

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

- US Treasuries closed stronger on Tuesday spurred by an encouraging 7Y auction and also weaker-than-expected consumer confidence index in July. The curve bull-flattened as overall benchmark yields ended between 1-4bps lower with the UST 2Y edging 1bps lower at 0.14% and the much-watched UST 10Y rallying 4bps at 0.58%; its lowest since April. The auction of \$44b 7Y bonds was awarded at a record low yield of 0.446% on a BTC ratio of 2.45x (previous 10 auctions: 2.51x) and was a stark contrast to the disappointing 2Y and 5Y note auctions earlier. UST's have been seen to be range-bound of late with traders finding difficulty to make profits on swings in UST's which have tapered off. Traders may be sidelined ahead of the Fed's FOMC meeting and its accompanying statement scheduled tomorrow.

MGS/GII

- Local govies and MYR were lent a bid yesterday following some cheer brought on by the pleasant trade numbers for June and also the \$3.9b 1MDB settlement between Goldman Sachs and the government. Secondary market volume notched a solid RM5.22b as overall benchmark yields ended mostly lower i.e. between 0-6bps save for the 20Y. Interest was mainly seen in the off-the-run 20-22's and also 3Y, 10Y benchmark MGS/GII. Both the benchmark 5Y MGS 9/25 and 10Y MGS 8/29 yields edged 1bps lower at 2.11% and 2.60% respectively. GII bond trades spiked to form ~49% of overall trades. Expect attention to shift to the upcoming 7Y GII reopening tomorrow. Meanwhile the data front is light with July's PMI manufacturing data expected out only next week.

Corp Bonds/Sukuk

- Solid investor interest was seen yesterday amid a higher secondary market volume of RM909m; with transactions mainly seen across the curve (i.e GG to single-A). Overall yields continued to close mostly lower. Heavy transactions were recorded along the 2026 tranches with PRASA and DANA being the beneficiaries as yields fell 0-39bps compared to previous-done levels and closed between 2.44-5.4% area. The longest tenor i.e. DANA 5/50 however edged 1bps higher at 3.88%. AAA-rated Bakun 30-31's closed unchanged compared to prior day's move at 3.15% and 3.24% respectively. The AA-space saw TELEKOSANG Hydro 8/30 and 8/32, make their maiden trades; closing at 4.45% and 4.65% (sharply lower than the respective coupon rates of 5.15% and 5.30%). BENIH Restu 6/25 declined 4bps at 3.10%. The banking saw BPMB 11/26 and 3/27 churn RM160m in nominal amounts with yields moving 14-43bps lower at 2.82% and 2.85% each.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	-1
5-yr UST	0.26	-2
10-yr UST	0.58	-4
30-yr UST	1.22	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.97	-1	2.00	-1
5-yr	2.11	-1	2.07	-1
7-yr	2.29	-3	2.31	-6
10-yr	2.60	-1	2.60	-1
15-yr	2.96	-1	3.04	0
20-yr	3.20	1	3.33	0
30-yr	3.53	-3	3.69	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.88	0
3-yr	1.88	-2
5-yr	2.05	-2
7-yr	2.33	-2
10-yr	2.57	-1

