

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.13	0
5-yr UST	0.26	-1
10-yr UST	0.65	0
30-yr UST	1.42	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.98	4	2.01	0
5-yr	2.33	5	2.24	3
7-yr	2.46	-2	2.42	5
10-yr	2.71	-1	2.56	0
15-yr	3.11	-1	3.25	3
20-yr	3.43	2	3.60	1
30-yr	3.81	0	4.11	-3

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.93	0
3-yr	2.00	0
5-yr	2.19	2
7-yr	2.35	1
10-yr	2.63	1

Source : Bloomberg

Upcoming Government Bond Tender

Reopening of RM5.0b 5Y MGS 9/25 on
Tuesday 29th Sep 2020

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries saw the front-ends remain well-bid on Monday whilst the strength in equities weighed on the long-end. The curve steepened slightly as overall benchmark yields ended between a mere -1 to +1bps from prior day's close. Both the UST 2Y and the much-watched 10Y closed within 1bps lower at 0.13% and 0.65% respectively. Demand for safe-haven assets diminished slightly as investors were seen active in riskier assets. The current optimism hasn't translated into significant yield moves as the Fed is expected to stay pat on interest rates possibly until 2023. Expect both the US presidential debate tonight followed by the September's jobs report this Friday to be key events for this week.

MGS/GII

- Local govies ended mixed on Monday despite seeing weaker trade data for August as FTSE Russell's decision to maintain Malaysia on the WGBI WatchList continued to dampen appetite for now. Overall benchmark yields ended between -3 to +5bps amid a lower overall secondary market volume of RM1.55b. The benchmark 5Y MGS 9/25 spiked 5bps at 2.33% whilst the 10Y MGS 8/29 yields edged 1bps lower at 2.71%. Interest was mainly seen in the shorter-end off-the-runs 23's and also benchmark 7Y MGS. GII bond trades rose to form 23% of overall trades. Meanwhile the persistent rise in global virus infections has seen the USDMYR 1-month volatility rise to 6.05. Expect attention today to shift to the 5Y MGS auction.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw strong interest amid secondary market volume of RM628m yesterday in more transactions seen (i.e. ~34 various bonds) as overall yields closed mostly mixed across the GG-AA part of the curve. The longer end govt-guaranteed DANA 45-46's declined between 12-24bps compared to previous-done levels between 3.95-4.05% whilst the 11/47 tranche ended unchanged at 4.08%. The AAA-rated DANUM 5/23 edged 1bps lower at 2.37% whereas DANGA 2/26 spiked 10 bos instead at 2.70%. AA-rated UMW saw a total RM70m in nominal amounts traded with the 10/21 tranche closing 7bps lower at 2.50% whereas the 10/26 tranche edged 1bps up instead at 3.12%. Energy-related bond EDRA saw a slew of tranches between 2028-2037 exchange hands; closing mixed on yields. The banking space continued to be 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	1.573	7	1.775	25/09/2020	-20
MGS 07/21	1.748	8	1.750	25/09/2020	0
MGS 09/21	1.702	5	1.724	25/09/2020	-2
MGS 03/23	1.978	2	1.941	25/09/2020	4
MGS 04/23	2.021	300	2.009	25/09/2020	1
MGS 08/23	2.041	370	1.971	25/09/2020	7
MGS 07/24	2.216	30	2.216	25/09/2020	0
MGS 09/24	2.232	1	2.236	25/09/2020	0
MGS 03/25	2.246	1	2.247	24/09/2020	0
MGS 09/25	2.327	15	2.273	25/09/2020	5
MGS 04/26	2.386	11	2.387	25/09/2020	0
MGS 07/26	2.399	1	2.381	25/09/2020	2
MGS 09/26	2.433	6	2.449	25/09/2020	-2
MGS 05/27	2.455	222	2.471	25/09/2020	-2
MGS 11/27	2.526	29	2.523	25/09/2020	0
MGS 06/28	2.579	1	2.595	25/09/2020	-2
MGS 08/29	2.711	76	2.724	25/09/2020	-1
MGS 06/31	2.889	51	2.913	25/09/2020	-2
MGS 04/33	3.160	21	3.159	25/09/2020	0
MGS 07/34	3.109	1	3.119	25/09/2020	-1
MGS 04/37	3.474	2	3.488	25/09/2020	-1
MGS 06/38	3.527	2	3.526	25/09/2020	0
MGS 05/40	3.430	28	3.412	25/09/2020	2
MGS 07/48	3.992	3	3.976	25/09/2020	2
MGS 06/50	3.810	1	3.810	25/09/2020	0
GII 08/21	1.783	60	1.753	18/09/2020	3
GII 05/23	2.012	31	2.012	25/09/2020	0
GII 10/24	2.244	5	2.217	25/09/2020	3
GII 10/25	2.380	21	2.300	25/09/2020	8
GII 09/27	2.415	137	2.364	25/09/2020	5
GII 09/30	2.792	5	2.695	14/09/2020	10
GII 11/34	3.250	10	3.217	24/09/2020	3
GII 08/37	3.490	22	3.571	24/09/2020	-8
GII 09/39	3.596	22	3.589	23/09/2020	1
GII 05/47	4.189	20	4.049	21/09/2020	14
GII 11/49	4.105	26	4.133	25/09/2020	-3
		<u>1553</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*
Pengurusan Air SPV Berhad	02/23	GG	2.101	50	2.509	25/06/2020	26
Pengurusan Air SPV Berhad	02/26	GG	2.378	40	2.829	25/06/2020	6
Perbadanan Tabung Pendidikan Tinggi Nasional	03/37	GG	3.499	30	3.501	28/07/2020	38
Perbadanan Tabung Pendidikan Tinggi Nasional	03/39	GG	3.639	20	3.600	23/07/2020	21
DanaInfra Nasional Berhad	04/45	GG	3.950	20	4.069	07/01/2020	53
DanaInfra Nasional Berhad	10/46	GG	4.030	20	4.269	15/11/2019	61
DanaInfra Nasional Berhad	11/47	GG	4.080	20	4.079	25/09/2020	66
Cagamas Berhad	03/21	AAA	2.070	5	1.791	27/08/2020	32
Cagamas Berhad	03/21	AAA	2.071	30	2.062	03/08/2020	32
Danum Capital Berhad	05/23	AAA	2.367	30	2.374	24/09/2020	39
Bakun Hydro Power Generation Sdn Berhad (fka Saraw	08/25	AAA	2.688	27	2.992	07/07/2020	37
Danga Capital Berhad	02/26	AAA	2.704	10	2.603	07/09/2020	38
Sarawak Energy Berhad	11/28	AAA	2.910	27	2.855	07/09/2020	32
Cagamas Berhad	10/33	AAA	3.399	20	4.270	10/06/2019	28
Hong Leong Financial Group Berhad	09/21	AA1	2.500	30	2.573	04/08/2020	75
Encorp Systembilt Sdn Berhad	05/28	AA1	3.048	10	3.050	26/08/2020	46
Northern Gateway Infrastructure Sdn Berhad	08/33	AA1	3.698	10	4.719	09/04/2019	58
UMW Holdings Berhad	10/21	AA2	2.497	60	2.563	09/09/2020	75
UMW Holdings Berhad	10/26	AA2	3.123	10	3.115	21/09/2020	71
Tanjung Bin Power Sdn Berhad	08/27	AA2	3.229	40	3.401	15/07/2020	75
BGSM Management Sdn Berhad	06/24	AA3	2.808	30	2.826	02/09/2020	62
Edra Energy Sdn Berhad	07/28	AA3	3.494	10	3.478	03/09/2020	90
WCT Holdings Berhad	01/25	AA-	3.679	23	4.087	26/06/2020	149
Edra Energy Sdn Berhad	01/29	AA3	3.560	9	3.546	18/08/2020	97
Edra Energy Sdn Berhad	01/37	AA3	4.260	10	4.728	18/12/2019	114
Edra Energy Sdn Berhad	07/37	AA3	4.319	10	4.839	13/11/2019	120
WCT Holdings Berhad	05/22	AA-	3.376	5	3.357	21/09/2020	153
WCT Holdings Berhad	02/25	AA-	3.689	8	3.672	11/09/2020	150
WCT Holdings Berhad	04/26	AA-	3.829	10	3.818	11/09/2020	142
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/29	A3	3.606	1	3.498	07/08/2020	94
DRB-Hicom Berhad	12/24	A+	4.021	1	3.822	28/07/2020	183
YNH Property Berhad	08/19	-	6.667	3	6.838	22/09/2020	324
Mah Sing Group Berhad	03/25	-	3.974	1	4.003	25/09/2020	178
Tropicana Corporation Berhad	09/19	-	6.304	1	6.186	22/09/2020	288
				<u>628</u>			

