

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.53	-7
5-yr UST	1.52	-9
10-yr UST	1.69	-8
30-yr UST	2.18	-7

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.15	5	3.12	-2
5-yr	3.33	-4	3.34	-1
7-yr	3.39	-6	3.35	-6
10-yr	3.41	-5	3.47	-1
15-yr	3.69	-4	3.80	-3
20-yr	3.92	3	3.93	-1
30-yr	4.04	-5	4.11	-4

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.29	0
3-yr	3.30	0
5-yr	3.34	-1
7-yr	3.37	0
10-yr	3.44	-1

Source : Bloomberg

### Upcoming Government Bond Tender

Nil

## Fixed Income Daily Market Snapshot

### US Treasuries

US Treasuries rose in strength on safe-haven bids despite a silver lining going forward in the long-standing US-China trade issues. The belly of the curve was especially well-bid as overall benchmark yields ended between 7-9bps lower from prior day's close. The UST 2Y ended at 1.53% whilst the much-watched 10Y rallied another 8bps at 1.69%. Meanwhile Fed Chair Powell stated that the 3<sup>rd</sup> rate cut of 25bps to 1.50-1.75% was meant to sustain economic expansion and any future rate hikes instead would depend on inflation. He also reiterated that recent heavy issuances of Treasury Bills was purely "technical" and not be construed as quantitative easing. Also on the horizon is the possibility of the US government selling 50Y bonds to seize investors appetite for long-dated bonds. The Labor Department's closely watched monthly jobs reports will be the focus of attention tonight.

### MGS/GII

- Local govies saw improved momentum and appetite on secondary market volume of RM5.67b on Thursday; led by lower IRS. Investor interest was skewed towards the off-the-run MGS 19-21's, GII 33-37's and also benchmark 5Y MGS. The curve generally shifted lower as overall benchmark yields ended mostly lower between 1-6bps save for the 3Y and 5Y MGS bonds. The benchmark 5Y MGS 6/24 recovered to close 4bps lower at 3.33% compared to earlier weak bidding metrics during its auction 2 days back whilst the 10Y MGS 8/29 rallied 5bps at 3.41%. GII trades maintained at ~30% of overall trades. Meanwhile the latest Fed decision may indicate global risks including US-China trade issues are contained and may bolster sentiment towards EM Asia Forex.

### Corp Bonds/Sukuk

- Corporate bonds/sukuk space saw interest wane with total volume etched at a mere RM271m with interest seen mainly in the GG and AA-part of the curve. Overall yields ended mostly higher with Govt-Guaranteed DANA 4/26 and 31-32's closing 5-11bps higher compared to previous-done levels at 3.57% and 3.82-87% levels. The AAA-rated Mecedez 5/22 rose 4bps at 3.49%. Nevertheless, the AA-rated space saw energy-related bonds i.e. TG BIN Power and EDRA 32-33's close steady between 0-4bps lower instead 3.40% and 4.47-51% area.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 11/19	3.008	312	3.018	30/10/2019	-1
MGS 03/20	3.006	459	3.021	30/10/2019	-2
MGS 07/20	3.043	44	3.048	29/10/2019	0
MGS 10/20	3.061	201	3.073	30/10/2019	-1
MGS 02/21	3.096	290	3.108	24/10/2019	-1
MGS 07/21	3.095	254	3.089	30/10/2019	1
MGS 09/21	3.099	204	3.090	30/10/2019	1
MGS 11/21	3.104	73	3.094	30/10/2019	1
MGS 03/22	3.151	69	3.105	30/10/2019	5
MGS 08/22	3.178	16	3.145	30/10/2019	3
MGS 09/22	3.170	29	3.161	30/10/2019	1
MGS 03/23	3.251	32	3.224	30/10/2019	3
MGS 04/23	3.254	18	3.220	30/10/2019	3
MGS 08/23	3.261	51	3.249	30/10/2019	1
MGS 06/24	3.327	644	3.364	30/10/2019	-4
MGS 07/24	3.345	51	3.347	29/10/2019	0
MGS 09/24	3.324	39	3.369	30/10/2019	-5
MGS 09/25	3.376	120	3.377	30/10/2019	0
MGS 04/26	3.416	1	3.421	18/10/2019	0
MGS 07/26	3.376	354	3.448	30/10/2019	-7
MGS 11/26	3.442	139	3.490	30/10/2019	-5
MGS 11/27	3.452	104	3.524	30/10/2019	-7
MGS 06/28	3.495	61	3.539	30/10/2019	-4
MGS 08/29	3.400	164	3.460	30/10/2019	-6
MGS 06/31	3.653	22	3.701	30/10/2019	-5
MGS 04/33	3.701	10	3.815	30/10/2019	-11
MGS 11/33	3.782	13	3.807	30/10/2019	-2
MGS 07/34	3.694	20	3.739	30/10/2019	-4
MGS 04/37	3.776	20	3.791	29/10/2019	-2
MGS 06/38	3.917	42	3.886	30/10/2019	3
MGS 03/46	4.053	15	4.061	30/10/2019	-1
MGS 07/48	4.039	63	4.087	30/10/2019	-5
GII 04/20	3.039	15	3.053	30/10/2019	-1
GII 06/20	3.061	16	3.059	22/10/2019	0
GII 04/21	3.108	1	3.107	23/10/2019	0
GII 03/22	3.119	1	3.134	30/10/2019	-1
GII 04/22	3.154	16	3.136	30/10/2019	2
GII 07/23	3.297	5	3.259	24/10/2019	4
GII 11/23	3.261	24	3.271	29/10/2019	-1
GII 08/24	3.359	5	3.312	15/10/2019	5
GII 10/24	3.339	33	3.350	30/10/2019	-1
GII 08/25	3.426	101	3.432	30/10/2019	-1
GII 03/26	3.372	270	3.411	30/10/2019	-4
GII 07/27	3.462	22	3.499	25/10/2019	-4
GII 07/29	3.468	384	3.486	30/10/2019	-2
GII 06/33	3.857	60	3.691	11/10/2019	17
GII 08/33	3.848	340	3.877	30/10/2019	-3
GII 11/34	3.803	149	3.830	25/10/2019	-3
GII 08/37	3.950	230	3.946	30/10/2019	0
GII 09/39	3.927	60	3.941	30/10/2019	-1
GII 11/49	4.113	4	4.152	30/10/2019	-4
		<u>5668</u>			

## Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*	
Pengurusan Air SPV Berhad	02/26	GG	3.570	50	3.520	30/09/2019	5	19
DanaInfra Nasional Berhad	04/26	GG	3.570	50	3.521	11/10/2019	5	19
DanaInfra Nasional Berhad	05/31	GG	3.820	40	3.751	17/10/2019	7	38
DanaInfra Nasional Berhad	05/32	GG	3.870	30	3.759	16/10/2019	11	15
Mercedes-Benz Services Malaysia Sdn Berhad	05/22	AAA	3.490	10	3.447	30/08/2019	4	34
Pengurusan Air SPV Berhad	06/26	AAA	3.770	10	3.500	28/08/2019	27	37
Tanjung Bin Power Sdn Berhad	08/20	AA2	3.400	30	3.400	29/10/2019	0	34
Kesas Sdn Berhad	10/21	AA2	3.520	1	3.594	28/08/2019	-7	42
RHB Islamic Bank Berhad	04/27	AA3	3.840	2	4.053	12/07/2019	-21	44
Edra Energy Sdn Berhad	07/32	AA3	4.473	20	4.479	11/10/2019	-1	76
Edra Energy Sdn Berhad	07/33	AA3	4.514	10	4.558	21/10/2019	-4	80
Malakoff Power Berhad	12/21	AA-	3.620	10	3.989	19/06/2019	-37	52
CIMB Group Holdings Berhad	05/16	A1	4.450	7	4.195	17/10/2019	26	57
Quantum Solar Park (Semenanjung) Sdn Berhad	04/29	A+	5.380	1	5.359	23/10/2019	2	192
				<u>271</u>				

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

### Market/Corporate News: What's Brewing

**Public Islamic Bank Bhd (PIBB), a wholly-owned unit of Public Bank Bhd, today issued RM500 million nominal Subordinated Sukuk Murabahah. Its third tranche under the Sukuk Murabahah Programme, the debt paper has a tenure of 10 years non-callable five years, with a maturity date of Oct 31, 2029, and an interest rate of 3.75% per annum, Public Bank said in a filing with Bursa Malaysia today.** "The proceeds of the Subordinated Sukuk Murabahah shall be made available to PIBB, without limitation, for its working capital, general banking and other corporate purposes, all of which shall be Shariah-compliant," said the bank. The bank said the proceeds will qualify as Tier 2 regulatory capital for PIBB as well as Public Bank and its subsidiaries in accordance with the Capital Adequacy Framework for Islamic Banks (Capital Components) issued by Bank Negara Malaysia. RAM Rating Services Bhd has assigned a final long-term rating of AA1 to the debt paper. On April 23, 2014, the bank had obtained approvals from both Bank Negara Malaysia and the Securities Commission to establish the Sukuk Murabahah Programme. (Source: *The EdgeMarkets*)

