

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.64	-1
5-yr UST	1.64	0
10-yr UST	1.78	1
30-yr UST	2.21	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.05	2	3.08	-3
5-yr	3.18	0	3.24	-1
7-yr	3.32	-2	3.38	0
10-yr	3.42	0	3.50	1
15-yr	3.68	0	3.77	0
20-yr	3.81	0	3.88	0
30-yr	4.01	0	4.11	-2

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.26	2
3-yr	3.25	1
5-yr	3.30	2
7-yr	3.33	2
10-yr	3.39	1

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- The US Treasury curve tilted steeper last Friday with losses in the longer-end on rather low volumes amid lack of catalyst. The month-end closing saw overall benchmark yields end between -1 to +2bps with the UST 2Y edging lower by 1bps at 1.64% and the much-watched 10Y the other way round at 1.78% instead. Market players were said to have completed their month-end purchases and portfolio re-balancing exercises earlier last week prior to Thursday and part-closing of markets last Friday to celebrate the Thanksgiving Day holidays. We expect price action to be dictated by a confluence of factors that include lingering US-China trade concerns, post events leading from the signing of Hong Kong Human Rights Bill and also upcoming data on PMI Indices followed by November jobs report; namely the NFP.

MGS/GIII

- Local govies saw momentum ease last Friday on tepid secondary market volume of RM1.41b with interest seen again mainly in the short-end off-the-run 20's and 23's. Overall benchmark yields closed mixed between -3 to +2bps across the curve with both the benchmark 5Y MGS 6/24 and the 10Y MGS 8/29 closing again within 1bps of prior day's move at 3.18% and 3.42% respectively. GII trades rose again to form ~67% of overall trades. Meanwhile the government is seen to raise funds via its 2nd Samurai bond issuance early next year with an issuance size larger than the previous JPY200b. Up next on the data front is the Marrkit Manufacturing data followed by the October's trade figures out on Wednesday.

