

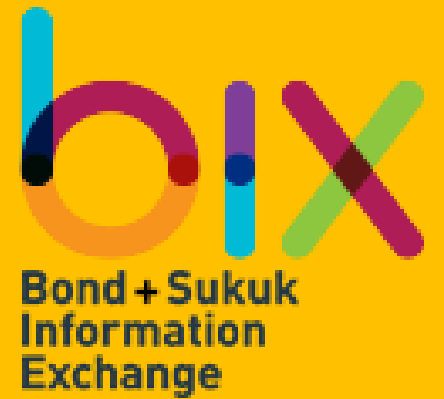
# **BOND+SUKUK INFORMATION EXCHANGE**

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## **NEWS UPDATE**

15 September 2020



# MARKET SUMMARY

US Treasury	Yield 14 Sep 20	Daily Change bps	Yield 11 Sep 20	Weekly Change bps	Yield *04 Sep 20	Monthly Change bps	Yield 14 Aug 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	0.16	0	0.16	-2	0.18	-2	0.18	-146	1.62
5 YEAR	0.27	1	0.26	-3	0.30	-2	0.29	-142	1.69
7 YEAR	0.46	1	0.45	-4	0.50	-5	0.51	-137	1.83
10 YEAR	0.68	1	0.67	-4	0.72	-3	0.71	-124	1.92

MGS	Yield 14 Sep 20	Daily Change bps	Yield 11 Sep 20	Weekly Change bps	Yield 07 Sep 20	Monthly Change bps	Yield 14 Aug 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	1.91	-1	1.92	7	1.84	5	1.86	-107	2.98
5 YEAR	2.15	0	2.15	10	2.05	11	2.04	-100	3.15
7 YEAR	2.41	-2	2.43	9	2.32	20	2.21	-89	3.30
10 YEAR	2.61	-1	2.62	5	2.56	12	2.49	-69	3.30

GII	Yield 14 Sep 20	Daily Change bps	Yield 11 Sep 20	Weekly Change bps	Yield 07 Sep 20	Monthly Change bps	Yield 14 Aug 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	1.95	0	1.95	14	1.81	4	1.91	-111	3.06
5 YEAR	2.10	0	2.10	8	2.02	7	2.03	-109	3.19
7 YEAR	2.34	0	2.34	0	2.34	4	2.30	-96	3.30
10 YEAR	2.60	0	2.60	3	2.57	10	2.50	-82	3.42

AAA	Yield 14 Sep 20	Daily Change bps	Yield 11 Sep 20	Weekly Change bps	Yield 07 Sep 20	Monthly Change bps	Yield 14 Aug 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	2.40	0	2.40	3	2.37	-9	2.49	-115	3.55
5 YEAR	2.59	0	2.59	2	2.57	-5	2.64	-108	3.67
7 YEAR	2.80	0	2.80	3	2.77	4	2.76	-96	3.76
10 YEAR	3.08	2	3.06	4	3.04	10	2.98	-81	3.89

\*07 September 2020 was a Labor Day in the United States

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

Source: US Treasury, BNM & BIX Malaysia

# NEWS UPDATE

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

## REUTERS

### *Foreign inflows into Asian bonds slow in August*

Asian bonds recorded a third straight month of net foreign inflows in July but buying slowed due to an escalation in Sino-U.S. tensions and the worsening pandemic situation in some areas.

Foreigners purchased a net \$489 million worth of Asian government and corporate local currency bonds last month compared with \$3.97 billion in July, data from regional banks and bond market associations in Indonesia, Malaysia, Thailand, South Korea and India showed. Khoon Goh, head of Asia Research at ANZ, said the slowdown was due to worsening U.S.-China tensions, with the U.S. imposing technology sanctions on Chinese telecommunications giant Huawei.

But he remained constructive on portfolio flows in the near-term. "True, the overall growth outturn over Q2 was worse than expected. But investors' focus has shifted to the pace of recovery now," he said. In August, South Korean bonds received a net \$839 million of foreign money, which was the eight successive monthly inflow this year, while Malaysian bonds attracted a net \$715 million.

On the other hand, foreigners sold a net \$264 million worth of Indonesian bonds, on worries over its fiscal deficit and ailing economy.

# NEWS UPDATE

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## THE STAR

### *Liquidity strains to persist for emerging, frontiers markets*

Many emerging and frontier market economies will commence their recoveries with greater fiscal and external weaknesses, according to Moody's Investors Service.

