Fixed Income Research

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FIXED INCOME UPDATE: Banking on Global Liquidity Support

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Malaysian Bond Market

Highlights in 2020YTD

The COVID-19 pandemic ravaged global markets

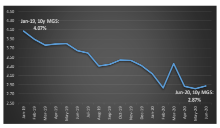
BNM cuts OPR by 125bps to 1.75%

+16.1% y-o-y

Issuance of govvies surged to RM77.8 billion in 1H2020

-50.4% y-o-y

Issuance of corporate bonds slumped to RM38.9 billion in 1H2020

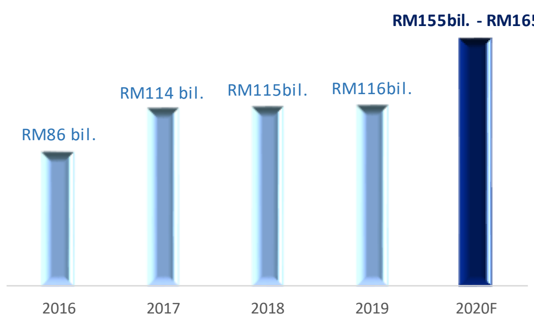


MGS yields ended 1H2020 significantly lower compared to 2019

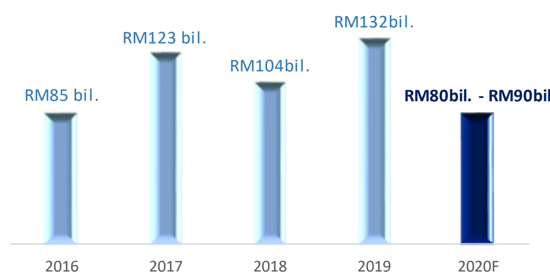
Net foreign outflows from the local bond market amounted to RM5.8 billion in 1H2020

Projections for 2020

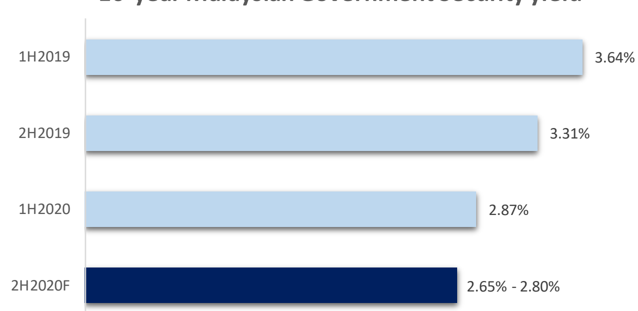
Gross issuance of local govvies



Gross issuance of corporate bonds



10-year Malaysian Government Security yield



In a nutshell

- ***US government bond market***
  The Federal Reserve (Fed) indicated its commitment to keep the Federal Funds Rate (FFR) near zero through 2022. However, it gave no hints on whether it will adopt a negative interest rate policy (NIRP) in the future despite projecting the US economy to contract by 6.5% in 2020. In 1H2020, US Treasury (UST) yields slumped to record lows amid fears of a global recession and the Fed's aggressive monetary easing policies. Yield on the 10y UST settled 122bps lower at 0.66% from the YTD high of 1.88% in January. The 10y UST yield is expected to remain below 1% for the rest of the year.

- ***Euro zone and UK sovereign bond market***
  The European Central Bank (ECB) maintained its key interest rates throughout 1H2020. In response to the COVID-19 pandemic, the ECB had launched massive bond-buying programmes worth EUR1.5 trillion which helped to compress sovereign yields in the euro area. Meanwhile in the UK, the Bank of England (BOE) slashed its key interest rate twice in 1H2020 to an all-time low of 0.1%. The BOE also pursued its own bond buying programme worth GBP745 billion to combat the pandemic-induced economic slowdown. As such, for 2020, we expect rates in both the euro zone and the UK to remain unchanged or lower, supporting the current compressed yield levels.

- ***Malaysian government bond market – Primary market***
  In 1H2020, total gross issuance of Malaysian Government Securities (MGS) and Government Investment Issues (GII) surged to RM77.8 billion (1H2019: RM67.0 billion). The bulk of the issuance were GII papers (RM40.3 billion). However, demand for MGS/GII at public auctions fell, registering an average bid-to-cover (BTC) ratio of 2.4x (1H2019: 2.7x) amid declining foreign investors' interest due to the pandemic. Gross issuance of MGS/GII is expected to be between RM155.0 billion and RM165.0 billion for the whole of 2020.

- ***Malaysian government bond market – Secondary market***
  MGS yields bull-steepened in 1H2020 after surging in March during the height of the COVID-19 pandemic. Yields on MGS began to ease in 2Q2020 following Bank Negara Malaysia's (BNM) aggressive overnight policy rate (OPR) cut and liquidity enhancing measures announced in May. Yield on the 3y MGS dipped by 77bps to 2.25% (2019: 3.01%) while yield on the 10y MGS fell by 44bps to 2.87% (2019: 3.31%). Moving into 2H2020, MGS yields are expected to remain at the current supportive levels amid the low global interest rate environment. YTD, BNM had cut the OPR by 125bps to 1.75%, the lowest in history. The 10y MGS is expected to be trading around 2.60% to 2.85%.

- ***Malaysian corporate bond market – Primary market***
  Corporate bond issuance fell to RM38.9 billion in 1H2020 (1H2019: RM78.4 billion), the lowest first-half amount since 2016. All segments — except for Cagamas — experienced a drop in their issuances due to the worsening economic sentiment following the COVID-19 pandemic. For the whole of 2020, corporate bond issuances are projected to be between RM80.0 billion and RM90.0 billion, similar to the 2013–2016 levels. The expected contraction in real GDP and private investments in 2020 is the primary reason behind the corporates' waning appetite to raise funds.