Corp Bonds/Sukuk

- Corporate bonds/sukuk space saw secondary market volume equally drop sharply to RM242m with investor interest across AAA-single A part of the curve only as yields drifted higher. There were no Govt-guaranteed trades. The short-end AAA-rated CAGA 3/20 closed unchanged compared to previous done levels at 3.14% whilst BAKUN Hydro 8/23 and 8/30 closed between 0-10bps higher at 3.56% and 3.83% respectively. The AA-space was dominated by energy-related names like JEP and Southern Power 31's which rose between 12-16bps between 4.08-32% levels. The banking space saw AFFIN Islamic 28NC23 close unchanged at 4.05%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.946	1	2.951	28/11/2019	0
MGS 07/20	2.945	6	2.940	28/11/2019	0
MGS 10/20	2.984	89	2.940	28/11/2019	4
MGS 07/21	2.997	7	3.024	28/11/2019	-3
MGS 03/22	3.048	39	3.024	28/11/2019	2
MGS 09/22	3.119	33	3.108	28/11/2019	1
MGS 03/23	3.125	6	3.125	27/11/2019	0
MGS 04/23	3.144	1	3.147	28/11/2019	0
MGS 08/23	3.156	1	3.165	28/11/2019	-1
MGS 06/24	3.183	50	3.180	28/11/2019	0
MGS 07/24	3.234	10	3.230	28/11/2019	0
MGS 09/24	3.228	6	3.235	28/11/2019	-1
MGS 09/25	3.294	53	3.293	28/11/2019	0
MGS 04/26	3.353	40	3.365	28/11/2019	-1
MGS 07/26	3.322	4	3.340	27/11/2019	-2
MGS 11/26	3.382	50	3.396	28/11/2019	-1
MGS 11/27	3.435	13	3.415	28/11/2019	2
MGS 06/28	3.443	3	3.460	28/11/2019	-2
MGS 08/29	3.423	2	3.427	28/11/2019	0
MGS 04/30	3.553	2	3.553	27/11/2019	0
MGS 06/31	3.636	14	3.626	28/11/2019	1
MGS 07/34	3.677	1	3.675	26/11/2019	0
MGS 05/35	3.757	4	3.741	27/11/2019	2
MGS 04/37	3.700	15	3.702	27/11/2019	0
MGS 06/38	3.809	1	3.809	28/11/2019	0
MGS 05/40	3.757	11	3.743	26/11/2019	1
MGS 03/46	4.040	3	3.974	28/11/2019	7
GII 04/20	2.951	4	2.946	27/11/2019	0
GII 06/20	2.977	1	2.993	28/11/2019	-2
GII 08/20	2.989	250	3.001	28/11/2019	-1
GII 04/21	3.056	1	3.029	27/11/2019	3
GII 03/22	3.077	7	3.111	27/11/2019	-3
GII 05/23	3.129	105	3.111	27/11/2019	2
GII 07/23	3.188	356	3.223	25/11/2019	-3
GII 10/24	3.243	5	3.249	27/11/2019	-1
GII 10/25	3.359	90	3.360	28/11/2019	0
GII 03/26	3.379	41	3.381	27/11/2019	0
GII 09/26	3.416	3	3.419	28/11/2019	0
GII 07/27	3.456	3	3.459	28/11/2019	0
GII 12/28	3.496	1	3.477	14/11/2019	2
GII 07/29	3.500	2	3.494	28/11/2019	1
GII 10/35	3.870	70	3.911	27/11/2019	-4
GII 11/49	4.113	1	4.130	12/11/2019	-2
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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*	
Cagamas Berhad	03/20	AAA	3.139	30	3.137	30/10/2019	0	17
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak Hidro Sdn Berhad)	08/23	AAA	3.556	30	3.560	28/11/2019	0	40
Pengurusan Air SPV Berhad	10/29	AAA	3.848	20	3.869	27/11/2019	-2	42
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak Hidro Sdn Berhad)	08/30	AAA	3.829	10	3.725	17/10/2019	10	40
Danga Capital Berhad	01/33	AAA	4.010	30	3.830	01/10/2019	18	33
Country Garden Real Estate Sdn Berhad	02/23	AA3	6.404	6	6.456	28/11/2019	-5	336
UEM Sunrise Berhad	03/24	AA-	3.732	1	3.746	22/11/2019	-1	58
Jimah East Power Sdn Berhad	06/31	AA-	4.298	10	4.179	22/08/2019	12	87
Southern Power Generation Sdn Berhad	10/31	AA-	4.079	30	3.949	20/08/2019	13	65
Jimah East Power Sdn Berhad	12/31	AA-	4.318	10	4.158	28/08/2019	16	89
Affin Islamic Bank Berhad	10/28	A1	4.053	25	4.048	28/11/2019	0	62
UMW Holdings Berhad	04/18	A1	4.557	40	4.501	22/11/2019	6	80
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Sime Darby Plantation Bhd (SD Plantation) has reported a net profit of RM32 million for its third quarter ended Sept 30, 2019 on revenue of RM2.82 billion. There are no comparative figures due to the change in the company's financial year end from June 30 to Dec 31, its exchange filing today showed. However, according to SD Plantation, the group reported a net profit from continuing operations of RM32 million, lower than RM126 million recorded in the corresponding quarter of the previous year, mainly due to lower recurring profit before interest and tax contributed by the upstream segments and total non-recurring loss of RM44 million arising from impairment charges on assets in Indonesia and a loan to a joint venture. The adverse impacts were partially cushioned by higher profits from the downstream segment, lower finance costs and lower tax expense in the current quarter," it said. The group's discontinuing operations registered a net loss of RM275 million in the current quarter, largely attributable to the impairment charge on assets in Liberia of RM256 million. The above resulted in a total net loss for the group of RM243 million, as compared to a net profit of RM115 million recorded in the corresponding quarter of the previous year. For the cumulative three quarters ended Sept 30, net earnings from continuing operations stood at RM167 million, while revenue came in at RM8.69 billion. SD Plantation said the weaker earnings from continuing operations in the current period were partially compensated by lower losses from non-recurring transactions and the net tax income of RM59 million, mainly arising from the recognition of deferred tax assets on losses suffered by subsidiary companies. Discontinuing operations registered higher net loss of RM309 million compared to RM163 million in the same period of the previous year, mainly due to the impairment charge on assets in Liberia of RM256 million, higher than impairment charge of RM112 million incurred last year. As a result, the net loss registered by the group for the current period was RM142 million, compared to the net earnings of RM393 million recorded in the same period last year, it said. SD Plantation's group managing director Mohamad Helmy Othman Basha said he believes the group will be more resilient as it puts performance improvement measures in place to overcome industry challenges and strive for greater profitability and productivity targets. "Given the group's committed forward sales, the recent improvements in crude palm oil and palm kernel prices will have minimal impact on the group's results for the financial year ending Dec 31, 2019. "Nevertheless, should the prices continue to rally, the group's prospects will improve in the next financial year. By then, SD Plantation's legacy issues impacting the group's current results are also expected to be fully resolved," stated Mohamad Helmy. Meanwhile, SD Plantation said its wholly-owned New Britain Palm Oil Ltd (NBPOL) has signed a foreign currency arrangement with related party Hastings Deering (PNG) Ltd for direct payments to Hastings' offshore suppliers. Sime Darby Bhd holds an indirect 100% equity interest in Hastings. SD Plantation said in an exchange filing today that the agreement, signed on July 1, states that NBPOL agrees to make direct payments to the suppliers in US dollar after receiving certain instructions and payment in Papua New Guinean Kina (PGK) from Hastings, based on an agreed exchange rate. Under the agreement, from time to time, Hastings will request that NBPOL pays for goods Hastings purchased from offshore suppliers. After the request is received, NBPOL will issue an invoice to Hastings for the amount in PGK which incorporates a margin that NBPOL imposes through the exchange rate used. The total amount received from Hastings for the period July 2019 to October 2019 was PGK29 million, equivalent to approximately RM35.5 million, which consists of payments to Hastings' offshore suppliers of approximately RM33.7 million and margin of approximately RM1.8 million derived from the agreed exchange rates. SD Plantation said the arrangement enables NBPOL to assist Hastings, a related party which is facing operational difficulty in a foreign market. "The arrangement has been given due consideration and approval by the Central Bank of PNG; and through this arrangement, NBPOL will also benefit from a margin earned on the exchange rates advised by the Central Bank of PNG on a daily basis," it added.. (Source: *The EdgeMarkets*)

