

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.66	-2
5-yr UST	1.73	-2
10-yr UST	1.92	-2
30-yr UST	2.40	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.05	3	3.09	0
5-yr	3.18	-3	3.26	-1
7-yr	3.37	1	3.37	0
10-yr	3.44	6	3.43	0
15-yr	3.69	0	3.75	-2
20-yr	3.80	0	3.93	1
30-yr	4.02	-3	4.13	3

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.29	0
3-yr	3.30	0
5-yr	3.34	2
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 bond market oscillated between both positive and negative territory for much of Tuesday before closing slightly stronger following President Trump's highly anticipated speech at the Economic Club, New York which generally sparked some renewed uncertainty about phase one of the US-China trade deal. The curve shifted lower as overall benchmark yields ended 2bps lower with the UST 2Y at 1.66% whilst the much-watched 10Y at 1.92%. Fedspeak continues to see the trio of Clarida, Harker and Kashkari speaking tonight followed by Fed Chair Powell addressing the Joint Committee of Congress. Expect some attention to also shift to the release of CPI data later tonight.

MGS/GII

- Local govies close mixed again on Tuesday mainly on lack of meaningful leads save for the BNM's announcement of extension of tenures for both Repo and Reverse Repo transactions from 365 days to 5 years; a move seen to deepen the onshore bond markets and provide more liquidity. Secondary market volume fell to RM2.32b handle with interest seen mainly in the off-the-run 19's, 24's and benchmark 10Y bonds. Overall benchmark yields ended mixed between -3 to +6bps. The benchmark 5Y MGS 6/24 however rallied 3bps at 3.18% whilst the 10Y MGS 8/29 yields ended 6bps higher at 3.44%. GII trades maintained at a mere ~19% of overall trades. Expect a cautious stance as investors are seen to lack strong initiatives towards the nearing of the year-end book-closing.