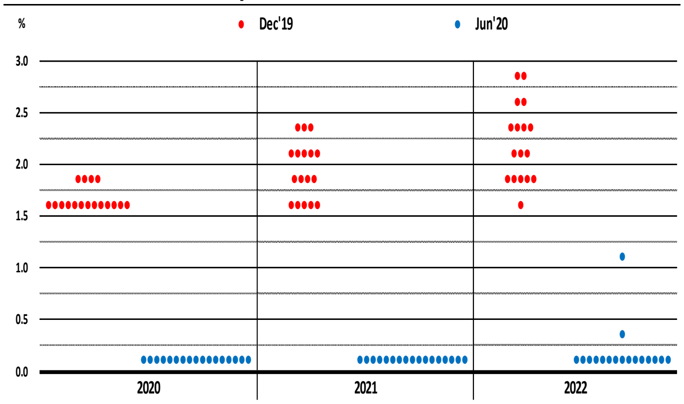
- ***Foreign ownership trend of local bonds***
  Total net foreign outflows in 1H2020 from local bonds amounted to RM5.80 billion compared with net foreign inflows of RM22.1 billion recorded in the previous half. Outflows were mostly concentrated in 1Q2020 amid the relentless global spread of COVID-19. Foreign selling pressure on local bonds eased in 2Q2020 as global central banks deployed massive monetary policies. We expect foreign holdings of the local bonds to gradually increase in 2H2020 as global interest rates remain low throughout the year. This increases the appeal of local bonds to foreign investors who are seeking higher yields.

US Government Bond Market

- ***Zero Interest Rate Policy (ZIRP) through 2022.*** In the latest Federal Open Market Committee (FOMC) minutes, the Fed signalled its commitment to keep the FFR near zero through 2022. The dot plot shows little dissent among the members about keeping the current rates anchored at least until the pandemic is over. No members, however, indicated the possibility of pursuing an NIRP in the near term. The Fed anticipates real GDP to contract by 6.5% in 2020, to be followed by a relatively strong rebound by 5.0% and 3.5% in 2021 and 2022.

- ***US Treasury (UST) yields to remain modest.*** In 1Q2020, the 10y UST yield fell by about 134bps from a high of 1.88% in January to 0.54% in March. The magnitude of the decline was more severe than during the Global Financial Crisis (GFC) when yields stumbled by around 200bps within a period of three months. The steep decline was in response to the Fed's ZIRP and an expansion of balance sheet to a record USD7 trillion. Much of the expansion was due to an increase in the Fed's holdings of UST and Mortgage-backed Securities (MBS). The 10y UST yield hovered between 0.58% and 0.91% in 2Q2020 and is expected to remain below 1.00% for the rest of 2020.

Exhibit 1: US Fed dot plot – Dec'19 vs Jun'20



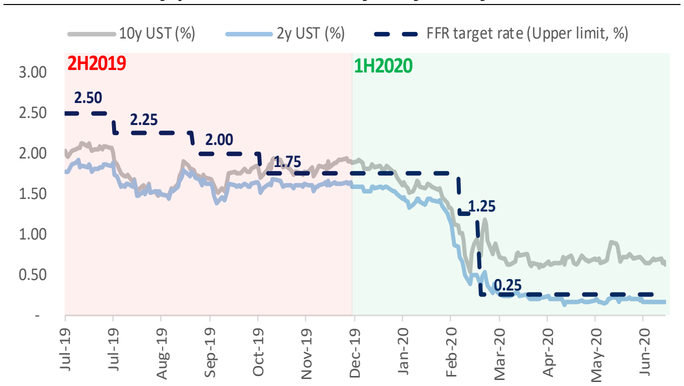
Sources: US Fed (St. Louis), MARC Research

Exhibit 2: Economic projections by the Fed

Fed projections (Median)	2020		2021		2022	
	Dec'19	Jun'20	Dec'19	Jun'20	Dec'19	Jun'20
Real GDP growth (%)	2.0	-6.5	1.9	**5.0**	1.8	**3.5**
Unemployment rate (%)	3.5	9.3	3.6	**6.5**	3.7	**5.5**
PCE inflation (%)	1.9	0.8	2.0	**1.6**	2.0	**1.7**
Core PCE inflation (%)	1.9	1.0	2.0	**1.5**	2.0	**1.7**
FFR (%)	1.6	0.1	1.9	**0.1**	2.1	**0.1**

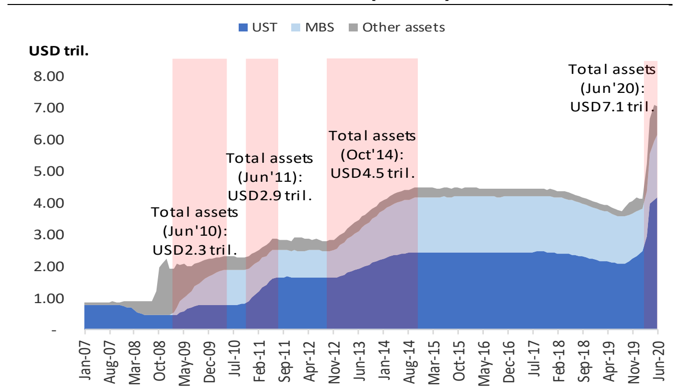
Sources: US Fed, MARC Research

Exhibit 3: Daily performance of 10y & 2y UST yields



Sources: US Fed (St. Louis), MARC Research

Exhibit 4: US Fed's balance sheet (Assets)



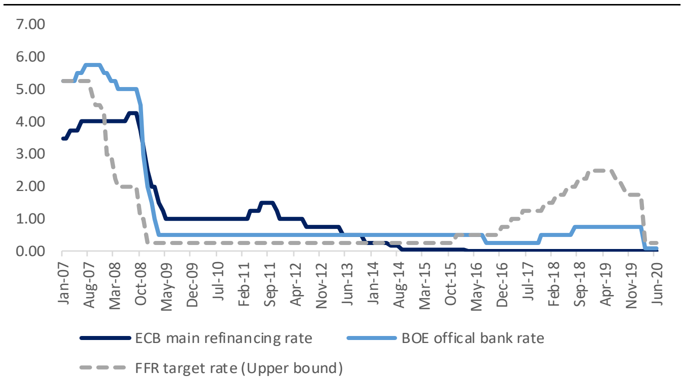
Source: US Fed (St. Louis), MARC Research