Based on corporate announcements and news flow today, companies in focus on Friday (Nov 1) may include: Gamuda Bhd, Public Bank Bhd, Kronologi Asia Bhd, Scomi Energy Services Bhd, Pharmaniaga Bhd, Sunway Bhd, Mesiniaga Bhd, Lotte Chemical Titan Holding Bhd and British American Tobacco (Malaysia) Bhd. **The details of the proposed acquisition of four Gamuda Bhd toll concessionaires, which were supposed to be finalised today between the company and the Government, has been extended for another two months, with the latest completion date set no later than March 31 next year.** In June, MoF Inc offered to pay RM4.5 billion cash and to shoulder the liabilities of the four toll concessionaires in the Klang Valley that Gamuda holds equity interest in. The concessionaires are Kesas Sdn Bhd (KESAS), Sistem Penyuraian Trafik KI Barat Sdn Bhd (SPRINT), Lingkaran Trans Kota Sdn Bhd (LITRAK) and Syarikat Mengurus Air Banjir & Terowong Sdn Bhd (SMART). Public Bank Bhd's unit Cambodian Public Bank Plc (Campu Bank) has signed a Memorandum of Understanding with China Construction Bank (M) Bhd to jointly develop business opportunities across Cambodia, Malaysia and China. Meanwhile, **Public Islamic Bank Bhd (PIBB), a unit of Public Bank has issued RM500 million nominal Subordinated Sukuk Murabahah.** The proceeds will qualify as Tier 2 regulatory capital for PIBB as well as Public Bank and its subsidiaries. **Scomi Energy Services Bhd's external auditor Messrs KPMG PLT has expressed material uncertainty over the group's ability to continue as a going concern based on its financial statements for the financial year ended June 30, 2019 (FY19).** It also triggered the Practice Note 17 (PN17) criteria as its shareholders' equity on a consolidated basis has fallen below 50% of its issued share capital as at June 30, 2019. Pharmaniaga Bhd's share price dived to its six months low after the Health Ministry announced that the company's 10-year concession will not be renewed. The stock plunged 32 sen or 12.8% to RM2.18 — the lowest in six months since mid-April this year. At the closing bell, the counter pared some of its losses to settle at RM2.21, lower by 29 sen or 11.6% from previous closing price. Health Minister Datuk Seri Dr Dzulkefly Ahmad was quoted by the media as saying that there would be no more concessionaires for logistics and distribution services for medical supplies and an open tender system would be introduced instead. Sunway Bhd is buying three purpose-built student accommodations in the UK, collectively worth some RM202.8 million, via its recently established private trust, the Sunway Residence (Guernsey) Ltd (SRG). **Mesiniaga Bhd has been awarded an RM261.56 million contract to build new infrastructure for the Accountant General's Department of Malaysia (AGD) under the Ministry of Finance (MoF).** Lotte Chemical Titan Holding Bhd's (LCT) net profit fell 58% to RM91.3 million in the third quarter ended Sept 30, 2019 (3QFY19) from RM216.89 million in the same period a year ago, as the group continued to face margin squeeze due to sliding average product selling prices of polymer products.

The lower selling prices are mainly due to the diversion of cheaper polyolefin supply from the US into Southeast Asia that pressured regional product prices — no thanks to the US-China trade war — as well as a softening of global economic growth, it said. The group's quarterly revenue decreased 10% year-on-year to RM2.17 billion from RM2.42 billion. Earnings per share declined to 4.02 sen from 9.54 sen. **British American Tobacco (Malaysia) Bhd (BAT Malaysia), which said it is extremely concerned about the lack of progress on the reduction of illegal cigarette trade, saw its third-quarter earnings drop 42% year-on-year on lower volume.** Net profit for the quarter ended Sept 30, 2019 (3QFY19) fell to RM84.8 million from RM146.27 million a year ago. This resulted in lower earnings per share of 29.1 sen for 3QFY19 compared with 51.1 sen for 3QFY18. Quarterly revenue was 20.6% lower at RM584.34 million compared with RM735.53 million in 3QFY18.. (Source: Bloomberg)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Indonesia	ASEAN-scale rating	From seaAA3(pi)/Positive to seaAA2(pi)/Stable	Upgraded

Source: RAM, MARC

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