

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.61	4
5-yr UST	1.61	6
10-yr UST	1.78	6
30-yr UST	2.23	6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.05	-1	3.10	2
5-yr	3.23	0	3.28	-1
7-yr	3.32	-2	3.37	-1
10-yr	3.44	0	3.51	4
15-yr	3.69	0	3.79	0
20-yr	3.82	0	3.88	-2
30-yr	4.03	2	4.00	-11

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.25	0
3-yr	3.25	0
5-yr	3.29	-2
7-yr	3.33	-1
10-yr	3.40	0

Source : Bloomberg

Upcoming Government Bond Tender

RM3.0b of 15Y MGS 7/34 on Thursday, 5th December

Fixed Income Daily Market Snapshot

US Treasuries

- The US Treasuries sank despite some weaker economic data that included November ISM non-manufacturing numbers and payroll processor ADP's private sector job growth which were overwhelmed by renewed optimism over US-China trade settlement matters. The curve bear-steepened as risk-on sentiment emerged as overall benchmark yields ended 4-6bps higher with the UST 2Y at 1.61% and the much-watched 10Y rising 6bps to 1.78% levels. The Fed's dovish language amid a backdrop of easing downside risks is painting the view that it is done slashing rates for now. On a longer term horizon, officials may be reluctant about the impact of higher rates in the run-up to the 2020 presidential elections. Up next are the all-important jobs data i.e. NFP numbers out tomorrow

MGS/GIII

- Local govies saw an improvement in both momentum as secondary market volume edged higher at RM3.2b with the short-ends richer following weakness in November trade numbers. Strong interest were seen in the off-the-run 20-21's and benchmark 10Y MGS/GII bonds. Overall benchmark yields closed mostly mixed between -2 to +2bps across the curve with both the benchmark 5Y MGS 6/24 and the 10Y MGS 8/29 closing within 1bps at 3.23% and 3.44% respectively. GII trades rose to form ~52% of overall trades. Expect investors attention to eventually shift to the penultimate auction of the year involving the 15Y MGS today.

Corp Bonds/Sukuk

- Corporate bonds/sukuk space saw interest ramp up further with secondary market volume at RM890m with investor interest across the curve as yields closed mostly mixed-to-higher instead. Govt-guaranteed space was active with PTPN 12/24 recording RM150in nominal amounts; thus closing 3bps higher compared to previous-done levels at 3.42%. PRASA and DANA 28-29's ended between 0-2bps higher between 3.63-73%. Both AAA-rated Khazanah entities ie DANUM 5/23 and DANGA 2/26 closed mixed at 3.55% and 3.70% each. The AA-space was dominated by energy-related names with JEP 31-32's closing unchanged between 4.30-37% area whilst the 12/31 tranche moved 3bps lower at 4.29%. The banking space saw AMBank Islamic 28NC23 close 4bps lower at 3.81% whilst AFFIN Bank perps i.e. 2117NC23 ended unchanged at 4.57%.

Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 03/20	3.011	311	2.999	03/12/2019	1
MGS 10/20	2.966	127	2.968	03/12/2019	0
MGS 07/21	3.034	47	3.016	03/12/2019	2
MGS 09/21	3.039	104	3.042	03/12/2019	0
MGS 11/21	3.055	12	3.040	03/12/2019	2
MGS 03/22	3.050	8	3.060	03/12/2019	-1
MGS 08/22	3.109	1	3.113	03/12/2019	0
MGS 09/22	3.118	3	3.092	03/12/2019	3
MGS 03/23	3.126	36	3.133	03/12/2019	-1
MGS 08/23	3.175	3	3.227	03/12/2019	-5
MGS 06/24	3.226	72	3.231	03/12/2019	0
MGS 07/24	3.267	28	3.258	03/12/2019	1
MGS 09/24	3.245	3	3.223	03/12/2019	2
MGS 03/25	3.268	1	3.268	03/12/2019	0
MGS 09/25	3.318	82	3.312	03/12/2019	1
MGS 07/26	3.322	277	3.337	03/12/2019	-2
MGS 11/26	3.382	75	3.414	03/12/2019	-3
MGS 03/27	3.416	10	3.420	25/11/2019	0
MGS 11/27	3.420	17	3.435	03/12/2019	-2
MGS 06/28	3.460	4	3.460	03/12/2019	0
MGS 08/29	3.439	249	3.439	03/12/2019	0
MGS 04/30	3.578	22	3.550	03/12/2019	3
MGS 06/31	3.625	2	3.635	03/12/2019	-1
MGS 04/33	3.715	25	3.692	03/12/2019	2
MGS 07/34	3.687	2	3.685	03/12/2019	0
MGS 05/35	3.733	3	3.775	03/12/2019	-4
MGS 04/37	3.714	3	3.714	03/12/2019	0
MGS 05/40	3.743	1	3.750	02/12/2019	-1
MGS 09/43	4.028	21	4.026	03/12/2019	0
MGS 03/46	4.049	2	4.030	02/12/2019	2
GII 05/20	3.020	40	3.001	03/12/2019	2
GII 08/20	3.015	190	3.004	03/12/2019	1
GII 03/21	3.048	15	3.046	22/11/2019	0
GII 03/22	3.103	20	3.089	03/12/2019	1
GII 04/22	3.104	50	3.136	03/12/2019	-3
GII 11/22	3.122	20	3.113	21/11/2019	1
GII 07/23	3.172	3	3.196	02/12/2019	-2
GII 11/23	3.210	26	3.214	03/12/2019	0
GII 10/24	3.280	14	3.295	03/12/2019	-2
GII 08/25	3.350	190	3.375	03/12/2019	-2
GII 10/25	3.355	80	3.363	02/12/2019	-1
GII 03/26	3.371	10	3.380	03/12/2019	-1
GII 09/26	3.412	106	3.423	03/12/2019	-1
GII 06/27	3.450	10	3.446	08/11/2019	0
GII 07/27	3.455	20	3.491	03/12/2019	-4
GII 08/28	3.494	30	3.438	27/11/2019	6
GII 07/29	3.509	753	3.470	02/12/2019	4
GII 06/33	3.827	53	3.832	03/12/2019	0
GII 09/39	3.876	21	3.894	03/12/2019	-2
GII 11/49	4.000	2	4.113	03/12/2019	-11
		<u>3203</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Pengurusan Air SPV Berhad	06/24	GG	3.431	10	3.432	02/12/2019	0	20
Perbadanan Tabung Pendidikan Tinggi Nasional	12/24	GG	3.419	150	3.385	24/10/2019	3	19
Prasarana Malaysia Berhad	12/25	GG	3.523	15	3.509	20/11/2019	1	22
DanInfra Nasional Berhad	02/26	GG	3.520	50	3.380	06/09/2019	14	22
Prasarana Malaysia Berhad	03/28	GG	3.629	20	3.625	22/11/2019	0	23
Prasarana Malaysia Berhad	11/28	GG	3.671	20	3.648	20/11/2019	2	25
Pengurusan Air SPV Berhad	02/29	GG	3.669	20	3.669	27/11/2019	0	24
Prasarana Malaysia Berhad	09/29	GG	3.725	50	3.721	19/11/2019	0	30
GovCo Holdings Berhad	06/31	GG	3.821	20	3.550	21/08/2019	27	40
Prasarana Malaysia Berhad	08/39	GG	4.070	20	4.084	18/11/2019	-1	31
DanInfra Nasional Berhad	05/41	GG	4.109	20	4.149	13/11/2019	-4	35
Lembaga Pembiayaan Perumahan Sektor Awam	09/46	GG	4.256	20	4.260	15/11/2019	0	49
Zamarad Assets Berhad	11/20	AAA	3.888	1	-	-	-	89
Genting Capital Berhad	06/22	AAA	3.669	20	3.615	22/11/2019	5	62
Danum Capital Berhad	05/23	AAA	3.550	10	3.497	30/09/2019	5	50
GENM Capital Berhad	07/23	AAA	3.887	3	3.893	28/11/2019	-1	72
Danga Capital Berhad	02/26	AAA	3.696	10	3.717	20/11/2019	-2	40
Pengurusan Air SPV Berhad	06/26	AAA	3.752	30	3.726	03/12/2019	3	42
Bank Pembangunan Malaysia Berhad	03/27	AAA	3.739	20	3.590	19/09/2019	15	40
Danga Capital Berhad	09/27	AAA	3.768	10	3.783	03/12/2019	-2	37
Danum Capital Berhad	02/34	AAA	4.038	150	4.038	26/11/2019	0	36
Tenaga Nasional Berhad	08/38	AAA	4.139	1	4.139	03/12/2019	0	38
YTL Power International Berhad	06/22	AA1	3.718	10	3.719	26/11/2019	0	67
YTL Power International Berhad	03/23	AA1	3.797	10	3.786	11/10/2019	1	74
United Growth Berhad	06/22	AA2	3.538	12	4.381	31/10/2018	-84	49
Konsortium ProHAWK Sdn Berhad	12/25	AA2	3.917	2	4.739	27/12/2017	-82	62
Jimah East Power Sdn Berhad	12/31	AA	4.289	21	4.319	03/12/2019	-3	86
Exsim Capital Resources Berhad	01/22	AA3	4.140	20	4.576	19/06/2019	-44	111
Edra Energy Sdn Berhad	01/23	AA3	3.976	2	4.041	23/10/2019	-7	92
BGSM Management Sdn Berhad	03/26	AA3	4.008	10	3.978	08/10/2019	3	71
AmBank Islamic Berhad	10/28	AA3	3.807	30	3.843	03/12/2019	-4	38
MMC Corporation Berhad	11/20	AA-	3.806	10	3.811	19/11/2019	0	81
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/27	AA-	4.169	10	4.029	05/09/2019	14	77
Jimah East Power Sdn Berhad	06/31	AA-	4.296	20	4.298	29/11/2019	0	87
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/32	AA-	4.409	10	4.506	11/07/2019	-10	73
Jimah East Power Sdn Berhad	12/32	AA-	4.367	10	4.369	03/12/2019	0	69
Jati Cakerawala Sdn Berhad	07/23	A1	4.628	2	5.324	14/09/2018	-70	146
Affin Bank Berhad	07/18	A3	4.566	10	4.566	03/12/2019	0	80
Mah Sing Group Berhad	04/17	-	5.883	1	5.846	29/11/2019	4	212
WCT Holdings Berhad	09/19	A	5.594	1	5.643	22/11/2019	-5	183
Jimah East Power Sdn Berhad	06/32	AA-	4.347	30	4.349	03/12/2019	0	67
				<u>890</u>				