Euro Zone and UK Sovereign Bond Market

- ***Interest rates to remain unchanged or lower.*** The ECB held interest rates on main refinancing operations, marginal lending facility and deposit facility unchanged at 0.00%, 0.25% and -0.50% in 1H2020. The accommodative monetary stance is likely to remain until the inflation outlook converges near the 2.0% target. The ECB projects inflation to slow to 0.3% in 2020 and rise to 0.8% and 1.3% in 2021 and 2022. So far, inflation has averaged at 0.7% in 5M2020. Likewise, the BOE has also slashed the bank rate twice this year to an all-time low of 0.1% and resisted taking rates into negative territory. However, the BOE is open to the idea of having an NIRP after the 2y Gilt yield dived to -0.013% for the first time in early May, followed by the 5y yield that descended to -0.013% in late May.

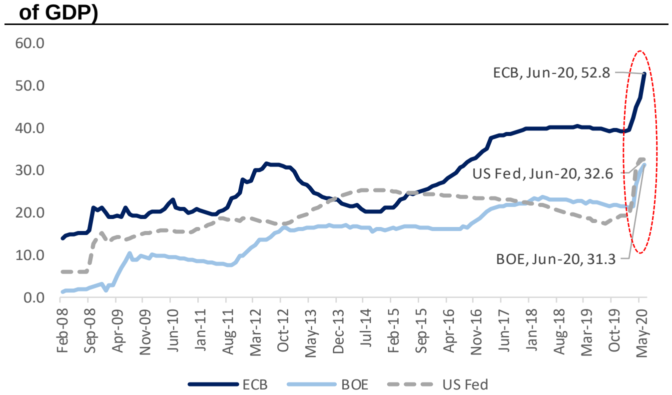
- ***Asset Purchase Programme (APP) and Pandemic Emergency Purchase Programme (PEPP) to provide liquidity support.*** The bond-buying programme totalling EUR1.4 trillion in PEPP and EUR120 billion in APP for 2020 has compressed euro area sovereign yields by removing duration risk from the market. The programmes have reduced the share of bonds held by private investors, preventing yields from surging from large COVID-19-induced increase in bond issuance. The bund yields, for instance, registered a record low across the curve in March after the announcement of the PEPP. The ECB has also eased the Targeted Longer-Term Refinancing Operations (TLTRO) conditions to provide sufficient credit to businesses, especially SMEs that are impacted by the COVID-19 outbreak as these SMEs account for two-thirds of employment in the euro area. The BOE has also ramped up its APP by an additional GBP100 billion in mid-June to a total of GBP745 billion to combat the pandemic-induced economic slowdown. The BOE is projected to increase the size of its APP along with tweaks to its credit provision facilities to reduce financing costs for banks to lend to firms and households.

Exhibit 5: Policy rates of EU, UK & US central banks (%)



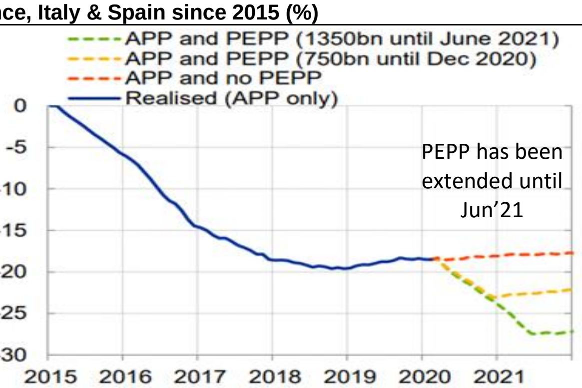
Source: Bloomberg, MARC Research

Exhibit 6: Balance sheet size of EU, UK & US central banks (% of GDP)



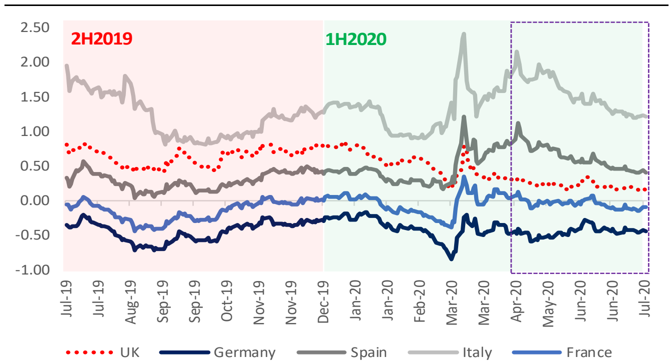
Source: Bloomberg, MARC Research

Exhibit 7: Change in free-float ratio of bonds in Germany, France, Italy & Spain since 2015 (%)



Source: ECB

Exhibit 8: European and UK 10y government bond yields



Sources: Bloomberg, MARC Research

Malaysian Government Bond Market

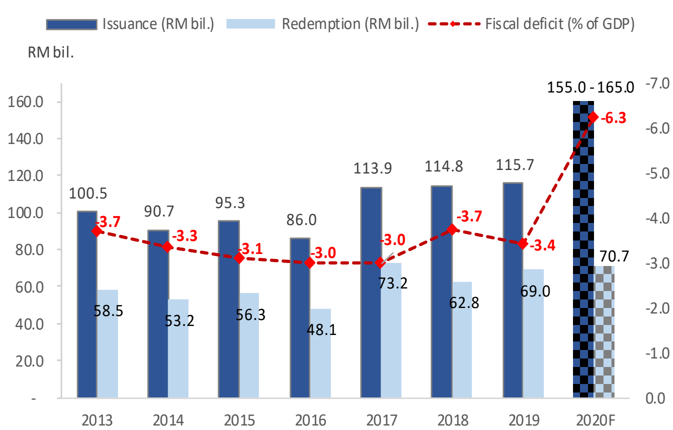
Primary market

- ***In 1H2020, total gross issuance of MGS and GII surged 16.1% y-o-y to RM77.8 billion (1H2019: RM67.0 billion).*** Of the total, RM40.3 billion was from GII while the remaining RM37.5 billion was from MGS with the GII-to-MGS ratio coming in at 52:48 (1H2019: 54:46). Similar to 2019, the government gave higher preference towards GII to develop the sukuk market in Malaysia. However, net issuance of MGS/GII was significantly lower at RM39.8 billion (1H2019: RM49.3 billion) as the volume of matured papers doubled to RM38.0 billion (1H2019: RM17.7 billion). By end-1H2020, total outstanding MGS/GII amounted to RM799.5 billion (1H2019: RM762.4 billion).