Source : Bloomberg

Upcoming Government Bond Tender

Re-opening of RM4.0b 7Y GII 9/27 on Thursday,
30th July 2020

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 10/20	1.751	317	1.720	27/07/2020	3
MGS 02/21	1.700	143	1.759	22/07/2020	-6
MGS 07/21	1.750	272	1.770	27/07/2020	-2
MGS 11/21	1.798	168	1.798	24/07/2020	0
MGS 03/22	1.847	405	1.867	27/07/2020	-2
MGS 03/23	1.969	144	1.976	27/07/2020	-1
MGS 04/23	2.005	40	1.997	27/07/2020	1
MGS 06/24	2.048	291	2.061	27/07/2020	-1
MGS 09/24	2.095	30	2.072	27/07/2020	2
MGS 09/25	2.114	98	2.125	27/07/2020	-1
MGS 05/27	2.288	132	2.317	27/07/2020	-3
MGS 11/27	2.292	315	2.333	27/07/2020	-4
MGS 06/28	2.412	147	2.496	27/07/2020	-8
MGS 08/29	2.598	194	2.612	27/07/2020	-1
MGS 04/30	2.623	61	2.682	27/07/2020	-6
MGS 04/33	2.989	1	3.069	27/07/2020	-8
MGS 11/33	3.022	20	3.015	23/07/2020	1
MGS 07/34	2.964	294	2.973	27/07/2020	-1
MGS 04/37	3.271	12	3.328	27/07/2020	-6
MGS 06/38	3.314	1	3.337	27/07/2020	-2
MGS 05/40	3.195	64	3.189	27/07/2020	1
MGS 09/43	3.570	2	3.657	24/07/2020	-9
MGS 07/48	3.718	30	3.657	27/07/2020	6
GII 08/20	1.792	740	1.785	27/07/2020	1
GII 04/21	1.778	310	1.802	24/07/2020	-2
GII 07/22	1.870	50	1.803	23/07/2020	7
GII 05/23	2.004	370	2.010	27/07/2020	-1
GII 07/23	2.014	150	2.065	27/07/2020	-5
GII 10/23	2.030	20	2.053	22/07/2020	-2
GII 11/23	2.021	170	2.073	27/07/2020	-5
GII 10/24	2.072	31	2.085	27/07/2020	-1
GII 10/25	2.125	10	2.136	27/07/2020	-1
GII 03/26	2.216	130	2.242	27/07/2020	-3
GII 09/26	2.269	110	2.300	27/07/2020	-3
GII 07/27	2.384	11	2.395	27/07/2020	-1
GII 09/27	2.309	110	2.366	23/07/2020	-6
GII 08/28	2.580	120	2.620	27/07/2020	-4
GII 10/28	2.582	180	2.595	27/07/2020	-1
GII 07/29	2.664	170	2.682	27/07/2020	-2
GII 10/30	2.601	255	2.607	27/07/2020	-1
GII 11/34	3.042	30	3.040	27/07/2020	0
GII 08/37	3.358	50	3.351	24/07/2020	1
GII 09/39	3.326	86	3.328	27/07/2020	0
GII 05/47	3.620	1	3.736	27/07/2020	-12
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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*
Danainfra Nasional Berhad	07/21	GG	2.020	5	2.237	03/06/2020	-22	24
Lembaga Pembiayaan Perumahan Sektor Awam	04/25	GG	2.339	20	2.417	15/07/2020	-8	21
Jambatan Kedua Sdn Berhad	05/25	GG	2.421	15	2.580	08/07/2020	-16	30
Danainfra Nasional Berhad	02/26	GG	2.439	10	2.437	24/07/2020	0	20
Prasarana Malaysia Berhad	02/26	GG	2.449	5	2.479	10/07/2020	-3	21
Danainfra Nasional Berhad	04/26	GG	2.449	100	2.840	27/05/2020	-39	21
Danainfra Nasional Berhad	04/26	GG	2.451	80	2.820	25/06/2020	-37	21
Jambatan Kedua Sdn Berhad	07/26	GG	2.539	10	2.700	08/07/2020	-16	30
Prasarana Malaysia Berhad	08/26	GG	2.500	10	2.603	08/07/2020	-10	26
Danainfra Nasional Berhad	09/26	GG	2.469	15	2.597	08/07/2020	-13	23