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

Market/Corporate News: What's Brewing

Based on corporate announcements and newsflow today, companies in focus with news include Astro Malaysia Holdings Bhd, Genting Bhd, Microlink Solutions Bhd, Seacera Group Bhd and G Neptune Bhd. Astro Malaysia Holdings Bhd posted an 11.5% rise in net profit to RM170.85 million or 3.28 sen per share in its third quarter ended Oct 31, 2019 from RM153.22 million or 2.94 sen per share last year, owing to lower net finance charges and tax expenses. Revenue, however, declined 12.18% to RM1.22 billion from RM1.38 billion, amid a decrease in subscription revenue, production revenue, sales of programming rights and advertising revenue. The group declared a third interim dividend of two sen per share for the financial year ending Jan 31, 2020, payable on Jan 3. &P Global Ratings has today downgraded its long-term issuer credit rating on Genting Bhd to 'BBB+' from 'A-' in anticipation that the hotel and casino operator's leverage will increase, amid an expected weakening in cash flow adequacy over the next 12 to 18 months, given the company's aggressive expansion plans. Its stable outlook on Genting, meanwhile, reflects its expectation that Genting will manage its leverage, despite its currently high capital expenditure. Microlink Solutions Bhd has fixed the issue price for its private placement shares at 55 sen apiece. In a bourse filing, the group said the issue price represents a discount of 4.47 sen or 7.52% from its five-day weighted average market price from Nov 27 to Dec 3 of 59.47 sen per share. According to its initial bourse filing on the placement dated Oct 17, the group is planning to place out some 16.74 million new shares, which represent 10% of its total share capital of 167.37 million shares. Seacera Group Bhd (SGB) has been served with a legal claim demanding that it auctions land in Perak to pay off an RM31.25 million debt owed by an associate company. SGB said its

