

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.58	3
5-yr UST	1.59	5
10-yr UST	1.78	7
30-yr UST	2.26	7

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.11	-1	3.13	0
5-yr	3.26	-2	3.27	-3
7-yr	3.38	2	3.34	0
10-yr	3.42	3	3.44	-2
15-yr	3.65	-4	3.79	-1
20-yr	3.74	-2	3.93	0
30-yr	4.00	-2	4.10	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.29	0
3-yr	3.29	0
5-yr	3.34	1
7-yr	3.37	2
10-yr	3.42	-1

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

US Treasuries fell again yesterday with the longer-ends pressured following further positive comments on US-China trade talks which spurred risk sentiment. The heavy IG issuance slate that included Shell and Xcel Energy among 10 names also contributed to overall weakness as the curve steepened with overall benchmark yields spiking between 3-7bps higher from prior day's close. The UST 2Y closed 3bps up at 1.58% whilst the much-watched 10Y rose 7bps at 1.78%. The market is still seen trying to digest the unexpectedly strong October NFP job figures and dented safety-buying from bonds with some shift in attention to equities. Meanwhile investors are expected to monitor the upcoming issuances of \$28b in 52-week bills and \$38b in 3Y notes today.

MGS/GII

- Local govies saw continued momentum and appetite despite lower secondary market volume of RM3.37b on Monday; with investor interest skewed towards the off-the-run MGS 20-21's, and also benchmark 5Y MGS. Overall benchmark yields ended mostly lower between 0-4bps save for parts of the belly which was pressured slightly. The benchmark 5Y MGS 6/24 closed 2bps lower at 3.26% compared to earlier weak bidding metrics during its auction early last week whilst the 10Y MGS 8/29 ended 3bps higher instead at 3.42%. GII trades dropped to form ~20% of overall trades. Meanwhile the Finance minister stated that net issuance of the nation's debt is estimated at RM52b and is confident of meeting its 2019 fiscal deficit target of 3.4% of GDP (vs 2018's RM53.4b and 3.7%). Meanwhile, investors will be watching BNM's Overnight Policy Rate decision today at 3pm.