Prasarana Malaysia Berhad	02/27	GG	2.549	10	2.597	24/07/2020	-5	25
Prasarana Malaysia Berhad	09/27	GG	2.600	10	3.000	03/06/2020	-40	30
Bank Pembangunan Malaysia Berhad	09/29	GG	2.879	10	2.928	15/07/2020	-5	34
Danainfra Nasional Berhad	04/30	GG	2.849	10	3.219	15/06/2020	-37	25
Danainfra Nasional Berhad	03/32	GG	3.029	10	3.028	24/07/2020	0	43
Perbadanan Tabung Pendidikan Tinggi Nasional	03/37	GG	3.501	30	3.574	16/07/2020	-7	53
Danainfra Nasional Berhad	11/38	GG	3.578	20	3.599	22/07/2020	-2	39
Prasarana Malaysia Berhad	03/40	GG	3.539	60	3.550	23/07/2020	-1	35
Danainfra Nasional Berhad	05/46	GG	3.789	5	3.849	23/07/2020	-6	60
Danainfra Nasional Berhad	11/48	GG	3.819	10	3.910	08/05/2020	-9	63
Danainfra Nasional Berhad	02/49	GG	3.921	5	4.027	09/06/2020	-11	73
Danainfra Nasional Berhad	05/50	GG	3.877	10	3.869	23/07/2020	1	69
Cagamas Berhad	03/21	AAA	2.111	10	3.027	20/03/2020	-92	33
Cagamas Berhad	06/22	AAA	2.288	10	4.150	02/01/2019	-186	42
Bank Pembangunan Malaysia Berhad	11/26	AAA	2.818	100	2.958	15/07/2020	-14	58
Bank Pembangunan Malaysia Berhad	03/27	AAA	2.848	60	3.278	19/06/2020	-43	55
Bakun Hydro Power Generation Sdn Berhad (fka S	08/30	AAA	3.148	10	3.149	27/07/2020	0	55
Bakun Hydro Power Generation Sdn Berhad (fka S	08/31	AAA	3.239	10	3.241	27/07/2020	0	64
YTL Power International Berhad	05/27	AA1	3.396	10	3.367	27/07/2020	3	109
Benih Restu Berhad	06/25	AA2	3.100	20	3.143	20/07/2020	-4	98
Perbadanan Kemajuan Negeri Selangor	05/21	AA3	2.995	10	3.400	28/05/2020	-41	121
BGSM Management Sdn Berhad	12/22	AA3	2.837	10	3.925	27/03/2020	-109	96
Tanjung Bin Energy Issuer Berhad	03/29	AA3	3.299	10	3.719	24/01/2020	-42	76
Telekosang Hydro One Sdn Berhad	08/30	AA3	4.449	10	-	-	-	185
Telekosang Hydro One Sdn Berhad	08/32	AA3	4.650	10	-	-	-	205
Segi Astana Sdn Berhad	01/22	AA-	3.920	10	4.180	15/06/2020	-26	214
WCT Holdings Berhad	05/22	AA-	3.466	3	3.469	27/07/2020	0	159
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	12/24	AA-	3.333	10	3.637	16/06/2020	-30	127
MMC Corporation Berhad	03/28	AA-	4.171	21	4.297	10/07/2020	-13	171
Southern Power Generation Sdn Berhad	04/31	AA-	3.409	10	3.519	21/07/2020	-11	81
Southern Power Generation Sdn Berhad	10/31	AA-	3.461	5	3.519	22/07/2020	-6	86
Southern Power Generation Sdn Berhad	10/33	AA-	3.669	10	4.634	31/03/2020	-97	70
Bank Islam Malaysia Berhad	03/30	A1	3.398	10	3.429	24/07/2020	-3	80
MBSB Bank Berhad (fka Asian Finance Bank Berh	12/31	A3	3.599	1	3.599	24/07/2020	0	100
YNH Property Berhad	08/19	-	6.523	82	-	-	-	334
Tropicana Corporation Berhad	06/23	A+	4.933	1	4.767	13/07/2020	17	297
DRB-Hicom Berhad	12/24	A+	3.822	5	3.798	27/07/2020	2	176
IJM Land Berhad	03/19	A2	4.284	2	4.283	24/07/2020	0	110
IJM Land Berhad	03/19	A2	4.349	1	4.399	23/07/2020	-5	116
				<u>909</u>				