- ***Bidding interest for MGS/GII at public auctions fell behind in 1H2020 compared to the same corresponding period last year.*** The average BTC ratio fell to 2.4x in 1H2020 (1H2019: 2.7x) amid falling interest from foreign investors. Demand was skewed towards the higher-yielding GII papers along the belly till the long-end of the curve. GII papers recorded an average BTC ratio of 2.6x (1H2019: 2.3x) while MGS' average BTC came in lower at 2.1x (1H2019: 2.3x). Demand for MGS/GII in the primary market in 1H2020 was mostly from local investors amid the liquidity enhancement measures employed by BNM.

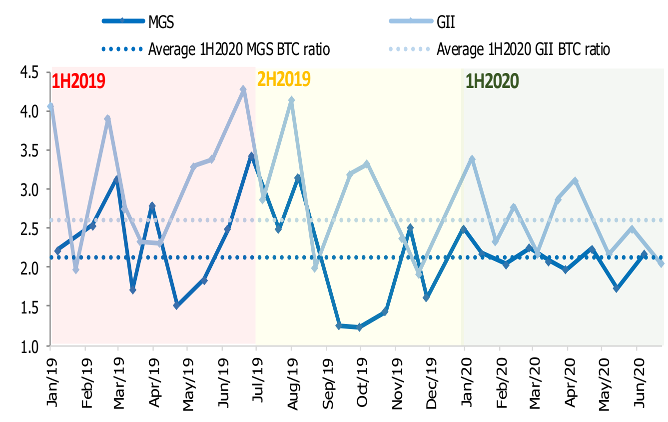
- ***Gross issuance of MGS/GII issuance is expected to be between RM155.0 billion and RM165.0 billion in 2020.*** Our revised forecast is based on 1) expectations that the budget deficit for 2020 would climb to 6.0%-6.5% of GDP in view of rising expenditure following the implementation of various stimulus packages to aid the recovery of the economy; and 2) RM32.7 billion worth of MGS/GII papers that would mature in 2H2020. This would leave additional issuance of about RM77.2 billion to RM87.2 billion worth of MGS/GII for 2H2020.

Exhibit 9: Gross MGS/GII issuance



Sources: BNM Bond Info Hub, MARC Research

Exhibit 10: BTC ratios of government bond auctions



Sources: BNM FAST, MARC Research

Exhibit 11: Auction results/calendar for government bonds 2020

Issues	Target Month	Issue Date	Total raised (RM Mil)	Amount (RM Mil)	Private Placement (RM Mil)	Bid-To-Cover ratio (x)	Average Yield (%)
7-yr Reopening of MGS 05/27 3.502%	January	8-Jan-20	3,500	3,500		2.50	3.28
15-yr Reopening of MGII 11/34 4.119%	January	15-Jan-20	3,500	2,500	1,000	3.40	3.51
3-yr Reopening of MGS 03/23 3.480%	January	24-Jan-20	3,000	3,000		2.18	2.86
30-yr Reopening of MGII 11/49 4.638%	February	5-Feb-20	4,000	2,500	1,500	2.33	3.78
10-yr Reopening of MGS 08/29 3.885%	February	14-Feb-20	4,000	4,000		2.04	2.89
5-yr Reopening of MGII 10/24 3.655%	February	21-Feb-20	4,000	4,000		2.78	2.85
15-yr Reopening of MGS 07/34 3.828%	March	6-Mar-20	4,000	3,500	500	2.25	3.03
20-yr Reopening of MGII 09/39 4.467%	March	13-Mar-20	4,300	2,800	1,500	2.18	3.34
5-yr Reopening of MGS 09/25 3.955%	March	23-Mar-20	4,000	4,000		2.08	3.45
7.5-yr New Issue of MGII (Mat on 09/27)	March	31-Mar-20	4,500	3,500	1,000	2.87	3.42
20-yr Reopening of MGS 05/40 3.757%	April	7-Apr-20	5,000	3,500	1,500	1.97	3.86
10.5-yr New Issue of MGII (Mat on 10/30)	April	15-Apr-20	5,000	4,000	1,000	3.12	3.47
7-yr Reopening of MGS 05/27 3.502%	April	30-Apr-20	4,000	4,000		2.24	2.68
15-yr Reopening of MGII 11/34 4.119%	May	15-May-20	5,000	3,500	1,500	2.17	3.24
10-yr Reopening of MGS 08/29 3.885%	May	22-May-20	4,500	4,500		1.73	2.80
3-yr Reopening of MGII 05/23 3.151%	June	4-Jun-20	4,500	4,500		2.50	2.31
30-yr New Issue of MGS (Mat on 06/50)	June	15-Jun-20	5,500	3,000	2,500	2.17	4.07
20-yr Reopening of MGII 09/39 4.467%	June	30-Jun-20	5,500	3,500	2,000	2.05	3.76
3-yr Reopening of MGS 03/23 3.480%	July	10-Jul-20	5,000	5,000		2.51	2.00
10-yr Reopening of MGII (Mat on 10/30)	July	17-Jul-20	5,000	5,000			
15-yr Reopening of MGS 07/34 3.828%	July						
7-yr Reopening of MGII (Mat on 09/27)	August						
20-yr Reopening of MGS 05/40 3.757%	August						
15-yr Reopening of MGII 11/34 4.119%	August						
7-yr Reopening of MGS 05/27 3.502%	September						
30-yr Reopening of MGII 11/49 4.638%	September						
5-yr Reopening of MGS 09/25 3.955%	September						
3-yr Reopening of MGII 05/23 3.151%	October						
10.5-yr New Issue of MGS (Mat on 04/31)	October						
5-yr Reopening of MGII 03/26 3.726%	October						
30-yr Reopening of MGS (Mat on 06/50)	November						
7-yr Reopening of MGII (Mat on 09/27)	November						
15-yr Reopening of MGS 07/34 3.828%	November						
10-yr Reopening of MGII (Mat on 10/30)	December						