TIME dotCom Bhd's third quarter net profit grew 3.77% to RM82.99 million or 14.19 sen per share, from RM79.98 million or 13.71 sen per share a year earlier, on the back of higher revenue. The telecommunication company also attributed the higher earnings in the quarter ended Sept 30, 2019 to a rise in interest income to RM2.5 million from RM1.8 million previously, a net write back of construction deposit of RM700,000 and an increase in share of profit from investment in associates to RM4.1 million from RM2.9 million. Quarterly revenue was up 11.27% to RM278.16 million from RM250 million, mainly due to higher revenue generated from the data and voice businesses, the group said in a filing with Bursa Malaysia. For the cumulative nine-month period, net profit rose 14.8% to RM238.63 million or 40.86 sen a share from RM207.86 million or 35.71 sen a share last year, while revenue increased 13.59% to RM818.53 million from RM720.58 million. TIME dotCom said it will continue to focus on strengthening and improving its existing domestic fibre network infrastructure, whilst concurrently intensifying efforts to expand its coverage footprint throughout the country. On the regional front, TIME dotCom said the group will continue to work with its partners in Thailand, Vietnam and Cambodia to focus on tapping the increasing demand for cross border connectivity across the region. It will also be assessing opportunities to further establish itself as a key regional data centre player and operator and unlocking the long-term potential of its data centre business, as well as building of new data centres, entering into joint ventures and/or acquiring new assets in Malaysia as well as within the Asean region. "These opportunities may initially be capital intensive with funding expected to come from a combination of internal funds as well as external borrowings," said TIME dotCom. *(Source: The EdgeMarkets)*

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Bank Pembangunan Malaysia Berhad	Financial Institution rating	AAA/Stable/P1	Reaffirmed
	RM7 billion Conventional MTN and/or Islamic Murabahah MTN Programmes (2006/2036)	AAA/Stable	Reaffirmed
Special Power Vehicle Berhad	RM800 mil Class A Islamic MTN (IMTN) Facility (2005/2022)	A1/Stable	Reaffirmed
Jimah Energy Ventures Sdn Bhd's	RM4.85 bil Senior IMTN Facility (2005/2025)	AA3/Stable	Reaffirmed

Source: RAM, MARC

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