Corp Bonds/Sukuk

- Corporate bonds/sukuk space saw recovery in investor interest as secondary volume rose to RM544m. Overall interest was seen across the GG-single A part of the curve with yields ending mostly mixed-to-higher. The Govt-guaranteed TURUS PESAWAT 27-28's closed 0-4bps lower compared to previous-done levels between 3.71-73% whilst a slew of PASB, PRASA and LPPSA 2026 tranches traded higher in yields at 3.53% levels. The AAA-rated energy bonds i.e. SEB 1/22 rose between 5-9bps at 3.44% and 3.54% respectively whereas TENAGA 8/38 closed unchanged at 4.09%. AA-rated BENIH Restu edged 2bps higher at 3.88%. HONG LEONG Financial Group 28NC23 ended 3bps higher at 3.88% whilst SABAH DEVELOPMENT Bank 1/22 notched its first secondary trade at 3.70%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 11/19	2.967	541	3.005	11/11/2019	-4
MGS 03/20	2.783	96	2.815	11/11/2019	-3
MGS 07/20	2.962	6	2.916	11/11/2019	5
MGS 10/20	3.023	40	3.003	11/11/2019	2
MGS 02/21	3.061	28	3.030	11/11/2019	3
MGS 09/21	3.093	45	3.063	11/11/2019	3
MGS 11/21	3.070	5	3.066	11/11/2019	0
MGS 03/22	3.046	53	3.019	11/11/2019	3
MGS 09/22	3.120	1	3.125	11/11/2019	0
MGS 04/23	3.168	12	3.153	11/11/2019	2
MGS 08/23	3.201	3	3.202	11/11/2019	0
MGS 06/24	3.178	432	3.208	11/11/2019	-3
MGS 07/24	3.261	10	3.264	11/11/2019	0
MGS 09/24	3.265	37	3.274	11/11/2019	-1
MGS 09/25	3.322	1	3.346	11/11/2019	-2
MGS 04/26	3.387	30	3.405	11/11/2019	-2
MGS 07/26	3.366	121	3.358	11/11/2019	1
MGS 11/26	3.377	4	3.378	11/11/2019	0
MGS 11/27	3.437	2	3.432	11/11/2019	0
MGS 09/28	3.497	1	3.510	11/11/2019	-1
MGS 08/29	3.443	371	3.388	11/11/2019	6
MGS 04/33	3.725	10	3.729	11/11/2019	0
MGS 04/37	3.702	18	3.703	08/11/2019	0
MGS 09/43	4.027	14	4.006	08/11/2019	2
MGS 03/46	4.032	1	4.030	06/11/2019	0
MGS 07/48	4.022	6	4.049	08/11/2019	-3
GII 10/24	3.256	16	3.267	08/11/2019	-1
GII 10/25	3.361	27	3.370	11/11/2019	-1
GII 03/26	3.374	24	3.378	11/11/2019	0
GII 09/30	3.590	80	3.623	07/11/2019	-3
GII 06/33	3.809	140	3.821	07/11/2019	-1
GII 11/34	3.751	10	3.768	11/11/2019	-2
GII 09/39	3.925	81	3.916	11/11/2019	1
GII 11/49	4.130	60	4.097	01/11/2019	3
		<u>2325</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*	
Pengurusan Air SPV Berhad	02/26	GG	3.527	20	3.570	31/10/2019	-4	21
Prasarana Malaysia Berhad	02/26	GG	3.526	20	3.433	03/10/2019	9	21
Lembaga Pembiayaan Perumahan Sektor Awam	04/26	GG	3.528	50	3.482	01/10/2019	5	21
Prasarana Malaysia Berhad	08/26	GG	3.528	10	3.460	02/10/2019	7	15
Turus Pesawat Sdn Berhad	11/27	GG	3.707	80	3.709	21/10/2019	0	29
Turus Pesawat Sdn Berhad	02/28	GG	3.717	10	3.756	07/11/2019	-4	30
Turus Pesawat Sdn Berhad	03/28	GG	3.726	30	3.757	07/11/2019	-3	31
Sarawak Energy Berhad	01/22	AAA	3.443	20	3.392	01/10/2019	5	40
Gulf Investment Corporation G.S.C	06/22	AAA	4.175	10	4.168	06/09/2019	1	113
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak Hidro Sdn Berhad)	08/23	AAA	3.542	20	3.456	19/08/2019	9	38
Danga Capital Berhad	02/26	AAA	3.650	5	3.581	09/10/2019	7	33
Genting RMTN Berhad	11/29	AAA	3.996	2	4.000	06/11/2019	0	56
Tenaga Nasional Berhad	08/38	AAA	4.089	40	4.089	05/11/2019	0	29
Sabah Development Bank Berhad	01/22	AA1	3.700	20	-	-	-	66
Northern Gateway Infrastructure Sdn Berhad	08/22	AA1	3.712	5	3.735	04/11/2019	-2	67
Batu Kawan Berhad	06/23	AA1	3.750	10	3.656	28/08/2019	9	59
Celcom Networks Sdn Berhad	08/27	AA+	3.819	10	3.727	03/10/2019	9	40
Benih Restu Berhad	06/25	AA2	3.875	50	3.859	07/10/2019	2	56
Hong Leong Financial Group Berhad	06/28	AA2	3.878	20	3.846	27/09/2019	3	44
IJM Corporation Berhad	10/24	AA3	4.028	20	4.354	03/06/2019	-33	84
Edra Energy Sdn Berhad	01/25	AA3	4.124	10	4.277	19/08/2019	-15	93
CIMB Group Holdings Berhad	05/16	A1	4.215	70	4.217	07/11/2019	0	41
UMW Holdings Berhad	04/18	A1	4.854	1	5.425	05/11/2019	-57	105
WCT Holdings Berhad	09/19	A	5.596	1	5.596	11/11/2019	0	179
Quantum Solar Park (Semenanjung) Sdn Berhad	04/33	A+	5.822	10	5.849	30/04/2018	-3	215
			<u>544</u>					

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

Market/Corporate News: What's Brewing

MUI Properties Bhd's unit, Cesuco Trading Ltd, will be converting an Australian dollars US\$1.5mil secured convertible note in an Australian gold exploration company into ordinary shares. In a filing with Bursa Malaysia, MUI Properties said that Cesuco Trading Ltd, its Hong Kong-based investment company, had advised Nex Metals Explorations Ltd of its decision to exercise the share conversion. Based in Perth, Nex Metals is primarily engaged in gold exploration. "Its gold projects include the Yundamindera and the Kookynie mining leases covering a total area of 6,746 ha in the north-eastern goldfields of Western Australia," it said in a statement. This year, Nex Metals entered into a farm-in agreement with Metalicity Ltd, another listed mineral exploration company in Australia, to undertake exploratory drilling on nine separate gold mining sites in the Kookynie area. Test results from the nine reversed circulation drill holes undertaken by Metalicity has confirmed that gold mineralisation exists beyond what historical data based on previous drilling had indicated. *(Source: The Star/Bernama)*

