

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries recovered on Thursday, recouping some losses in prior sessions which was partly due to weakness in equities on Wall Street and slightly better bidding metrics for the 30Y auction. The curve ended flatter with the UST 2Y edging 1bps lower at 0.14% whilst the much-watched 10Y moved 2bps lower compared to prior day's close; at 0.68%. The 30Y auction which was awarded at 1.473% saw a BTC ratio of 2.31x (slightly lower than previous average for 10 auctions but still above last month's 2.14x). Separately, the Labor Department revealed that first time claims came in largely unchanged for week ended 5th Sep from previous weeks revised level but a slight increase in continuing claims was noted. The long-end of the curve has been sensitive to increases in supply and may continue to be impacted by auctions going forward. Bond traders are likely to react to switches in asset classes with equities sentiment possibly playing a prominent role going into the weekend.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	-1
5-yr UST	0.27	-1
10-yr UST	0.68	-2
30-yr UST	1.42	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.92	6	1.93	7
5-yr	2.12	8	2.02	-2
7-yr	2.40	6	2.34	0
10-yr	2.61	4	2.57	2
15-yr	3.11	10	3.11	2
20-yr	3.45	8	3.44	0
30-yr	3.68	0	3.65	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.98	8
3-yr	2.02	6
5-yr	2.23	7
7-yr	2.39	6
10-yr	2.68	9

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GII

- Local govies saw yields spike following BNM's decision to stay pat on the OPR at 1.75%. Overall benchmark yields ended between 0-10bps higher (save for the 5Y GII) amid a higher secondary market volume of RM4.36b. The benchmark 5Y MGS 9/25 yields spiked 8bps to 2.12% whilst the 10Y MGS 8/29 yields ended 4bps up at 2.61%. Interest was mainly seen in the shorter-end off-the-runs 20-21's and also benchmark 3Y, 5Y and 7Y MGS. GII bond trades dropped sharply to form a mere ~15% of overall trades. BNM announced that the re-opened economy is showing signs of recovery and will continue to provide policy support where necessary. Meanwhile, investors await FTSE Russell's announcement of its decision on Malaysia's weightage of sovereign bonds in its WGBI on 24th Sep. Expect market to trade cautiously on thin liquidity today following BNM's decision.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space witnessed tepid activity on Thursday amid poor secondary market volume of RM271m with transactions seen in only 16 various bonds. Overall yields closed mostly mixed with interest mainly centred in the GG-AA part of the curve. Both Govt-guaranteed PTPTN 3/29 rose 4bps compared to previous done levels at 2.73%. AAA-rated EKVE 33-35's however saw yields decline sharply lower between 337-47% levels. The AA-space saw several names traded like MMC 27-28's; which closed unchanged between 3.84-87% whilst UEM Sunrise moved 9bps lower at 3.81%. The banking space was relatively quiet.

Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 10/20	1.729	938	1.613	09/09/2020	12
MGS 07/21	1.709	329	1.685	09/09/2020	2
MGS 09/21	1.760	117	1.693	09/09/2020	7
MGS 11/21	1.735	2	1.685	08/09/2020	5
MGS 03/22	1.730	4	1.721	09/09/2020	1
MGS 08/22	1.787	133	1.765	09/09/2020	2
MGS 09/22	1.866	50	1.795	09/09/2020	7
MGS 03/23	1.916	635	1.854	09/09/2020	6
MGS 04/23	1.881	13	1.840	09/09/2020	4
MGS 08/23	1.959	196	1.951	09/09/2020	1
MGS 06/24	2.038	52	2.019	09/09/2020	2
MGS 09/24	2.063	4	2.015	09/09/2020	5
MGS 09/25	2.123	275	2.048	09/09/2020	8
MGS 04/26	2.190	4	2.145	04/09/2020	4
MGS 07/26	2.225	10	2.227	09/09/2020	0
MGS 03/27	2.372	4	2.345	08/09/2020	3
MGS 05/27	2.398	247	2.337	09/09/2020	6
MGS 11/27	2.446	10	2.391	09/09/2020	6
MGS 06/28	2.530	30	2.499	09/09/2020	3
MGS 08/29	2.606	322	2.570	09/09/2020	4
MGS 04/30	2.712	20	2.679	09/09/2020	3
MGS 04/33	3.109	30	3.106	09/09/2020	0
MGS 11/33	3.172	14	3.145	09/09/2020	3
MGS 07/34	3.102	82	3.009	09/09/2020	9
MGS 05/35	3.262	1	3.273	09/09/2020	-1
MGS 04/37	3.410	2	3.376	09/09/2020	3
MGS 05/40	3.447	196	3.366	09/09/2020	8
MGS 09/43	3.790	1	3.773	09/09/2020	2
MGS 03/46	3.778	2	3.756	09/09/2020	2
GII 03/21	1.780	140	1.676	08/09/2020	10
GII 04/21	1.712	10	1.644	02/09/2020	7
GII 05/23	1.934	133	1.863	08/09/2020	7
GII 07/23	1.973	30	1.845	04/09/2020	13
GII 11/23	1.986	5	1.848	04/09/2020	14
GII 10/24	2.023	1	2.037	09/09/2020	-1
GII 09/26	2.399	10	2.289	09/09/2020	11
GII 10/28	2.649	1	2.580	09/09/2020	7
GII 07/29	2.622	111	2.589	09/09/2020	3
GII 10/30	2.571	3	2.555	08/09/2020	2
GII 11/34	3.106	190	3.087	09/09/2020	2
GII 05/47	3.851	1	3.824	04/09/2020	3
		<u>4356</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	09/22	GG	1.932	10	2.452	28/05/2020	-52	9
Perbadanan Tabung Pendidikan Tinggi Nasional	03/29	GG	2.730	55	2.689	09/09/2020	4	22
EKVE Sdn Berhad	01/33	AAA	3.370	10	5.074	27/06/2018	-170	76
EKVE Sdn Berhad	01/35	AAA	3.470	10	4.020	17/01/2020	-55	37
YTL Power International Berhad	05/27	AA1	3.479	15	3.385	11/08/2020	9	107
United Overseas Bank (Malaysia) Berhad	08/30	AA1	2.718	2	2.719	08/09/2020	0	11
IJM Corporation Berhad	06/23	AA3	3.031	20	3.301	02/07/2020	-27	111
MMC Corporation Berhad	03/28	AA-	3.868	60	3.868	09/09/2020	0	136
UEM Sunrise Berhad	10/25	AA-	3.806	15	3.899	15/07/2020	-9	169
MMC Corporation Berhad	11/27	AA-	3.839	60	3.837	09/09/2020	0	143
TG Excellence Berhad	02/20	AA-	2.957	5	3.320	09/09/2020	-36	-48
DRB-Hicom Berhad	12/26	A+	4.133	1	4.134	09/09/2020	0	184
Affin Bank Berhad	02/27	A1	2.678	1	2.681	04/09/2020	0	39
IJM Land Berhad	03/19	A2	4.330	1	4.331	09/09/2020	0	89
YNH Property Berhad	08/19	-	6.758	4	6.685	08/09/2020	7	332
Tropicana Corporation Berhad	09/19	-	5.753	2	6.236	09/09/2020	-48	231
			<u>271</u>					

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

Market/Corporate News: What's Brewing

Top Glove Corp Bhd spent nearly RM100 million on share buy-backs yesterday.

In a bourse filing, the rubber glove maker said it bought 14.93 million shares in the group at between RM6.12 and RM7.40 for a total sum of RM99.93 million. Yesterday, Top Glove also announced a share buy-back of 1.39 million shares for RM9.995 million. Following today's purchase, the group said its cumulative net outstanding treasury shares have risen to 18.31 million, while its adjusted issued capital after cancellation is 8.13 billion shares. Top Glove was the 12th biggest loser on Bursa Malaysia today, and also the third most active stock. It finished the trading day 9.79% or 70 sen lower at RM6.45, valuing the group at RM52.46 billion. Some 168.85 million shares were transacted. Today alone, Top Glove lost RM5.67 billion in market capitalisation. Since Aug 27, its market capitalisation has fallen by RM19.05 billion from RM71.5 billion. In a separate bourse filing, Top Glove said it will be releasing its financial results for the fourth quarter ended Aug 31, 2020 and the full financial year next Thursday. For the nine months ended May 31, 2020, the group's net profit doubled to RM575 million, from RM290.51 million in the previous corresponding nine months. Revenue rose 14.26% to RM4.13 billion from RM3.61 billion. (Source: *The EdgeMarkets*)

Bermaz Auto Bhd's net profit in the quarter ended July 31, 2020 (1QFY21) has rebounded from the immediate preceding quarter, helped by aggressive campaigning and government initiatives to rekindle market demand in the automotive sector. Group net profit stood at RM9.25 million or 0.8 sen per share in 1QFY21, up almost four-fold from RM2.46 million or 0.21 sen per share in 4QFY20, when Bermaz went through six weeks without sales due to the Movement Control Order. Revenue jumped 50% quarter-on-quarter (q-o-q) to RM448.89 million, from RM299.36 million.. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Teknologi Tenaga Perlis Consortium Sdn Bhd	RM835 mil Sukuk Murabahah (2013/2023)	AA1/Stable	Reaffirmed
Jati Cakerawala Sdn Bhd.	RM540 mil Sukuk Murabahah (2013/2023)	A1/Stable	Reaffirmed

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.