

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.66	4
5-yr UST	1.73	9
10-yr UST	1.89	10
30-yr UST	2.31	8

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.03	-3	3.08	-3
5-yr	3.29	3	3.29	0
7-yr	3.36	1	3.38	3
10-yr	3.46	1	3.53	-1
15-yr	3.67	-3	3.78	-1
20-yr	3.76	0	3.88	0
30-yr	4.09	-1	4.00	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.25	0
3-yr	3.27	0
5-yr	3.34	0
7-yr	3.36	0
10-yr	3.40	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries sold-off and the curve bear-steepened on Thursday following news of US and China agreeing to sign-off a the phase one (1) of a trade pact soon. The above developments were seen amidst earlier ongoing discussion on the potential imposition of higher tariffs on \$160b Chinese goods. Overall benchmark yields erased prior day's move by spiking between 4-10bps across the curve with the 2Y up at 1.66% whilst the much-watched 10Y rising 10bps at 1.89%. Treasury's auction involving \$16bn 30Y reopening attracted solid demand with BTC at 2.46x (prior auction: 2.23x) and awarded at 2.307%. Meanwhile the Fed is reputed to double the Repo market intervention to avoid a repeat of a cash crunch. Developments on the trade front are likely to dominate and overshadow other reports on retail sales etc.

MGS/GII

- Local govovies strong trading momentum compared to previous session as secondary market volume ramped up to RM5.66b with heavy investor interest in the off-the-run 20's and 3Y MGS. Overall benchmark yields closed mostly mixed between -3 to +3bps; with the belly seen richer. The benchmark 5Y MGS 6/24 rose 3bps at 3.29% whilst the 10Y MGS 8/29 edged 1bps higher at 3.46%. GII trades rose sharply to form ~ 55% of overall trades. BNM's release of the 2020 Auction Calendar reveals an additional two (2) issuances totaling 34 (2019: 32); with issuances skewed towards both the ultra-short and long-end. Expect front-loading of issuances in 1H20 to replace bulk of maturities between April and August. More on that in our separate report.