Michael S. Higgins, a Moody's analyst, said on Monday these market economies have experienced a substantial shock through multiple channels such as a drop in export values on lower commodity prices; weaker tourism and lower global demand; and volatility in non-resident capital flows. "We expect fiscal and external imbalances to widen and, in the most severe cases, liquidity pressures will rise toward serious stress or default," he said in a report.

The report stated unprecedented economic shock has hit low-rated sovereigns hardest, widening fiscal and external imbalances. "These macroeconomic pressures have added to existing fiscal and external strains. In the most severe cases, liquidity pressures have risen toward serious stress or default, " the rating agency said. Many emerging and frontier market sovereigns have tapped emergency financing. Significant financial support from international financial institutions and the official sector has partially funded fiscal and external gaps.

# NEWS UPDATE

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

## REUTERS

### *TREASURIES-Investors look ahead to Fed meeting, keep yields in range*

Investors kept U.S. Treasury yields stable on Monday as they tried to gauge how the U.S. Federal Reserve will put its new approach to monetary policy into practice.

The benchmark 10-year yield was down less than a basis point at 0.6641% in afternoon trading, close to the middle of the range where it has traded since late March. The U.S. central bank will meet on Tuesday and Wednesday with a new framework rolled out last month promising an expansive commitment to "broad-based and inclusive" employment.

Trading on Monday reflected "a little bit of place-setting ahead of the FOMC," said Kim Rupert, senior economist for Action Economics. Wall Street's major indexes climbed on Monday on a boost from technology stocks while signs of progress in developing a COVID-19 vaccine and a spurt of multibillion-dollar deals also brightened the mood. The dollar slipped on Monday against its major peers as a wave of M&A deals lifted the mood in global equity markets and investors looked ahead to the Fed meeting.

Wall Street is coming off of two straight weeks of losses, as investors sold heavyweight technology stocks. In addition, world oil demand will fall more steeply in 2020 than previously forecast due to the coronavirus and recover more slowly than expected next year, OPEC said on Monday.

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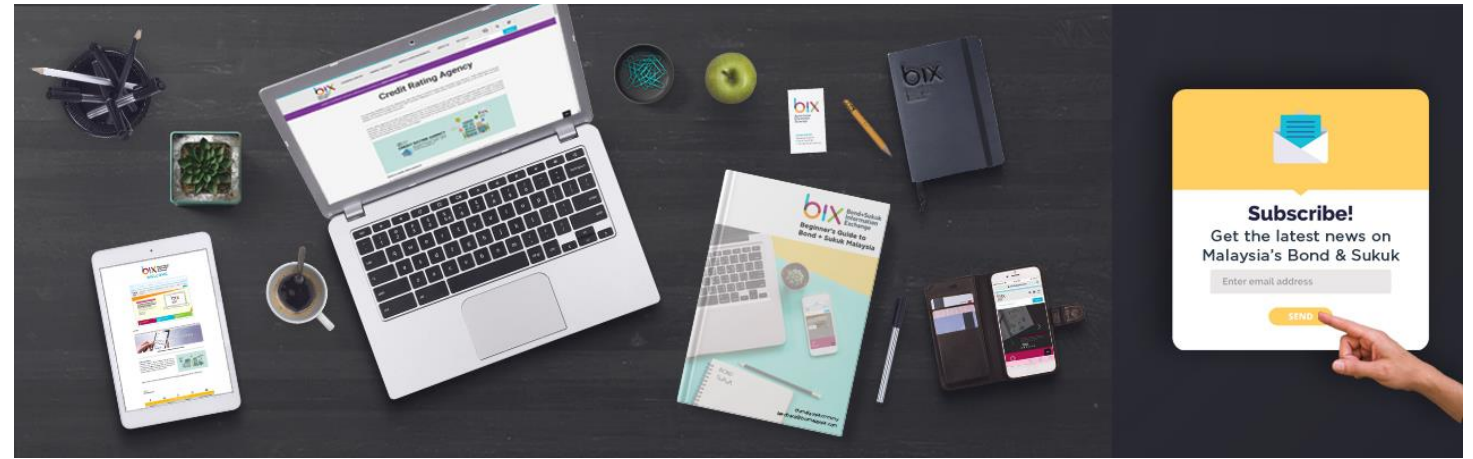
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