

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.62	0
5-yr UST	1.66	-1
10-yr UST	1.82	-2
30-yr UST	2.25	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.06	3	3.10	0
5-yr	3.24	0	3.31	0
7-yr	3.33	0	3.35	0
10-yr	3.43	-1	3.51	0
15-yr	3.66	-1	3.76	0
20-yr	3.74	0	3.88	0
30-yr	4.03	2	4.00	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.25	0
3-yr	3.28	2
5-yr	3.34	1
7-yr	3.37	2
10-yr	3.40	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- The US Treasuries were confined within a tight range throughout Monday's session as flattening of the curve eventually prevailed. The \$38b of 3Y auction saw decent bidding metrics on a BTC ratio of 2.56x; at the awarded yield of 1.632% (previous November auction: 2.60x). UST's also benefitted from safe-haven bids arising from ongoing trade issues and fresh tensions between US and North Korea over dissatisfaction over a long-range missile site. Overall benchmark yields closed between 0-2bps lower with the UST 2Y almost unchanged at 1.62% and the much-watched 10Y edging 2bps lower at 1.82% levels. The US Treasury is expected to continue with auctions involving 10Y and 30Y bonds this week. Expect trading activity to be somewhat muted as attention shifts to the upcoming FOMC meeting this Thursday where the Fed is expected to stay pat on rates.

MGS/GII

- Local govvnies saw muted interest and momentum despite favourable news on the 2nd subsequent increase in foreign holdings of MYR bonds overall ease further. Secondary market volume continued to maintain below the RM2.0b handle with investor interest mainly in the off-the-run 20's which has dipped below the OPR. Overall benchmark yields closed mostly mixed between -1 to +3bps across the curve save for GII bonds which were largely unchanged. The benchmark 5Y MGS 6/24 settled within 1bps at 3.24% whilst the 10Y MGS 8/29 edged 1bps lower at 3.43%. GII trades maintained to form ~28% of overall trades. Expect majority of traders to be sidelined on lack of market-moving data, ongoing US-China trade matters and winding-down of portfolio activities as the year-end draws near. Up next on the data front is the industrial production figures for October.

