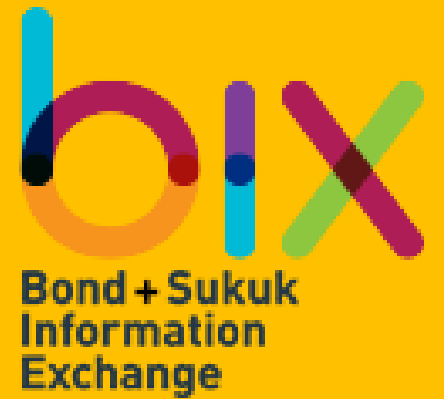


BOND+SUKUK INFORMATION EXCHANGE

BIXMALAYSIA.COM

NEWS UPDATE

23 November 2020



MARKET SUMMARY

US Treasury	Yield 20 Nov 20	Daily Change bps	Yield 19 Nov 20	Weekly Change bps	Yield 13 Nov 20	Monthly Change bps	Yield 20 Oct 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	0.21	-1	0.22	-2	0.23	2	0.19	-141	1.62
5 YEAR	0.38	-1	0.39	-3	0.41	4	0.34	-131	1.69
7 YEAR	0.62	-1	0.63	-3	0.65	5	0.57	-121	1.83
10 YEAR	0.83	-3	0.86	-6	0.89	2	0.81	-109	1.92

MGS	Yield 20 Nov 20	Daily Change bps	Yield 19 Nov 20	Weekly Change bps	Yield 13 Nov 20	Monthly Change bps	Yield 20 Oct 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	1.83	0	1.83	1	1.82	9	1.74	-115	2.98
5 YEAR	2.14	3	2.11	2	2.12	5	2.09	-101	3.15
7 YEAR	2.48	4	2.44	8	2.40	14	2.34	-82	3.30
10 YEAR	2.66	1	2.65	2	2.64	7	2.59	-64	3.30

GII	Yield 20 Nov 20	Daily Change bps	Yield 19 Nov 20	Weekly Change bps	Yield 13 Nov 20	Monthly Change bps	Yield 20 Oct 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	1.97	5	1.92	1	1.96	15	1.82	-109	3.06
5 YEAR	2.29	-1	2.30	3	2.26	29	2.00	-90	3.19
7 YEAR	2.54	1	2.53	20	2.34	19	2.35	-76	3.30
10 YEAR	2.62	0	2.62	-2	2.64	6	2.56	-80	3.42

AAA	Yield 20 Nov 20	Daily Change bps	Yield 19 Nov 20	Weekly Change bps	Yield 13 Nov 20	Monthly Change bps	Yield 20 Oct 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	2.42	0	2.42	-1	2.43	-4	2.46	-113	3.55
5 YEAR	2.68	0	2.68	2	2.66	2	2.66	-99	3.67
7 YEAR	2.90	1	2.89	4	2.86	6	2.84	-86	3.76
10 YEAR	3.16	2	3.14	4	3.12	5	3.11	-73	3.89

- 1 bps = 0.01%
- Increase in Yield = Decrease in the bond price/value

Source: US Treasury, BNM & BIX Malaysia

NEWS UPDATE

Today's headlines of interest and summaries as extracted from the international and local media.

THE STAR

Concerns over impact on local equities and bond markets

AS more withdrawals are made from the Employees Provident Fund (EPF), there are concerns that this will affect the local equities and bond markets. This is given EPF's significant size and position as the largest institutional shareholder and buyer of bonds. It was recently reported that EPF estimates some RM45bil will be withdrawn by depositors via the i-Lestari and i-Sinar facilities by the end of 2021.

In addition, the reductions in contribution rates this year have resulted in the EPF losing RM8bil in opportunity cost this year. Coupled with the additional RM9bil loss in opportunity cost next year, the EPF will see an impact in total cash flow amounting to RM62bil as a result of the withdrawals. EPF CEO Tunku Alizakri Raja Muhammad Alias (pic below) was quoted as saying that the fund will need to liquidate some of its assets in order to have sufficient funds available for withdrawals.

Alizakri did not elaborate further as to which assets would be under consideration for the pension fund's potential liquidation plans. i-Sinar is an extension of the i-Lestari withdrawal facility, which has now reached an estimated total withdrawal of RM30bil and will end in March 2021.

[Read more : Concerns over impact on local equities and bond markets](#)

NEWS UPDATE

Today's headlines of interest and summaries as extracted from the international and local media.

REUTERS

TREASURIES-Yields fall, but rise from lows as investors weigh stimulus against loss of Fed loans

U.S. Treasuries pared an overnight yield drop but ended lower on the day in choppy trading on Friday as investors balanced the prospect of new fiscal stimulus against the request by the U.S. government for the Federal Reserve to return unused funds from programs meant to backstop markets. Yields dropped after U.S. Treasury Secretary Steven Mnuchin late on Thursday said the \$455 billion allocated to Treasury under the CARES Act last spring, much of it set aside to support Federal Reserve lending to businesses, non-profits and local governments, should be instead available for Congress to reallocate.

The yields gave back much of the drop as analysts said that the move was unlikely to have systemic consequences for markets. "It is good for the Fed to have these facilities in their back pocket and that's where they've effectively been over the last couple of months, but it's not catastrophic here and now," said Padhraic Garvey, regional head of research, Americas, at ING. Optimism that the U.S. government may still agree to new stimulus also helped to push the yields off their lows. Mnuchin on Friday said that Congress should use the money to help small U.S. companies with grants instead and that he and White House Chief of Staff Mark Meadows would speak with congressional Republican leaders later Friday and would redouble their efforts to pass further stimulus measures.

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