Corp Bonds/Sukuk

- Corporate bonds/sukuk space continued to see solid interest with secondary market volume up at RM972m yesterday with investor interest mainly in the GG-segment followed by the AAAA-AA part of the curve. DANAINFRA and PRASARANA bonds dominated trades with PRASA 2/23 edging 1bps higher compared to previous-done levels at 3.30% whilst DANA 10/33 saw heavy demand; closing 5bps lower at 3.89%. AAA-rated DANGA 27 and 33 edged between 0-1bps lower at 3.77% and 3.99% respectively. The seldom-traded PROHAWK saw the 12/30 tranche close sharply lower on yields at 4.17%. Newly issued single-rated DRB-Hicom made its debut trades via various tranches between 2022-2026.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/20	2.873	256	2.935	10/12/2019	-6
MGS	07/20	2.921	1	2.937	11/12/2019	-2
MGS	10/20	2.943	588	2.962	11/12/2019	-2
MGS	02/21	3.012	50	3.024	11/12/2019	-1
MGS	07/21	3.030	210	3.036	11/12/2019	-1
MGS	11/21	3.044	0	3.040	11/12/2019	0
MGS	03/22	3.027	213	3.057	11/12/2019	-3
MGS	08/22	3.094	62	3.099	11/12/2019	-1
MGS	09/22	3.109	76	3.102	11/12/2019	1
MGS	03/23	3.120	162	3.144	11/12/2019	-2
MGS	08/23	3.180	10	3.170	10/12/2019	1
MGS	06/24	3.285	162	3.257	11/12/2019	3
MGS	07/24	3.271	147	3.275	11/12/2019	0
MGS	09/24	3.281	119	3.293	11/12/2019	-1
MGS	09/25	3.313	1	3.320	11/12/2019	-1
MGS	07/26	3.360	70	3.349	10/12/2019	1
MGS	11/26	3.420	1	3.404	11/12/2019	2
MGS	05/27	3.395	20	3.419	09/12/2019	-2
MGS	11/27	3.444	11	3.451	11/12/2019	-1
MGS	06/28	3.473	1	3.462	10/12/2019	1
MGS	08/29	3.456	93	3.441	11/12/2019	2
MGS	06/31	3.697	1	3.697	11/12/2019	0
MGS	04/33	3.712	50	3.728	10/12/2019	-2
MGS	07/34	3.672	209	3.702	11/12/2019	-3
MGS	05/35	3.755	1	3.773	09/12/2019	-2
MGS	04/37	3.739	1	3.736	10/12/2019	0
MGS	06/38	3.809	10	3.838	11/12/2019	-3
MGS	05/40	3.757	0	3.757	11/12/2019	0
MGS	03/46	4.109	10	4.080	11/12/2019	3
MGS	07/48	4.086	20	4.097	11/12/2019	-1
GII	04/20	3.028	790	3.026	11/12/2019	0
GII	05/20	3.001	110	3.017	11/12/2019	-2
GII	05/20	2.787	2	3.000	21/11/2019	-21
GII	06/20	2.998	60	2.977	29/11/2019	2
GII	08/20	3.007	1410	3.012	10/12/2019	0
GII	03/22	3.078	0	3.103	06/12/2019	-3
GII	04/22	3.094	11	3.116	10/12/2019	-2
GII	07/23	3.185	15	3.206	06/12/2019	-2
GII	11/23	3.226	165	3.230	10/12/2019	0
GII	08/25	3.356	20	3.359	10/12/2019	0
GII	10/25	3.360	90	3.364	10/12/2019	0
GII	03/26	3.382	50	3.353	06/12/2019	3
GII	09/26	3.411	130	3.418	10/12/2019	-1
GII	07/29	3.529	60	3.539	11/12/2019	-1
GII	11/34	3.777	30	3.784	10/12/2019	-1
GII	09/39	3.883	170	3.886	11/12/2019	0
			<u>5665</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*	
GovCo Holdings Berhad	02/22	GG	3.270	30	3.989	11/10/2018	-72	24
Prasarana Malaysia Berhad	02/23	GG	3.299	110	3.292	05/12/2019	1	24
Prasarana Malaysia Berhad	08/26	GG	3.520	25	3.528	12/11/2019	-1	18
GovCo Holdings Berhad	02/27	GG	3.569	20	3.668	07/08/2019	-10	23
DanaInfra Nasional Berhad	11/27	GG	3.610	10	3.570	22/10/2019	4	20
DanaInfra Nasional Berhad	10/28	GG	3.663	10	3.665	28/11/2019	0	23
DanaInfra Nasional Berhad	04/29	GG	3.692	10	3.708	29/07/2019	-2	26
DanaInfra Nasional Berhad	07/29	GG	3.701	15	3.720	19/11/2019	-2	27
DanaInfra Nasional Berhad	11/29	GG	3.721	10	3.709	29/10/2019	1	29
Prasarana Malaysia Berhad	03/30	GG	3.741	10	3.739	08/11/2019	0	31
DanaInfra Nasional Berhad	05/32	GG	3.860	60	3.870	11/12/2019	-1	42
DanaInfra Nasional Berhad	10/33	GG	3.885	280	3.934	10/07/2019	-5	19
Prasarana Malaysia Berhad	09/47	GG	4.250	2	4.020	01/10/2019	23	49
Cagamas Berhad	03/20	AAA	3.123	50	3.139	29/11/2019	-2	13
Manjung Island Energy Berhad	11/23	AAA	3.542	15	3.557	27/11/2019	-2	37
Danga Capital Berhad	09/27	AAA	3.770	10	3.771	06/12/2019	0	36
Telekom Malaysia Berhad	10/28	AAA	3.777	20	3.679	01/10/2019	10	34
Danga Capital Berhad	09/33	AAA	3.994	20	4.003	09/12/2019	-1	30
Danum Capital Berhad	02/34	AAA	4.058	2	4.059	09/12/2019	0	36
Tenaga Nasional Berhad	08/38	AAA	4.138	3	4.139	04/12/2019	0	38
Konsortium ProHAWK Sdn Berhad	12/30	AA2	4.169	10	5.109	09/03/2017	-94	73
Perbadanan Kemajuan Negeri Selangor	05/20	AA3	3.453	10	3.550	26/09/2019	-10	46
Bumitama Agri Ltd	07/24	AA3	3.848	20	3.860	09/12/2019	-1	60
UEM Sunrise Berhad	03/24	AA-	3.689	20	3.732	29/11/2019	-4	51
MMC Corporation Berhad	11/25	AA-	4.678	20	4.718	15/10/2019	-4	138
Sports Toto Malaysia Sdn Berhad	06/26	AA-	4.964	4	5.200	28/06/2019	-24	162
MMC Corporation Berhad	11/27	AA-	4.888	10	4.888	20/11/2019	0	148
MMC Corporation Berhad	03/28	AA-	4.919	10	4.929	27/11/2019	-1	151
Southern Power Generation Sdn Berhad	04/32	AA-	4.119	13	4.111	29/10/2019	1	68
Jati Cakerawala Sdn Berhad	07/23	A1	4.619	2	4.628	04/12/2019	-1	144
Bank Muamalat Malaysia Berhad	06/26	A3	4.433	1	4.415	07/11/2019	2	109
YNH Properties Berhad	08/19	-	6.949	3	6.748	11/12/2019	20	319
DRB-Hicom Berhad	12/22	A+	4.150	31			415	109
DRB-Hicom Berhad	12/26	A+	4.850	15	4.700	11/12/2019	15	151
DRB-Hicom Berhad	12/29	A+	5.100	30			510	166
DRB-Hicom Berhad	12/24	A+	4.550	41			455	130
Westports Malaysia Sdn Berhad	10/25	AA+	3.831	1	3.854	20/11/2019	-2	53
Danajamin Nasional Berhad	10/27	AA+	3.838	20	3.855	30/09/2019	-2	43
				<u>972</u>				