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

Market/Corporate News: What's Brewing

Nationwide Express Holdings Bhd's independent auditors have flagged its ability to continue as a going concern. In a filing to Bursa Malaysia, the logistics player said Ernst & Young PLT (EY) has included a paragraph on material uncertainty related to going concern in the auditors' report for the financial statements for the year ended March 31, 2020 (FY20). According to the report, on a group and company level, Nationwide had posted net losses of RM35.3 million and RM49.9 million for FY20, as against RM31.4 million and RM13.4 million in FY19. It also noted that nationwide reported a shareholders deficit of RM9.1 million and RM3.3 million on a group and company level respectively, from surpluses of RM35.4 million and RM46.6 million in FY19. Additionally, the group's current liabilities on a group level exceeded current assets by RM18.2 million, from RM26.5 million in FY19. On a company level, the difference is RM3.3 million, from RM800,000 in FY19. EY also highlighted that Nationwide fell into Practice Note 17 (PN17) status on Feb 24 and that the group is in the midst of formulating its regularisation plan. "The above events and conditions indicate that a material uncertainty exists that may cast significant doubt on the group's and the company's ability to continue as a going concern, and therefore, the group and company may be unable to realise their net assets and discharge their liabilities in the normal course of business," EY concluded in its report. (Source: *The EdgeMarkets*)

Tenaga Nasional Bhd (TNB) has paid RM283 million cash to buy an additional 19% stake in Southern Power Generation Sdn Bhd from SIPP Energy Sdn Bhd, a company which is controlled by the Sultan of Johor. In a bourse filing, TNB said this would raise its stake in Southern Power to 70% from 51% currently, while SIPP Energy's stake would fall to 30% from 49%. Southern Power is a special purpose vehicle set up for the development of a combined cycle gas turbine power plant in Pasir Gudang, Johor. TNB said the major construction works for the project have been completed, with overall project progress standing at 99.3% as of end-August. As part of the deal, TNB will also acquire 36.79 million redeemable preference shares (RPS) in Southern Power from SIPP Energy. The utility giant will be using internally generated funds to fund the acquisition of the stake and the RPS. "The acquisition will not have any effect on the issued share capital and the substantial shareholdings of TNB. "Based on the latest consolidated statements of TNB for the financial year ended Dec 31, 2019, the acquisition is not expected to have a material effect on the net assets and gearing of TNB," the group added. (Source: *The EdgeMarkets*)

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

Source: RAM, MARC

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