

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US bond market was closed for Veterans Day holiday on Monday. (At the time of writing however the UST 10Y is seen about 3bps lower below last Friday's close). Nevertheless investors will be seen trying to understand President Trump's contradictory comments on tariff roll-backs on phase 1 of the trade deal between US and China. In a nutshell, last week positive trade headlines created a somewhat false sense of optimism. It has been noted that a recent sell-off especially on the long-ends was probably due to the prospect for the economy's soft-landing and inflationary ambitions. FedSpeak sees Clarida, Harker and Kashkari speaking tonight whilst Trump addresses the Economic Club of New York. This will be followed by Fed Chair Powell addressing the Joint Committee of Congress tomorrow. Meanwhile, bond traders now doubt that the Fed will ease rates anytime soon following three (3) recent rate cuts this year.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.68	0
5-yr UST	1.75	0
10-yr UST	1.95	0
30-yr UST	2.43	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.02	-6	3.09	-1
5-yr	3.21	1	3.27	0
7-yr	3.36	-3	3.38	0
10-yr	3.39	-2	3.43	0
15-yr	3.69	1	3.77	-2
20-yr	3.80	-2	3.92	1
30-yr	4.05	0	4.10	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.29	0
3-yr	3.30	0
5-yr	3.32	0
7-yr	3.35	-2
10-yr	3.41	0

Source : Bloomberg

Note: UST levels as at 8-Nov closing

Upcoming Government Bond Tender

Nil

MGS/GII

- Local govies close mixed on Monday post SRR cut announcement from 3.5% to 3.0% on Friday which is expected to release RM7.0b odd into the banking system. Secondary market volume maintained at the RM4.0b handle with interest seen mainly in the off-the-run 19-20's and benchmark 3Y and 10Y bonds. Overall benchmark yields ended mostly mixed-to-lower between -6 to +1bps. The benchmark 5Y MGS 6/24 however edged 1bps higher at 3.21% whilst the 10Y MGS 8/29 yields declined further by 2bps to 3.39%. GII trades formed a mere ~18% of overall trades. Expect a cautious stance as investors digest the release of Moody's latest blanket sovereign outlook downgrade on countries under their purview.

Corp Bonds/Sukuk

- Corporate bonds/sukuk space saw sharp plunge in investor interest as secondary volume eased to a mere RM198m. Overall interest was seen across the GG-part of the curve with yields ending mostly mixed-to-higher. The Govt-guaranteed bonds saw DANA 8/23, 5/31, 11/34 and 4/43 bonds dominate the space closing between 10-28bps higher compared to previous-done levels at 3.42%, 3.81%, 3.97% and 4.19% respectively. The AAA-rated SEB 8/25 saw RM40m in nominal amounts traded 3bps higher at 3.63%. The banking space was relatively quiet with odd-lot denominations traded.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	11/19	3.005	212	3.050	08/11/2019	-4
MGS	03/20	2.815	724	2.925	08/11/2019	-11
MGS	07/20	2.916	78	2.976	08/11/2019	-6
MGS	10/20	3.001	13	3.027	08/11/2019	-3
MGS	02/21	3.030	50	3.082	06/11/2019	-5
MGS	07/21	3.120	119	3.071	08/11/2019	5
MGS	09/21	3.063	170	3.084	08/11/2019	-2
MGS	11/21	3.066	34	3.062	08/11/2019	0
MGS	03/22	3.019	532	3.082	08/11/2019	-6
MGS	08/22	3.112	120	3.144	06/11/2019	-3
MGS	09/22	3.125	75	3.152	08/11/2019	-3
MGS	03/23	3.161	56	3.217	08/11/2019	-6
MGS	04/23	3.153	60	3.213	07/11/2019	-6
MGS	08/23	3.202	25	3.231	07/11/2019	-3
MGS	06/24	3.208	90	3.194	08/11/2019	1
MGS	07/24	3.264	18	3.326	07/11/2019	-6
MGS	09/24	3.274	54	3.332	08/11/2019	-6
MGS	03/25	3.288	80	3.301	08/11/2019	-1
MGS	09/25	3.346	82	3.398	08/11/2019	-5
MGS	04/26	3.405	77	3.440	06/11/2019	-4
MGS	07/26	3.358	36	3.392	08/11/2019	-3
MGS	09/26	3.402	3	3.422	18/10/2019	-2
MGS	11/26	3.378	4	3.370	08/11/2019	1
MGS	05/27	3.464	8	3.464	06/11/2019	0
MGS	11/27	3.432	74	3.439	08/11/2019	-1
MGS	06/28	3.448	14	3.435	08/11/2019	1
MGS	09/28	3.510	5	3.482	05/11/2019	3
MGS	08/29	3.388	356	3.405	08/11/2019	-2
MGS	04/30	3.555	10	3.606	06/11/2019	-5
MGS	06/31	3.617	18	3.633	07/11/2019	-2
MGS	04/32	3.692	12	3.692	06/11/2019	0
MGS	04/33	3.729	37	3.701	08/11/2019	3
MGS	11/33	3.746	1	3.749	08/11/2019	0
MGS	07/34	3.685	88	3.677	07/11/2019	1
MGS	05/35	3.783	1	3.822	05/11/2019	-4
MGS	06/38	3.804	5	3.822	08/11/2019	-2
GII	08/21	3.074	1	3.101	08/11/2019	-3
GII	03/22	3.091	10	3.106	07/11/2019	-1
GII	04/22	3.117	5	3.127	07/11/2019	-1
GII	07/22	3.155	111	3.155	08/11/2019	0
GII	07/23	3.193	43	3.191	08/11/2019	0
GII	10/23	3.214	25	3.250	01/11/2019	-4
GII	11/23	3.212	5	3.244	07/11/2019	-3
GII	05/24	3.306	10	3.343	05/11/2019	-4
GII	08/25	3.363	105	3.405	08/11/2019	-4
GII	10/25	3.370	30	3.370	08/11/2019	0
GII	03/26	3.378	20	3.375	08/11/2019	0
GII	09/26	3.411	203	3.404	08/11/2019	1
GII	07/29	3.430	15	3.431	08/11/2019	0
GII	11/34	3.768	20	3.785	08/11/2019	-2
GII	08/37	3.934	20	3.957	08/11/2019	-2
GII	09/39	3.916	100	3.909	08/11/2019	1
			<u>4064</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*	
Perbadanan Tabung Pendidikan Tinggi Nasional	06/22	GG	3.236	25	3.281	08/11/2019	-4	19
DanaInfra Nasional Berhad	08/23	GG	3.422	60	3.319	11/10/2019	10	25
Prasarana Malaysia Berhad	03/31	GG	3.811	10	3.609	14/08/2019	20	38
DanaInfra Nasional Berhad	05/31	GG	3.811	20	3.799	08/11/2019	1	38
DanaInfra Nasional Berhad	11/34	GG	3.968	10	3.691	13/09/2019	28	30
DanaInfra Nasional Berhad	04/43	GG	4.190	5	4.019	26/09/2019	17	40
Sarawak Energy Berhad	08/25	AAA	3.627	40	3.597	14/10/2019	3	31
Malayan Banking Berhad	02/32	AAA	3.419	1	3.416	24/10/2019	0	-1
Fortune Premiere Sdn Berhad	09/23	AA	3.767	2	3.696	18/09/2019	7	60
IJM Corporation Berhad	04/29	AA3	4.329	22	4.538	20/06/2019	-21	90
CIMB Group Holdings Berhad	04/60	AA3	5.380	1	3.600	18/09/2019	178	159
Konsortium KAJV Sdn Bhd	05/21	AA-	4.403	1			-	136
UMW Holdings Berhad	04/18	A1	4.618	1	5.425	05/11/2019	-81	83
WCT Holdings Berhad	09/19	A	5.596	1	5.096	07/11/2019	50	181
Eco World International Berhad	05/23	-	5.530	1	5.493	05/11/2019	4	236
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Moody's Investors Service has a negative outlook for sovereign creditworthiness in 2020 due to worrying geopolitical environment, rising risks of shocks. The rating agency said on Monday this reflected its expectations for the fundamental conditions that will drive sovereign credit over the next 12-18 months. "A disruptive and unpredictable domestic political and geopolitical environment is exacerbating the gradual slowdown in trend GDP growth, aggravating longstanding structural bottlenecks and increasing the risk of economic or financial shocks. "The starkest manifestation of the impact of geopolitical tensions is the disruption to trade, mainly resulting from the standoff between the US (Aaa stable) and China (A1 stable). "The antagonistic political environment is also weakening global and national institutions, lowering the shock-absorption capacity of sovereigns with high debt burdens and low fiscal buffers, " it said. Moody's said overall, the global environment was becoming less predictable for the 142 sovereigns it rate, encompassing US\$63.2 trillion in debt outstanding. It warned that event risk was rising, raising the spectre of reversals in capital flows that would crystallise vulnerabilities facing the weakest sovereigns. (Source: *The Star*)