Corp Bonds/Sukuk

- Corporate bonds/sukuk space however continued to see solid interest with secondary market volume rising to RM789m as investor interest remained across the GG-AA part of the curve with yields closed mostly mixed. Govt-guaranteed Jambatan Kedua 7/23 ended 5bps lower compared to previous-done levels at 3.37% whilst the long-end PRASA 9/42 closed unchanged at 4.14%. AAA-rated DANUM saw huge RM270m in nominal amounts exchange hands; closing 2bps higher at 4.06%. AA-space saw energy-related bonds i.e. BGSM 23-24's ramp up volume as well; edging 1-2bps higher between 3.81-88% area. The banking space saw MAYBANK 2117NC26 close unchanged at 4.08%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.956	412	2.994	06/12/2019	-4
MGS 07/20	2.965	17	2.902	06/12/2019	6
MGS 10/20	2.953	43	2.975	06/12/2019	-2
MGS 07/21	3.012	1	3.028	06/12/2019	-2
MGS 09/21	3.026	1	3.039	06/12/2019	-1
MGS 11/21	3.051	25	3.041	06/12/2019	1
MGS 03/22	3.064	61	3.037	06/12/2019	3
MGS 08/22	3.099	46	3.131	06/12/2019	-3
MGS 09/22	3.104	42	3.118	04/12/2019	-1
MGS 03/23	3.134	72	3.114	06/12/2019	2
MGS 04/23	3.155	22	3.156	05/12/2019	0
MGS 08/23	3.205	2	3.181	06/12/2019	2
MGS 06/24	3.240	68	3.243	06/12/2019	0
MGS 07/24	3.239	51	3.261	06/12/2019	-2
MGS 09/24	3.256	13	3.261	05/12/2019	-1
MGS 03/25	3.287	5	3.268	04/12/2019	2
MGS 09/25	3.311	3	3.322	06/12/2019	-1
MGS 07/26	3.327	2	3.331	06/12/2019	0
MGS 11/26	3.397	20	3.414	06/12/2019	-2
MGS 05/27	3.419	18	3.422	02/12/2019	0
MGS 11/27	3.429	14	3.433	06/12/2019	0
MGS 06/28	3.470	4	3.442	06/12/2019	3
MGS 08/29	3.432	95	3.438	06/12/2019	-1
MGS 04/30	3.553	21	3.550	05/12/2019	0
MGS 06/31	3.645	30	3.624	06/12/2019	2
MGS 04/33	3.705	11	3.719	06/12/2019	-1
MGS 11/33	3.731	2	3.754	06/12/2019	-2
MGS 07/34	3.658	50	3.667	06/12/2019	-1
MGS 05/35	3.773	3	3.751	05/12/2019	2
MGS 04/37	3.721	9	3.703	06/12/2019	2
MGS 09/43	4.023	1	4.017	05/12/2019	1
MGS 03/46	4.040	60	4.049	04/12/2019	-1
MGS 07/48	4.032	10	4.011	06/12/2019	2
GII 05/20	2.971	160	2.970	06/12/2019	0
GII 10/23	3.200	20	3.204	05/12/2019	0
GII 11/23	3.211	1	3.211	05/12/2019	0
GII 08/25	3.362	2	3.356	06/12/2019	1
GII 10/25	3.359	30	3.359	06/12/2019	0
GII 06/27	3.454	30	3.450	04/12/2019	0
GII 07/27	3.461	1	3.454	06/12/2019	1
GII 07/29	3.512	12	3.508	06/12/2019	0
GII 05/47	4.051	10	4.101	03/12/2019	-5
		1501			

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*
Jambatan Kedua Sdn Berhad	07/23	GG	3.369	5	3.419	09/08/2019	-5	20
Prasarana Malaysia Berhad	08/23	GG	3.319	10	3.578	16/07/2019	-26	15
Prasarana Malaysia Berhad	12/38	GG	4.040	2	-	-	-	28
Prasarana Malaysia Berhad	09/42	GG	4.139	20	4.139	05/12/2019	0	38
TNB Northern Energy Berhad	11/21	AAA	3.399	1	3.929	12/04/2019	-53	37
DiGi Telecommunications Sdn Berhad	09/26	AAA	3.678	20	3.690	05/12/2019	-1	34
Projek Lebuhraya Usahasama Berhad	01/28	AAA	3.755	10	3.675	08/10/2019	8	35
DiGi Telecommunications Sdn Berhad	09/29	AAA	3.778	10	3.733	05/11/2019	4	34
Danga Capital Berhad	09/33	AAA	4.003	5	3.859	04/10/2019	14	31
Danum Capital Berhad	02/34	AAA	4.059	270	4.038	04/12/2019	2	37
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/22	AA1	3.806	10	4.099	15/07/2019	-29	74
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/23	AA1	3.918	20	3.924	30/08/2019	-1	75
YTL Corporation Berhad	11/26	AA1	4.051	15	4.038	03/12/2019	1	72
YTL Power International Berhad	05/27	AA1	4.099	21	4.118	27/11/2019	-2	77
YTL Power International Berhad	08/28	AA1	4.172	40	4.196	26/11/2019	-2	74
Northern Gateway Infrastructure Sdn Berhad	08/30	AA1	4.080	10	4.209	09/07/2019	-13	64
Celcom Networks Sdn Berhad	08/27	AA+	3.822	15	3.820	26/11/2019	0	42
Fortune Premiere Sdn Berhad	10/25	AA	3.905	1	3.908	28/11/2019	0	60
Exsim Capital Resources Berhad	01/22	AA3	4.137	10	4.140	04/12/2019	0	111
Perbadanan Kemajuan Negeri Selangor	05/22	AA3	3.716	3	3.727	17/09/2019	-1	69
BGSM Management Sdn Berhad	09/23	AA3	3.808	40	3.799	15/10/2019	1	64
BGSM Management Sdn Berhad	06/24	AA3	3.878	130	3.862	13/09/2019	2	65
Bumitama Agri Ltd	07/24	AA3	3.860	30	3.773	02/10/2019	9	63
AmBank Islamic Berhad	12/25	AA3	3.589	1	3.607	15/11/2019	-2	29
Bumitama Agri Ltd	07/26	AA3	3.969	30	3.962	06/12/2019	1	64
IJM Corporation Berhad	08/28	AA3	4.277	20	4.279	05/12/2019	0	85
Malayan Banking Berhad	02/17	AA3	4.078	20	4.082	27/11/2019	0	32
Special Power Vehicle Berhad	11/21	A1	3.980	20	4.043	12/09/2019	-6	95
Affin Islamic Bank Berhad	10/28	A1	4.043	1	4.046	05/12/2019	0	61
Eco World International Berhad	05/23	-	5.492	1	5.594	28/11/2019	-10	243
WCT Holdings Berhad	09/19	A	5.605	1	5.594	04/12/2019	1	185
				<u>789</u>				

