahathir said. In addition, a 15% discount on monthly electricity bills would be extended to hotels, travel agencies, airlines, shopping malls, convention and exhibition centres. Hotels and travel-related companies would also be exempted from the Human Resource Development Fund levies. Hotels would be also exempted from the 6% service tax, from March to August 2020. For those on the ground, he announced a one-off payment of RM600 each to taxi drivers, tourist bus drivers, tourist guides and registered trishaw drivers. For the B40 group, the RM200 to be paid to Bantuan Sara Hidup recipients scheduled for May this year will be brought forward to March, and an additional RM100 will be paid into the bank accounts of all recipients in May. An extra RM50 will also be channelled in the form of e-Tunai. For businesses, Bank Negara Malaysia will provide a RM2 billion special relief facility, which will be specifically deployed in the form of working capital for small and medium enterprises at an interest rate of 3.75%. Affected businesses can also get microcredit facilities at a rate of 4% from Bank Simpanan Nasional, which has been allocated RM200 million for the exercise. For the ailing equities market, the Securities Commission Malaysia (SC) and Bursa Malaysia will waive listing fees for one year with immediate effect for companies looking to list on the LEAP Market or the ACE Market, as well as those with a market capitalisation of less than RM500 million that are aiming for a Main Market listing. The SC said in a statement it would also be announcing more capital market-specific measures in due course. The government also plans to implement up to RM3 billion on works related to the National Fiberisation and Connectivity Plan, while Tenaga Nasional Bhd will invest RM13 billion this year, including accelerating projects such as LED street lights, transmission lines and rooftop solar installations. 2020 GDP expected to be at 3.2%-4.2% With the anticipated global slowdown, Dr Mahathir said Malaysia's gross domestic product (GDP) growth is estimated at 3.2% to 4.2% this year. "I believe the economic stimulus package will enable the Malaysian economy to achieve the highest point of the range. In formulating the stimulus package, the government exercised prudence with respect to its fiscal position," he said of the projected increase to 3.4% of GDP. He added the government remains committed to fiscal consolidation, and urged the private sector to play its part in ensuring the stimulus package is successful. The Covid-19 package is more than double the RM8.1 billion stimulus package provided during the 2003 SARS (severe acute respiratory syndrome) outbreak. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Eternal Icon Sdn Bhd	RM87.00 mil Senior MTN	AAA/Stable	Reaffirmed

Source: RAM, MARC

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