Source: BNM FAST, MARC Research

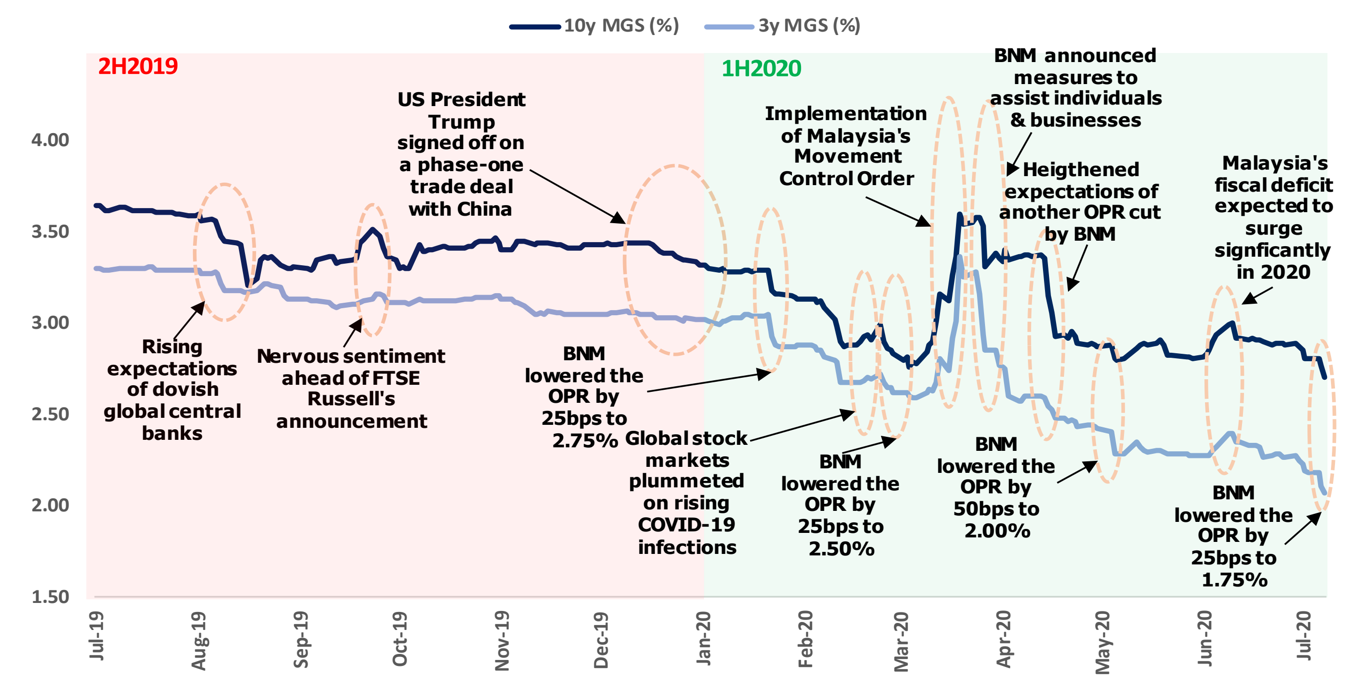
Secondary market

- ***By end-1H2020, MGS yields were significantly lower compared to 2019 in a bull-steepening move.*** MGS yields initially edged higher in 1Q2020 amid aggressive safe-haven bids for USTs by foreign investors during the height of the COVID-19 pandemic and the subsequent movement restriction measures introduced by the Malaysian government. The upward pressure on yields started to ease in 2Q2020 with yields at the short-end falling more drastically amid BNM's aggressive OPR cut and relaxation of the Statutory Reserve Requirement (SRR) compliance in May, causing the yield on the 3y MGS to dip by 76bps to 2.25% (2019: 3.01%). Meanwhile, yield on the 10y MGS dipped by 44bps to 2.87% (2019: 3.31%). The 10y/3y MGS yield spread widened to 62bps (2019: 30bps).

- ***MGS yields in 2H2020 to hover at around current low levels compared to 2019***. At the time of writing, the 10y MGS yield is hovering around 2.65%. We do not expect MGS yields to spike back to its 2020YTD high (March) or even to the 2019 levels in 2H2020 due to yield-hunting activities amid the low global interest rate environment and subdued inflation outlook. We foresee global policymakers maintaining their dovish stance to support their economies. Recent signs of initial economic recovery globally from the COVID-19 outbreak would help drive up support for MGS. The significant reduction in infection rates in Malaysia would also place MGS at a better position compared to its regional peers in ASEAN.