wholly-owned Seacera Porcelain Sdn Bhd (SPSB) was served with a legal claim dated Nov 20, 2019, by Small Medium Enterprise Bank Malaysia (SME Bank) for a dispute over RM31.25 million owed through a credit facility granted to associate company SPAZ Sdn Bhd. The bank has asked for the land held under PN 380412, Lot 313647, Mukim Asam Kumbang, Daerah Larut & Matang, Negeri Perak be sold by public auction to settle the sum. It said the Taiping High Court will set the date and reserve price for the auction. Bursa Malaysia Securities Bhd has publicly reprimanded G Neptune Bhd and four former directors of the Guidance Note 3 (GN3) company for delaying the issuance of its annual report, and for announcing an inaccurate quarterly report that may have affected investors' investment decisions. In a statement, Bursa Securities said G Neptune only issued its annual report for the 18-month financial period ended June 30, 2017 on May 17, 2018, after a six-and-a-half-month delay from the stipulated deadline. The company also failed to ensure that its quarterly report for the financial period ended June 30, 2017 — announced on Aug 29, 2017 — was accurate and contained sufficient information to enable investors to make informed investment decisions, said the regulator. (Source: *The EdgeMarkets*)

Petronas Gas Bhd (PetGas) said today that Barakah Offshore Petroleum Bhd's claim for RM179.84 million via arbitration has no basis. Barakah's unit PBJV Group Sdn Bhd is claiming the sum in relation to the procurement, construction and commissioning of Pengerang Gas Pipeline Project, where PBJV was appointed by PetGas as the project's contractor, PetGas said in a statement with Bursa Malaysia today. Barakah announced on Nov 28 that it had served an arbitration notice to PetGas to claim for the sum, after its notice of demand for a similar amount in October was not entertained. As per the notice, the claimed amount arise due to PBJV's dissatisfaction of the following: 1) the loss and expenses incurred under extension of times by PBJV under the EPCC; 2) PBJV's loss of the balance of the contract price of the project arising from and in connection with the signing of the global settlement agreement; 3) three change notices submitted by PBJV to PetGas for the project; and 4) PBJV's projected loss of revenue arising from and in connection with the suspension of PBJV's Petroliaam Nasional Bhd (Petronas) licence," PetGas said. The company is of the opinion that the claimed amount has no basis. Hence, the company does not expect any losses, [or any] financial and operational impact from the notice on PetGas," it said. It was reported in March that PBJV's licence was suspended by Petronas since June 2018, due to non-performance. In the letter, Petronas also highlighted complaints about PBJV being financially distressed and not paying its subcontractors, and suggested risk assessment and due diligence be undertaken before any jobs are awarded to PBJV. Apart from the notice of demand to PetGas, Barakah had also issued a notice demanding RM1.02 billion from Petronas Carigali Sdn Bhd as compensation over what it claims to be an unwarranted suspension notice. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Khazanah Nasional Berhad's list of issuers that include:			
Rantau Abang Capital Berhad	RM7.0 bil Islamic MTN Programme	AAA(s)/Stable	Reaffirmed
Danga Capital Berhad	RM20.0 bil Multi-Currency Islamic Securities Programme	AAA(s)/Stable	Reaffirmed
Ihsan Sukuk Berhad	RM1.0 bil Sukuk Ihsan Programme	AAA(s)/Stable	Reaffirmed
Danum Capital Berhad	RM10.0 bil Islamic MTN Programme	AAA(s)/Stable	Reaffirmed
Toyota Capital Malaysia Sdn Bhd	RM2.5 billion Conventional and Islamic CP/MTN Programme.	AAA(s)/Stable/P1(s)	Reaffirmed

Source: RAM, MARC

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