ECO WORLD International Bhd (EWI) has topped out its A\$315mil (RM892mil) maiden apartment project in Parramatta, Sydney, one of the handful of skyscrapers proposed for the growth corridor to reach its full height. In a statement yesterday, EWI said its 40-level high West Village project had already secured a 95% take-up rate, with buyers eager to capitalise on its enviable location to Westfield Parramatta shopping centre and the train station, as well as a wide selection of trendy restaurants, bars and boutique cafes. "As Sydney's second central business district, Parramatta is undergoing significant transformation with major infrastructure projects and development to cater to employment opportunities and a growing population." "West Village will sit alongside already completed skyscrapers, including Altitude, Skyrise and the soon-to-be completed 4 Parramatta Square, which is earmarked for completion in 2020." In the same statement, EWI Australia chief executive officer Yap Foo Leong said Parramatta would be the next growth area for Sydney due to its central geographical location in New South Wales and its excellent infrastructure and amenities. "Parramatta truly suits our hallmark for rolling out quality developments in prime locations that can cater to the local needs of the residents, and the success West Village has experienced confirms the prediction that Parramatta is set to become the new CBD." Apart from West Village, EWI is also developing Yarra One in Melbourne, which is also under construction and will top out in February 2020. *(Source: The Star)*

Sime Darby Bhd is looking at trimming its non-core assets, even though it is not in a hurry to do so, as part of its five-year plan to create value for the group two years after its demerger exercise. Its group chief executive officer (CEO) Datuk Jeffri Salim Davidson said the group had seen good progress in its non-core asset rationalisation plan, with some divestment exercises completed in the financial year ended June 30, 2019 (FY19). These include the disposal of Weifang Sime Darby Water Management Co Ltd and Sime Darby Global Service Centre, as well as exiting Fiat and Alfa Romeo in Australia. "We have been quite clear in our direction of divesting our non-core assets. However, we are not in an urgent position to sell. We will continue to explore our options and divest when time and valuations are optimum," he told Bernama in an interview recently. Sime Darby's non-core assets include a 12% stake in Eastern & Oriental Bhd, 3,561ha in the Malaysia Vision Valley in Negeri Sembilan and a 30% stake in Tesco Malaysia. "When the land in Malaysia Vision Valley gets developed, we will eventually divest it when it becomes more developed around there," said Jeffri. The much-anticipated demerger of the Sime Darby group was completed on Nov 10, 2017, with the separate listing of three entities, breaking one of the country's largest conglomerates into pure-plays and allowing the individual businesses to measure up against similar peers. Sime Darby now focuses on the industrial, motors and healthcare sectors. The group is one of the largest BMW and Caterpillar dealers in the world. "The demerger has enabled Sime Darby

to chart our own path and focus on our core trading businesses of motors and industrial (equipment), as well as healthcare, which is still relatively small but we are looking to grow it," said Jeffri. He noted that the group had set out its strategy for the next five years via a five-year Value Creation Plan focusing on several areas, including revenue enhancement, cost optimisation, monetisation of non-core assets, synergistic merger and acquisition, and expansion of the healthcare division. Jeffri said Sime Darby would need to grow its business organically and via acquisitions, with continuous focus on Asia-Pacific. "We have got a war chest in a sense. We have the opportunity to buy when people are trying to sell (but) it all depends on the valuation ultimately," he noted. Sime Darby had already invested RM1 billion in the current financial year ending FY20 for the acquisition of Gough Group Ltd and three Trivett dealerships in Australia. Jeffri said the Gough Group's acquisition was particularly appealing as Caterpillar dealerships did not come up for sale very often and it also spoke volumes about Sime Darby's track record and relationship with Caterpillar. He noted that the acquisitions were more significant as the market has been relatively quiet this year in terms of merger and acquisition. "We want to spend time bedding down the two acquisitions to ensure that they are well integrated into our system. Apart from these acquisitions, we continue to look at opportunities in industrial and motors," he said. He added that Sime Darby was also exploring organic expansion into adjacent businesses such as vehicle assembly, asset management and rental solutions to broaden its earnings base and increase its recurring income profile. On whether the group plans to expand its healthcare business in the current financial year, Jeffri said Sime Darby is not in a rush. "We are looking for acquisitions in the healthcare space, but everybody is looking for acquisitions and the price now, in our view, is high. For every hospital you look at, there are five other people looking at it, and it tends to move the price up. "We try and draw a line. We do not want to overpay for things," he said. Sime Darby has a 50:50 joint venture with Ramsay Healthcare in the management of hospitals and provision of healthcare services. Via the joint venture, Sime Darby has three hospitals each in Malaysia and Indonesia, as well as a day surgery centre in Hong Kong which was set up in FY19. The group has been involved in the healthcare sector since 1985. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Putrajaya Holdings Sdn Bhd	RM370.0 million Sukuk Musharakah Programme (due 2030)	AAA-IS /Stable;	Affirmed
	RM3.0 billion Sukuk Musharakah Programme (due 2032)	AAA-IS /Stable;	Affirmed
	RM1.5 billion Sukuk Musharakah Medium-Term Notes (MTN) Programme (due 2033)	AAA-IS/Stable	Affirmed

Source: RAM, MARC

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