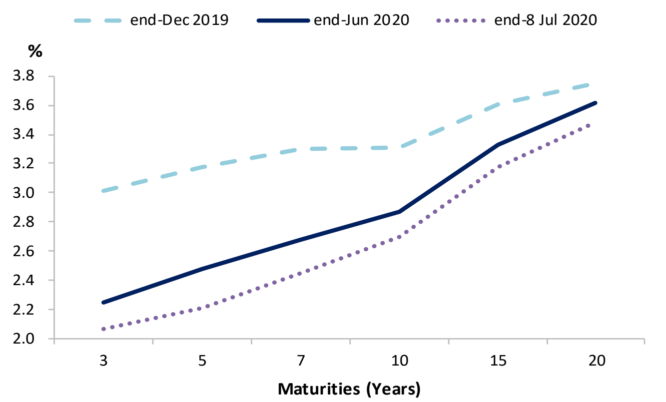
- ***No significant upside risks expected in MGS yields over the next six months.*** While there are fears of a second wave of the COVID-19 pandemic and a deterioration in global trade relations which may trigger significant foreign outflows, we do not foresee any potential significant spikes in MGS yields for 2H2020. This is mainly due to the strong support from local investors as witnessed in 1H2020. Supportive fiscal and monetary policies employed in Malaysia would continue to encourage local holdings, keeping MGS yields at supportive levels. BNM's recent 25bps cut in the OPR to 1.75% on 7 July would provide additional support for MGS, keeping the lid on yields. YTD, BNM had reduced the OPR by 125 bps. Notwithstanding this, MARC foresees a slim possibility of further OPR cuts in 2020. For 2H2020, we envisage the 10y MGS yield to hover in the range of 2.60% to 2.85%.

Exhibit 12: Daily performance of three- and 10-year MGS yields



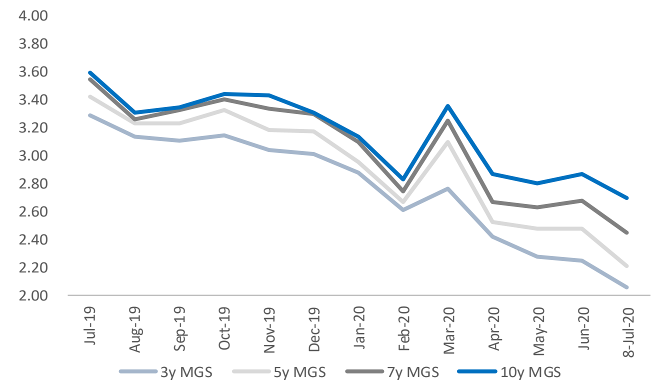
Sources: BNM, MARC Research

Exhibit 13: MGS yield curve comparison



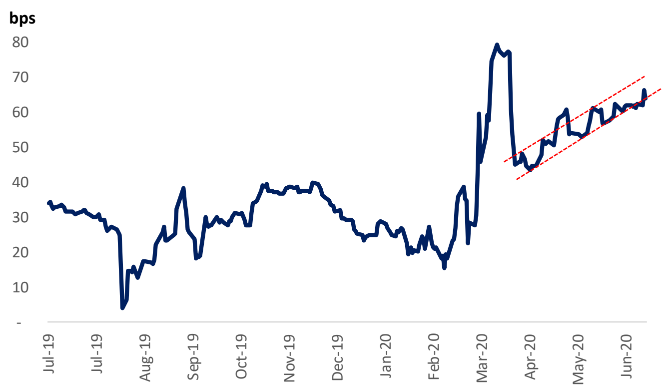
Sources: BNM, MARC Research

Exhibit 14: Yield trend – MGS (%)



Sources: BNM, MARC Research

Exhibit 15: 10y/3y MGS yield spread



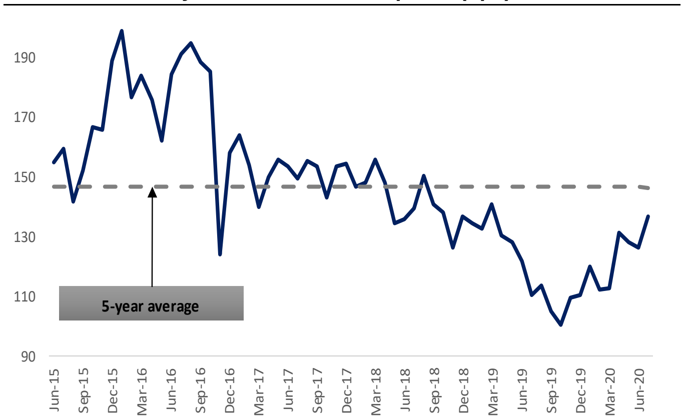
Sources: BNM, MARC Research

Exhibit 16: MGS benchmark yields

MGS yields	Dec-19	Jun-20	Change
1-year MGS	2.96	2.05	-91 bps
2-year MGS	3.01	2.18	-83 bps
3-year MGS	3.01	2.25	-77 bps
5-year MGS	3.18	2.47	-71 bps
7-year MGS	3.30	2.68	-62 bps
10-year MGS	3.31	2.87	-44 bps
15-year MGS	3.61	3.32	-29 bps
20-year MGS	3.75	3.62	-13 bps

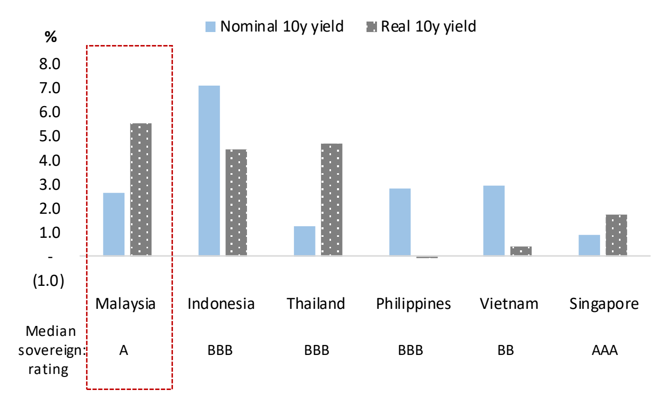
Sources: BNM, MARC Research

Exhibit 17: Five-year blended credit spread (bps)



Sources: BPAM, MARC Research

Exhibit 18: Real 10y yield of ASEAN sovereign bonds (Ytd)



