BOND+SUKUK INFORMATION EXCHANGE

BIXMALAYSIA.COM

NEWS UPDATE

17 September 2020

MARKET SUMMARY

US Treasury	Yield 15 Sep 20	Daily Change bps	Yield 14 Sep 20	Weekly Change bps	Yield 08 Sep 20	Monthly Change bps	Yield 14 Aug 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	0.16	0	0.16	-1	0.17	-2	0.18	-146	1.62
5 YEAR	0.27	0	0.27	-1	0.28	-2	0.29	-142	1.69
7 YEAR	0.46	0	0.46	-1	0.47	-5	0.51	-137	1.83
10 YEAR	0.68	0	0.68	-1	0.69	-3	0.71	-124	1.92

MGS	Yield 15 Sep 20	Daily Change bps	Yield 14 Sep 20	Weekly Change bps	Yield 08 Sep 20	Monthly Change bps	Yield 14 Aug 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	1.92	1	1.91	8	1.84	6	1.86	-106	2.98
5 YEAR	2.17	2	2.15	13	2.04	13	2.04	-98	3.15
7 YEAR	2.42	1	2.41	8	2.34	21	2.21	-88	3.30
10 YEAR	2.62	1	2.61	4	2.58	13	2.49	-68	3.30

GII	Yield 15 Sep 20	Daily Change bps	Yield 14 Sep 20	Weekly Change bps	Yield 08 Sep 20	Monthly Change bps	Yield 14 Aug 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	1.95	0	1.95	9	1.86	4	1.91	-111	3.06
5 YEAR	2.10	0	2.10	6	2.04	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	4	2.56	10	2.50	-82	3.42

AAA	Yield 15 Sep 20	Daily Change bps	Yield 14 Sep 20	Weekly Change bps	Yield 08 Sep 20	Monthly Change bps	Yield 14 Aug 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	2.43	3	2.40	6	2.37	-6	2.49	-112	3.55
5 YEAR	2.62	3	2.59	6	2.56	-2	2.64	-105	3.67
7 YEAR	2.83	3	2.80	6	2.77	7	2.76	-93	3.76
10 YEAR	3.09	1	3.08	5	3.04	11	2.98	-80	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

ADB keeps Malaysia's GDP growth at 6.5% in 2021

The Asian Development Bank (ADB) has maintained its gross domestic product (GDP) forecast of 6.5 per cent for Malaysia next year in its September update, but downgraded 2020 growth rate to -5 per cent from -4 per cent previously.

"The economy will continue to be dragged down by the adverse effects of the pandemic on consumption, exports, and investment. Measures to contain the spread of the virus by restricting travel and business activity weigh on household spending," it said.

However, with restrictions relaxed from mid-June, some recovery is expected in the second half of 2020 and the release of pent-up demand is already showing in wholesale and retail trade, which picked up strongly in June, it said in its Asian Development Outlook (ADO) 2020 Update released today.

Malaysia's GDP contracted by 8.3 per cent year-on-year in the first half of 2020, a sharp reversal of the 4.7 per cent expansion in the same period of last year. The economy grew by 0.7 per cent in the first quarter of 2020 but fell by 17.1 per cent in the second quarter (Q2). The government announced stimulus packages amounting RM295 billion, including an estimated RM45 billion in additional fiscal expenditure.

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REUTERS

TREASURIES-Yields higher after Fed keeps rates pinned down

Investors on Wednesday pushed longer-term U.S. Treasury yields to their highest levels this week and steepened the yield curve after the U.S. Federal Reserve said it would keep interest rates near zero for some time.

As expected, the Fed promised to keep rates near zero until inflation is on track to "modestly exceed" the U.S. central bank's 2% inflation target. The change in guidance was part of a policy shift announced last month. The Fed's stance drove down prices and drove up yields on Treasuries, especially on longer-term bonds whose value is more sensitive to inflation expectations.

The benchmark 10-year yield was at 0.6887% in afternoon trading, a basis point higher for the day, and reached as high as 0.702% at one point in the afternoon. The 30-year bond was up 1.7 basis points at 1.4466%. Justin Hoogendoorn, head of fixed income strategy for Piper Sandler, said the Fed appeared to convince at least some traders its plan to stimulate inflation was on track. "The near-term reaction is the market believing" in the Fed's effectiveness, he said.

U.S. consumer spending appeared to slow in August as extended unemployment benefits were cut for millions of Americans, offering more evidence that the economic recovery from the COVID-19 recession was faltering.

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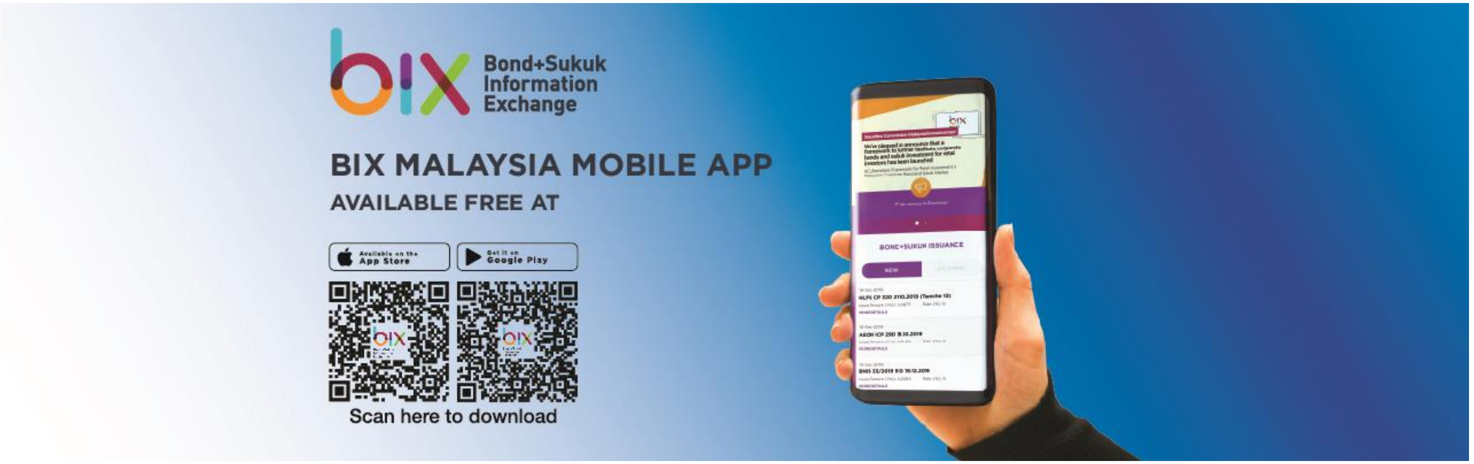

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