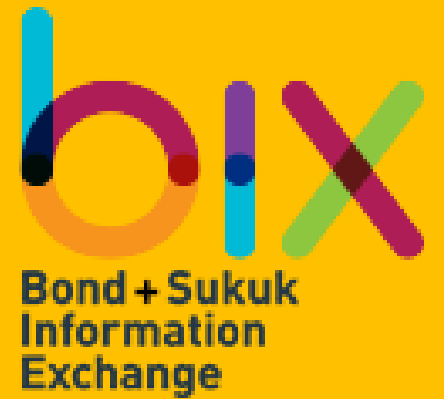


BOND+SUKUK INFORMATION EXCHANGE

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NEWS UPDATE

21 September 2020



MARKET SUMMARY

US Treasury	Yield 18 Sep 20	Daily Change bps	Yield 17 Sep 20	Weekly Change bps	Yield 11 Sep 20	Monthly Change bps	Yield 18 Aug 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	0.16	0	0.16	0	0.16	-1	0.17	-146	1.62
5 YEAR	0.29	1	0.28	3	0.26	2	0.27	-140	1.69
7 YEAR	0.48	1	0.47	3	0.45	1	0.47	-135	1.83
10 YEAR	0.70	1	0.69	3	0.67	3	0.67	-122	1.92

MGS	Yield 18 Sep 20	Daily Change bps	Yield 17 Sep 20	Weekly Change bps	Yield 11 Sep 20	Monthly Change bps	Yield 18 Aug 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	1.95	0	1.95	3	1.92	6	1.89	-103	2.98
5 YEAR	2.17	2	2.15	2	2.15	10	2.07	-98	3.15
7 YEAR	2.47	-1	2.48	4	2.43	23	2.24	-83	3.30
10 YEAR	2.67	-1	2.68	5	2.62	19	2.48	-63	3.30

GII	Yield 18 Sep 20	Daily Change bps	Yield 17 Sep 20	Weekly Change bps	Yield 11 Sep 20	Monthly Change bps	Yield 18 Aug 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	1.99	0	1.99	4	1.95	8	1.91	-107	3.06
5 YEAR	2.12	2	2.10	2	2.10	5	2.07	-107	3.19
7 YEAR	2.44	10	2.34	10	2.34	11	2.33	-86	3.30
10 YEAR	2.62	2	2.60	2	2.60	13	2.49	-80	3.42

AAA	Yield 18 Sep 20	Daily Change bps	Yield 17 Sep 20	Weekly Change bps	Yield 11 Sep 20	Monthly Change bps	Yield 18 Aug 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	2.45	1	2.44	5	2.40	-3	2.48	-110	3.55
5 YEAR	2.65	1	2.64	6	2.59	1	2.64	-102	3.67
7 YEAR	2.85	0	2.85	5	2.80	9	2.76	-91	3.76
10 YEAR	3.12	0	3.12	6	3.06	14	2.98	-77	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.

NEW STRAITS TIMES

Govt rolls out additional RM166mil new Sukuk Prihatin issuance

Following the overwhelming response, the government has decided to roll an additional RM166 million Sukuk Prihatin new sukuk issuance to support the rebuilding of the country after the Covid-19 pandemic.

Further, proceeds from the new issuance will also be used to enhance connectivity to rural schools, support research on infectious diseases and finance micro-entrepreneurs. To date, Sukuk Prihatin, a government initiative under the Short-Term Economic Recovery Plan (PENJANA), has been oversubscribed to RM666 million, surpassing the original target of RM500 million.

Finance minister Tengku Dato' Sri Zafrul Aziz in a statement said the government would like to thank the Malaysians who have contributed to the Sukuk Prihatin program, and that the over-subscription prove the spirit of unity and cooperation of Malaysians in facing the current challenging period. In line with the theme of #MalaysiaPrihatin, the government believes, the spirit of 'equally light to carry, equally heavy to carry' is what will make Malaysia a stronger country, he said.

The Sukuk Prihatin subscription was launched on August 18 and was closed on September 17, 2020. With the closing of the subscription period, Sukuk Prihatin will issued on 22 September 2020 with a maturity of two years.

NEWS UPDATE

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

THE STAR

Bank Rakyat's sukuk wakalah to diversify portfolio

The Bank Rakyat's Sukuk Wakalah programme with a nominal value of RM10bil can diversify its portfolio while increasing the regulatory ratio for the banking business' needs.

Bank Rakyat chief executive officer Datuk Rosman Mohamed said the Sukuk programme would also enable the bank to obtain long-term funding with a fixed rate in addition to diversifying the long term funding composition. "As you all know, Sukuk is a long-term fund, the whole idea is to stabilise the funding situation, part of the liquidity management, this is the bank's planning to ensure we have good funding portfolio," he told the media after the signing of the agreement for the Bank Rakyat Sukuk Wakalah programme here on Friday (Sept 18).

The 30-year programme would be implemented through a special purpose company, Imtiaz Sukuk II Bhd; the first issue of the sukuk is expected to begin soon with a size of RM500mil and an option to increase it. "This Sukuk programme is offered for between three and five years," Rosman said.

He represented Bank Rakyat in signing the agreement with a number of financial institutions including principal adviser and lead arranger Maybank Investment Bhd, which was represented by its CEO Fad'l Mohamed.

NEWS UPDATE

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

THE SUNDAILY

Bursa relaunches 5-year MGS futures with new settlement method

Bursa Malaysia Derivatives has relaunched the five-year Malaysian Government Bond (MGS) securities futures contract with a revised settlement methodology, from the previous cash-settled to physical delivery.

It explained that the revised methodology is based on a delivery-versus-payment (DVP) model which closely mirrors the DVP transfer of MGS in the over-the-counter market. The bourse explained that a key modification to the model is Bursa Malaysia Derivatives Clearing's role of the central counterparty to facilitate the real-time delivery of the MGS.

It stated that the transitions will be facilitated via the Securities Linked Settlement functionality of Real-Time Electronic Transfer of Funds and Securities System provided by Payments Network Malaysia Sdn Bhd. Bursa Malaysia Derivatives chairman and Bursa Malaysia CEO Datuk Umar Swift said it has worked closely with key market stakeholders to create the optimal and efficient physical delivery model for MGS futures, taking into consideration settlement efficiency risk and transparency to regulators.

"Several industry consultations and focus group sessions were conducted before the final model was confirmed and duly approved by the Securities Commission Malaysia," he said in a statement today.

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