Sources: ADB, CEIC, BPAM, MARC Research

Malaysian Corporate Bond Market

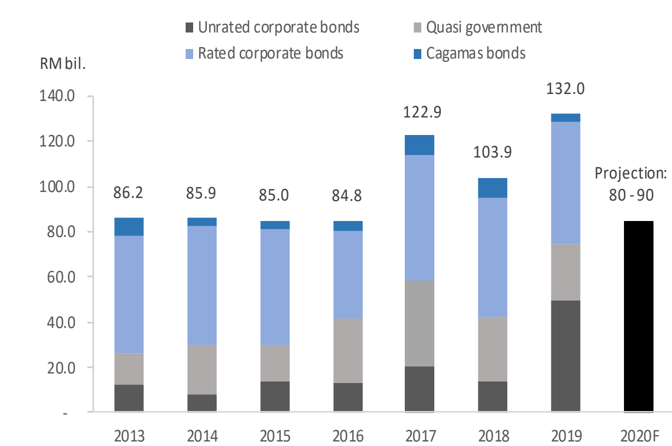
Primary market

- ***In 1H2020, total gross corporate bond issuance fell to RM38.9 billion (1H2019: RM78.4 billion), the lowest 1H amount since 2016.*** Significant declines in issuances were observed across all unrated and rated segments except for Cagamas. Issuances of unrated corporate bonds declined the most, shedding RM27.6 billion to RM9.6 billion in 1H2020 (1H2019: RM37.2 billion, RM27.6 billion from Urusharta Jamaah Sdn Bhd). The primary market for corporate bonds was subdued due to the worsening economic sentiment brought upon by the COVID-19 pandemic and global lockdown measures that had caused a major reduction in economic activities.

- ***Bulk of the issuance in 1H2020 came from the financial sector which made up 29.3% or RM11.4 billion of total issuance.*** Notable issuers (total gross issuance of RM1.0 billion and above) from the sector include DanaInfra Nasional Bhd (RM2.8 billion), Lembaga Pembiayaan Perumahan Sektor (RM2.3 billion), Cagamas Bhd (RM1.1 billion), and AmBank Islamic Bhd (RM1.0 billion). By rating category, gross issuance was skewed towards quasi-government bonds which accounted for 26.8% of total gross issuance, followed by unrated and AAA-rated (including Cagamas) issuances which accounted for 24.7% and 24.1% of total gross issuance.

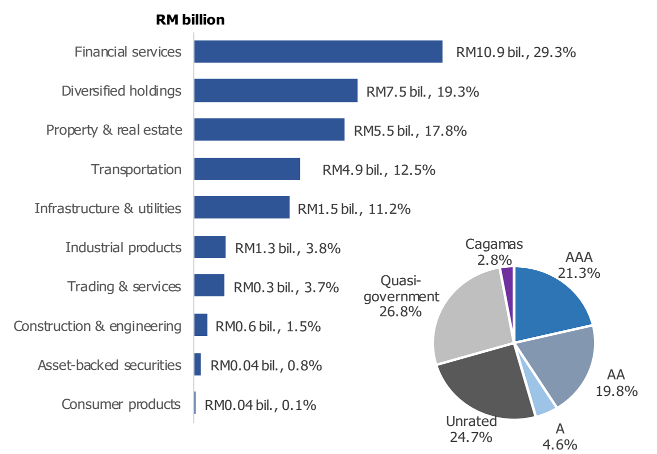
- ***Corporate bond issuances are expected to moderate to circa RM80.0 billion to RM90.0 billion in 2020, similar to 2013-2016 levels.*** This is largely due to the ongoing COVID-19 pandemic and the subsequent movement restriction measures that had impeded economic activities across all sectors. With weakened economic prospects for 2020, the growth of real GDP and private investments are expected to contract, dampening corporates' appetite to raise funds.

Exhibit 19: Corporate bond issuances by segment



Sources: BPAM, MARC Research

Exhibit 20: Corporate bond issuance composition in 1H2020



Sources: BPAM, MARC Research

Exhibit 21: Historical trend of corporate bond issuance by category (RM billion)

Year	Unrated Corporate Bonds	Quasi Government	Total Unrated	Rated Corporate Bonds	Cagamas	Total Rated	Total Corporate Bonds
2011	5.2	15.0	**20.2**	47.6	2.8	**50.4**	**70.7**
2012	13.4	30.4	**43.8**	76.6	3.4	**80.0**	**123.8**
2013	12.3	13.6	**25.9**	52.4	7.9	**60.3**	**86.2**
2014	8.0	21.9	**29.9**	52.7	3.3	**55.9**	**85.9**
2015	14.0	15.6	**29.6**	51.5	3.8	**55.3**	**85.0**
2016	13.2	28.1	**41.3**	39.3	4.1	**43.4**	**84.8**
2017	20.7	37.6	**58.3**	55.8	8.7	**64.6**	**122.9**
2018	13.9	28.7	**42.6**	52.4	9.0	**61.3**	**103.9**
2019	49.3	25.3	**74.6**	53.7	3.7	**57.4**	**132.0**
1H2020	9.6	10.4	**20.0**	17.8	1.1	**18.9**	**38.9**
Jan-20	3.6	-	**3.6**	0.5	-	**0.5**	**4.1**
Feb-20	0.7	5.8	**6.4**	4.3	-	**4.3**	**10.7**
Mar-20	2.9	1.4	**4.2**	2.6	0.4	**3.0**	**7.2**
Apr-20	0.9	0.5	**1.4**	1.2	0.5	**1.7**	**3.1**
May-20	1.1	2.8	**3.9**	3.1	0.1	**3.2**	**7.1**
Jun-20	0.5	-	**0.5**	6.1	0.1	**6.2**	**6.7**

Source: BPAM, MARC Research

Exhibit 22: Top corporate bond issuers in 1H2020 (Issue size of RM1.0 billion and above)