Corp Bonds/Sukuk

- Corporate bonds/sukuk space saw little change on subdued interest with total volume again at a mere RM283m. Overall interest was seen mainly in the GG and AA--part of the curve. Overall yields ended mostly mixed-to-higher with longer-end Govt-Guaranteed DANA bonds dominating trades. DANA 37 and 48-49's closed between 2-12bps higher compared to previous-done levels at 4.02% and 4.25% levels respectively. AAA-rated CAGAMAS closed sharply lower on yields at 3.70% whilst the AA-rated space saw SINAR KAMIRI 25-26's similarly close strong between 4.82-93%. Northern Gateway 8/22 made its maiden trade at 3.74% despite being issued some two (2) years back.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 11/19	3.000	43	2.985	01/11/2019	2
MGS 03/20	2.996	823	2.995	01/11/2019	0
MGS 07/21	3.093	283	3.096	01/11/2019	0
MGS 09/21	3.102	72	3.098	01/11/2019	0
MGS 03/22	3.109	136	3.119	01/11/2019	-1
MGS 08/22	3.140	6	3.134	01/11/2019	1
MGS 09/22	3.133	75	3.158	01/11/2019	-2
MGS 03/23	3.242	27	3.242	01/11/2019	0
MGS 08/23	3.247	2	3.239	01/11/2019	1
MGS 06/24	3.262	415	3.282	01/11/2019	-2
MGS 07/24	3.322	34	3.322	01/11/2019	0
MGS 03/25	3.351	20	3.379	01/11/2019	-3
MGS 07/25	3.376	41	3.338	07/10/2019	4
MGS 09/25	3.392	23	3.384	01/11/2019	1
MGS 04/26	3.391	28	3.399	01/11/2019	-1
MGS 07/26	3.377	46	3.358	01/11/2019	2
MGS 11/26	3.418	6	3.395	01/11/2019	2
MGS 11/27	3.418	26	3.397	01/11/2019	2
MGS 06/28	3.435	24	3.429	01/11/2019	1
MGS 08/29	3.418	112	3.391	01/11/2019	3
MGS 04/30	3.573	43	3.573	01/11/2019	0
MGS 06/31	3.659	10	3.644	01/11/2019	1
MGS 04/33	3.682	2	3.682	01/11/2019	0
MGS 11/33	3.746	115	3.741	01/11/2019	0
MGS 07/34	3.653	271	3.694	01/11/2019	-4
MGS 04/37	3.769	2	3.806	01/11/2019	-4
MGS 06/38	3.743	6	3.764	01/11/2019	-2
MGS 07/48	4.001	13	4.025	01/11/2019	-2
GII 04/20	3.039	10	3.041	31/10/2019	0
GII 03/22	3.126	24	3.127	01/11/2019	0
GII 04/22	3.154	15	3.130	01/11/2019	2
GII 07/23	3.252	20	3.267	01/11/2019	-2
GII 08/24	3.313	170	3.314	01/11/2019	0
GII 10/24	3.268	23	3.301	01/11/2019	-3
GII 08/25	3.399	100	3.407	01/11/2019	-1
GII 03/26	3.341	59	3.345	01/11/2019	0
GII 07/27	3.469	50	3.465	01/11/2019	0
GII 09/30	3.640	120	3.640	01/11/2019	0
GII 11/34	3.794	70	3.803	31/10/2019	-1
GII 05/47	4.169	10	4.130	01/11/2019	4
		<u>3374</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*	
Prasarana Malaysia Berhad	02/31	GG	3.788	20	3.750	17/10/2019	4	39
DanaInfra Nasional Berhad	05/31	GG	3.789	10	3.818	31/10/2019	-3	39
DanaInfra Nasional Berhad	04/37	GG	4.015	60	3.991	24/10/2019	2	36
DanaInfra Nasional Berhad	04/48	GG	4.240	30	4.220	01/11/2019	2	42
DanaInfra Nasional Berhad	02/49	GG	4.249	40	4.131	23/10/2019	12	43
GB Services Berhad	11/19	AAA	5.163	1	3.402	18/10/2019	176	211
Cagamas Berhad	11/25	AAA	3.697	20	4.300	15/11/2016	-60	35
Northern Gateway Infrastructure Sdn Berhad	08/22	AA1	3.735	5			374	61
First Resources Limited	10/21	AA2	3.693	30	3.727	10/10/2019	-3	59
UMW Holdings Berhad	09/23	AA2	3.727	20	4.037	30/05/2019	-31	49
Krung Thai Bank Public Company Limited	07/25	AA2	3.751	1	3.957	18/10/2019	-21	40
WCT Holdings Berhad	10/21	AA-	4.276	1	4.265	30/09/2019	1	118
UEM Sunrise Berhad	05/23	AA-	3.666	10	3.668	30/10/2019	0	42
Sinar Kamiri Sdn Berhad	01/25	AA-	4.820	10	5.286	11/04/2019	-47	154
Sinar Kamiri Sdn Berhad	01/26	AA-	4.930	10	5.054	14/08/2019	-12	158
Kedah Cement Sdn Berhad (fka Lafarge Cement Sdn Bhd)	07/22	A1	4.635	10	4.715	26/09/2019	-8	151
CIMB Group Holdings Berhad	05/16	A1	4.438	1	4.450	31/10/2019	-1	62
UMW Holdings Berhad	04/18	A1	5.596	1	4.926	30/10/2019	67	178
Alliance Bank Malaysia Berhad	10/25	A2	3.966	1	4.000	11/10/2019	-3	62
Eco World International Berhad	10/21	-	5.518	1	5.200	30/10/2019	32	242
Eco World International Berhad	05/23	-	6.021	1	5.950	25/10/2019	7	278
			<u>283</u>					

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

Market/Corporate News: What's Brewing

DRB-Hicom Bhd said it had made a lodgement with the Securities Commission Malaysia for the establishment of a 30-year Islamic medium-term note programme of up to RM3.5 billion in nominal value. "The sukuk wakalah programme has been assigned a preliminary rating of A+IS with a positive outlook by the Malaysian Rating Corp Bhd. "This outlook revision to positive considers DRB-Hicom's improved consolidated credit profile through streamlining businesses by divesting investments and non-core assets and in improving operating margins and strengthening the liquidity position," said the group. DRB-Hicom said the programme's proceeds will be used to refinance the group's existing borrowings, for capital expenditure and working capital requirements and to pay all fees and expenses in connection with the sukuk wakalah programme. It said the group is embarking on a financing exercise to take advantage of the current favourable interest rate environment. DRB-Hicom's share price rose one sen or 0.4% to RM2.48 yesterday, with a market capitalisation of RM4.79 billion. (Source: *The EdgeMarkets*)

Lembaga Tabung Haji (TH) says it has restored its financial health after completing its restructuring plan in May by transferring underperforming assets to Syarikat Urusharta Jemaah Sdn Bhd (Urusharta Jemaah). Urusharta Jemaah is a special purpose vehicle (SPV) fully owned by the government. TH said before the restructuring, TH's liabilities exceeded assets by RM10bil, preventing it from paying hibah to its depositors under the Tabung Haji Act 1995. "The value of the transferred assets cannot be seen in isolation but should be seen in its entirety as the transaction was aimed at rebalancing TH's total assets and liabilities," the pilgrims' fund board said yesterday. It said all the assets transferred to the SPV, including a plot of land in the Tun Razak Exchange were either assets whose current value was below the investment cost or assets which did not generate a profit or gave only low returns to TH. (Source: *Star/Bername*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
DRB-HICOM Berhad	Proposed Islamic Medium-Term Notes Programme (Sukuk Programme) with a nominal value of up to RM3.5 billion.	A+/IS	Assigned

Source: RAM, MARC

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