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

Market/Corporate News: What's Brewing

Sunway Bhd is buying a leasehold plot in Kelantan for RM28.70 million to construct a 200-bed hospital, which will mark the group's maiden healthcare expansion into the east coast region. The hospital's estimated development cost is RM200 million, Sunway said in a stock exchange filing. The plot measures 3.811 ha and is located at Bandar Kota Bharu — a rapidly developing area of Kota Bharu, and is within one kilometre from amenities such as Aeon Mall Kota Bharu, Platinum Wholesale Mall and Tesco Kota Bharu, said Sunway. The plot's leaseholding will expire on Aug 20, 2102. Sunway said its subsidiary Sunway Medical Centre Kota Bharu Sdn Bhd (SMCKB) has inked a sale and purchase agreement with Liziz Standaco Sdn Bhd, a property development company, for the acquisition that it will fund using borrowings and internal funds. The necessary zoning approvals for the hospital development have been

obtained under the Ministry of Health's Private Medical Practice Control Section (CKAPS), it said. "The proposed development is aligned with the government's plan to increase healthcare accessibility and to serve the projected population growth, which translates to higher demand for healthcare. Based on the above, Sunway Healthcare Group believes that the demand for private healthcare and the prospects of the proposed development remain promising," Sunway added. Sunway expects the acquisition to be completed by the first half of 2021. (Source: *The EdgeMarkets*)

Ranhill Utilities Bhd said it has received a letter of acceptance from the mayor of Bandung for its proposal to build, operate and transfer a water treatment plant in the Indonesian city, subject to negotiations with the relevant government agencies. In a filing with Bursa Malaysia, Ranhill said upon conclusion of the negotiations, Ranhill will execute the project agreement with the relevant parties. The group will be involved in the operations and maintenance of the 30-million-litre-a-day treatment plant for 30 years, with the water tariff set at 3,200 rupiah per cubic metre. Ranhill said the project will not have any material effect on its earnings, net assets and gearing for its current financial year ending Dec 31, 2020. (Source: *The EdgeMarkets*)

Cash-strapped Malaysia Airlines Bhd says today it has not received any funding from the government. It was responding to The Edge Malaysia Weekly's report on July 20, quoting sources, that Malaysia Airlines had secured US\$300 million (RM1.28 billion) in new funding to help see it through the Covid-19 crisis. Khazanah Nasional Bhd, being its sole shareholder, has been supportive of its efforts to address and cope with the impact of the Covid-19 crisis although no additional funding has been committed," the national carrier said in a statement. In the report, Khazanah neither confirmed nor denied that the airline was getting new funding, but that "with the Covid-19 situation still developing, Malaysia Aviation Group Bhd's (MAG) capital requirements are fluid". Malaysia Airlines also did not reply to requests for comment then. MAG is the holding company for Malaysia Airlines and other subsidiaries such as FlyFirefly Sdn Bhd, MASwings Sdn Bhd, MAB Engineering Sdn Bhd and MAB Kargo Sdn Bhd. In today's statement, Malaysia Airlines said when MAG launched its long-term business plan (LTBP) in early 2019, the group achieved better overall net income after taxes (NIAT) compared to 2018, which was 18% ahead of budget while the group's revenue grew 7% year-on-year. "Malaysia Airlines was merely 3% shy of targeted passenger revenue for 2019, having met second-half target after a weak first half. "Most subsidiaries under MAG also performed better than target and as a group, it managed to achieve 65% of target in cost savings," the airline said. It added that MAG was set to continue the momentum in 2020 but the Covid-19 pandemic caused an unprecedented lockdown across the globe, forcing airlines to halt operations and ground almost all their fleet for most of March to June this year. "The financial impact is tremendous and MAG has wasted no time in realigning its LTBP to the changing aviation landscape," Malaysia Airlines said, but did not elaborate. The loss-making national carrier has cut capacity by 96% and grounded almost its entire fleet amid global travel restrictions. In March, Malaysia Airlines warned that it might go bust without government support, given the almost-nil revenue after the closure of the national airspace. The airline, which employs 13,000 employees, has refrained from downsizing its workforce so far. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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