Issuer	Industry	Category	Principle	No. of issues	Amount (RM bil)
Prasarana Malaysia Berhad	Transportation	Quasi government	Islamic	7	4.85
Danum Capital Berhad	Diversified holdings	AAA-rated	Islamic	6	4.50
Khazanah Nasional Berhad	Diversified holdings	Unrated	Conventional	1	2.90
DanaInfra Nasional Berhad	Financial services	Quasi government	Islamic	5	2.80
Lembaga Pembiayaan Perumahan Sektor Awam	Financial services	Quasi government	Islamic	4	2.25
Sarawak Energy Berhad	Infrastructure & utilities	AAA-rated	Islamic	2	1.90
Hap Seng Management Sdn Berhad	Trading & services	Unrated	Conventional	9	1.30
TG Excellence Berhad	Industrial products	AA-rated	Islamic	1	1.30
Pengurusan Air SPV Berhad	Infrastructure & utilities	AAA-rated	Islamic	2	1.25
Cagamas Berhad	Financial services	Cagamas	Conventional	8	1.10
SunREIT Unrated Bond Berhad	Property & real estate	Unrated	Conventional	5	1.00
AmBank Islamic Berhad	Financial services	AA-rated	Islamic	2	1.00

Source: BPAM, MARC Research

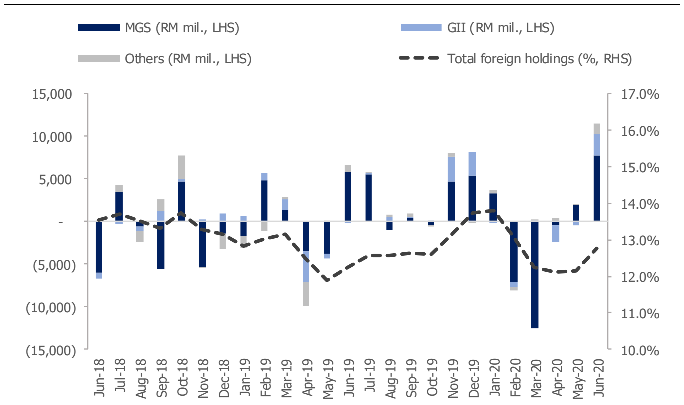
Foreign ownership trend of local bonds

- ***Local bond garnered total net foreign outflows of RM5.8 billion in 1H2020 after recording a net foreign inflow of RM22.1 billion in 2H2019.*** By end-1H2020, foreign holdings of local bonds amounted to RM198.9 billion which represents 12.8% (2H2019: 13.7%) foreign share of total outstanding. The local bond market experienced heavy foreign outflows in February and March amid aggressive risk averse sentiment due to the relentless global spread of COVID-19 during the period. In April, foreign selling pressure began to ease. Foreign investors returned being net buyers of local bonds in May and June amid massive monetary policies employed by global central banks.

- ***Foreign holdings of local bonds are expected to improve in 2H2020.*** We expected to see a gradual return of foreign inflows into the local bond market. Risk sentiment has improved as global lockdown measures are broadly being eased. Policymakers, especially from advanced economies, have moved swiftly in deploying additional fiscal-monetary policies to aid the recovery of their economies. In view of this, it is expected that global interest rates will remain low for 2020 and inflation will remain subdued. This will increase the appeal of local bonds to foreign investors.

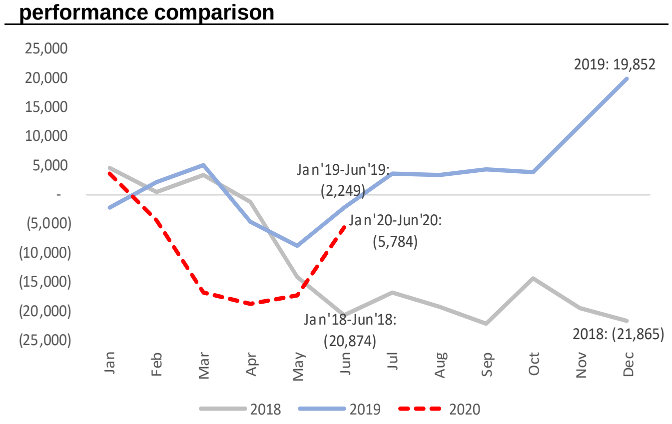
- ***There are risks to our forecasts.*** A second wave of the COVID-19 pandemic could disrupt global growth recovery as global governments may be forced to renew their nationwide lockdowns. This would lead to fresh risk-off sentiment in global financial markets, causing foreign investors to flee towards safe-haven assets. In addition, the recent deterioration in US-China relations could also diminish the strength of global economic recovery efforts.

Exhibit 23: Monthly foreign flows and total foreign holdings of local bonds



Sources: BNM, MARC Research

Exhibit 24: Yearly cumulative foreign flows in local bonds performance comparison



Sources: BNM, MARC Research

Exhibit 25: Cumulative net foreign flows in local bonds (RM million)

Year	Government						BNM			Corporate			Total net foreign flows
	MGS	MTB	GII	MITB	SPK	Total Government	BNMN	BNMNI	Total BNM	Corporate bonds	Sukuk	Total Corporate	
2014	8,207	-878	1,857	-88	610	**9,708**	-7,601	-9,127	**-16,728**	-1,001	471	**-530**	**-7,550**
2015	16,834	2,495	6,480	534	-605	**25,737**	-26,006	-10,872	**-36,878**	-222	295	**73**	**-11,067**
2016	6,334	-1,107	9,899	-452	-5	**14,670**	-15,557	-79	**-15,636**	1,001	791	**1,792**	**826**
2017	-4,041	753	-3,032	802	-	**-5,518**	-3,724	-	**-3,724**	-45	345	**300**	**-8,943**
2018	-18,287	325	-2,603	76	-	**-20,489**	650	-	**650**	-2,517	491	**-2,026**	**-21,865**
2019	17,735	-1,930	5,202	-291	-	**20,716**	-	-	**-**	327	-1,191	**-864**	**19,852**
Jan-Jun 2019	2,975	-1,030	-1,234	-889	-	**-178**	-	-	**-**	-629	-1,442	**-2,071**	**-2,249**
Jan-Jun 2020	-6,978	1,124	-563	1,123	-	**-5,295**	-	-	**-**	-1,095	606	**-489**	**-5,784**

Sources: BNM, MARC Research

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