The US Federal Aviation Administration (FAA) has downgraded Malaysia's air safety rating, restricting the country's airlines from adding flights to the United States, four sources familiar with the matter told Reuters on Monday. Malaysia has been downgraded to Category 2, said the sources, who did not want to be identified as they were not authorised to speak to the media. The FAA's safety rating is based on a country's aviation oversight regime and is an assessment of the country's civil aviation authority. The Civil Aviation Authority of Malaysia and the FAA were not immediately available for comment. The new rating means the air carriers from the country cannot start new services and are restricted to current levels of any existing service to the United States. The carriers would also be subject to additional inspections at U.S. airports. FAA will also not allow reciprocal code-sharing arrangements between U.S. carriers and Malaysian carriers when a country is rated Category 2. The downgrade places Malaysia in the same FAA category as neighbour Thailand, which was downgraded to Category 2 in December 2015 and has since tried unsuccessfully to restore the top Category 1 rating. Other countries in Category 2 include Bangladesh, Ghana and Costa Rica. At present, the only Malaysian airline route to the United States is AirAsia X Bhd services from Kuala Lumpur to Honolulu via Osaka. (Source: *The Star/Reuters*)

Westports Holdings Bhd announced today that its wholly-owned Westports Malaysia Sdn Bhd (WMSB) has closed two berths to assess damages as a safety measure, following the collision of a berthing container vessel with two ship-to-shore cranes. The group said the incident happened on Nov 8. "The company is ascertaining the contributing factors that gave rise to the incident. Both the container vessel concerned and WMSB's affected assets have insurance coverages. Westports would make an announcement when there are notable developments on this incident," the group said in a bourse filing today. WMSB, it went on to say, has 20 container berths and 67 ship-to-shore cranes. "The temporary berths closure is not expected to have a material impact on the overall container operations, as terminal handling of containers at all other berths continue as usual. The incident is also not expected to have any material effect on the earnings of Westports," the group added. (Source: *The Edge*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Al Dzahab Assets Berhad	Class A and Class B Notes of Tranches 1 and 2 of Al Dzahab Assets Berhad's (the Issuer) Sukuk Murabahah.	AAA/Stable	Reaffirmed
	Tranche 5 Class B Sukuk Murabahah	From AA1/Positive to AAA/Stable	Upgraded

Source: RAM, MARC

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