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

Market/Corporate News: What's Brewing

IHH Healthcare Bhd's non-interested shareholders and proxies have voted 99.99% in favour of the proposed RM1.02 billion acquisition of Prince Court Medical Centre from Khazanah Nasional Bhd. Following the vote today at an extraordinary general meeting, IHH expects the acquisition to be completed in the first quarter of 2020. IHH Malaysia operations division chief executive officer Joe Sim said in the statement that with a broader network and stronger cluster of specialised tertiary hospitals in the Klang Valley, supported by a deeper clinical talent pool, IHH can offer a wider array of services and take on more complex cases. "This will make our facilities even more compelling for both local and foreign patients, and further reinforces Malaysia's attractiveness as a medical travel destination," he said. (Source: *The EdgeMarkets*)

Petronas confirmed it had successfully completed block trades of its shares in MISC, PetDag and PetGas, with the blocks marketed to Malaysian institutional funds. It said the trades were carried out as part of Petronas' portfolio management strategy. "The sale of the shares would also allow for more local participation and ownership in these publicly listed companies," it said. The group said it retained its controlling stakes in the three firms which will continue to be its subsidiaries. "We remain committed to these companies which are essential entities in the Petronas integrated business value chain," it said. Previously, Petronas owned 69.86% in PetDag, 60.66% in PetGas and 62.67% in MISC. At close yesterday, PetDag was down 18 sen at RM22.16, PetGas was down 20 sen at RM15.60 and MISC was four sen lower at RM8.29. Earlier, Bloomberg had reported that the stake sale by Petronas ranked among the biggest-ever block trades in the country. Petronas was raising capital to fund its overseas expansion following the completion of its refinery and petrochemical integrated development project in Pengerang, Johor. Petronas, in its third quarter results reported last month, had seen profit fall almost by half, dragged down by lower crude oil prices and net impairment losses. The national oil company said its profit after tax and profit before tax for the quarter ended Sept 30 had fallen by 48% and 52% to RM7.42bil and RM9.01bil, respectively,

compared with RM14.33bil and RM18.87bil a year earlier. The impact, however, was partly offset by lower net product and production costs, as well as lower tax expense. Revenue for the quarter had declined 14% to RM55.11bil from RM63.91bil previously, due to lower average realised prices for major products and the lower sales volume of crude oil. (Source: *The Star*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
UiTM Solar Power Sdn Bhd	Green Sustainable and Responsible Investment (SRI) Sukuk of up to RM240.0 million	AA-IS/Stable	Affirmed

Source: RAM, MARC

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