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

Market/Corporate News: What's Brewing

Amidst a weakened domestic property backdrop, ECO WORLD DEVELOPMENT GROUP Bhd has surprised the market with record-high net profit of RM203.42mil for the financial year ending Oct 31, 2019 (FY19). Likewise, its international arm Eco World International Bhd (EWI) returned to the black with a net profit of RM187mil, as compared to a net loss of RM11.23mil in FY18. Eco World's net profit for FY19, which grew 117.5% year-on-year (y-o-y), was achieved on the back of better sales, good site progress and a higher percentage of completion of the group's ongoing projects. Meanwhile, EWI recorded higher recognition of revenue and profit by its joint-venture projects in the United Kingdom, following completion and commencement of handover of open market sales units, as well as revenue and profit recognition of its built-to-rent (BtR) sales. EcoWorld president and CEO Datuk Chang Khim Wah said the group is on track to achieve the RM6bil combined sales target for the financial years 2019 and 2020. "The best is yet to come. Looking at this year's results, this is probably our best ever, strongest results since we started. Both Eco World and EWI are targeting to declare dividends in 2020. "Despite it being a challenging year, as far as Eco World is concerned, we are looking forward to the coming year with optimism and hope. The reception towards our marketing campaigns and designs has been good, and I am encouraged that 2020 will be an even better year for us," he said at a briefing. To date, Eco World has an unbilled earnings of RM5.16bil, which gives the group good earnings visibility for the next two to three years. A total of 5,763 units was handed over in FY19, making it the largest number of completions and handover of properties sold by Eco World. The total units handed over comprised 3,367 landed homes, 1,844 apartments and 429 commercial and 123 industrial units, which contributed to EcoWorld's RM2.7bil sales in FY19. Chang noted that sales momentum picked up noticeably in

the last two months of FY19, with a monthly average of RM383mil sales recorded during the period, as compared to an average of RM284mil per month from March until August 2019, following the official launch of the home ownership campaign (HOC). Despite the absence of HOC next year, Chang remains confident that Eco World is able to maintain its performance. "The HOC is a good impetus by the government to spur the housing market. However, as a developer, you cannot expect to depend on the government forever. "With the demographics and market that Eco World is in, where 60% of our buyers are Generation Y and Z, we are confident the market can sustain us," he said. Eco World plans to introduce a new range of homes priced from RM300,000 to RM450,000 next year, to take advantage of the infrastructure and lifestyle amenities already in place at its various projects. As for EWI, five projects in the UK have commenced handover, namely, London City Island, Embassy Gardens, Kensal Rise, Millbrook Park, and Aberfeldy Village, with keys to 1,141 residential units delivered to purchasers. EWI recorded RM1.12bil sales in FY19. While the sales rate of EWI's higher-end products in London is still being affected by the ongoing Brexit-related uncertainties, the mid-market products developed with joint-venture partner Willmott Dixon are doing well. According to EWI president and CEO Datuk Teow Leong Seng, EWI has seen a 67% increase in its open market sales in FY19. He said house prices in London over the past few months have firmed up and volumes have increased significantly. Over in Australia, house prices have also firmed up over the last three months, especially after the federal elections and as the market improved, he said. "To date, the RM5bil unbilled effective sales will be translated to earnings for FY20 and FY21. "We will also be completing a few big projects next year, namely, Wardian in the UK, coupled with West Village in Sydney and Yarra One in Melbourne, Australia. "In line with EcoWorld, EWI is also maintaining its sales target of RM6bil for FY19 and FY20," said Teow. (Source: *The Star Online*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
DRB-HICOM Berhad	Proposed Sukuk Programme with a nominal value of up to RM3.5 billion.	A+ IS/Positive	Assigned
Projek Lintasan Sungai Besi-Ulu Klang Sdn Bhd's (PLSUKE)	Sukuk Wakalah Programme (Sukuk Wakalah) of up to RM2.0 billion.	A+ IS(s)	Affirmed
Sunway Berhad	RM2.0 billion Commercial Papers/Medium-Term Notes (CP/MTN) programmes	MARC-1/AA-	Affirmed
Hong Leong Bank Berhad	Financial institution ratings	AAA/Stable/P1	Reaffirmed
Hong Leong Islamic Bank Berhad (HLISB)	Financial institution ratings	AAA/Stable/P1	Reaffirmed
Hong Leong Investment Bank Berhad (HLIB)	Financial institution ratings	AAA/Stable/P1	Reaffirmed
Hong Leong Financial Group Berhad	RM25 billion Multi-Currency Senior Notes, Tier-2 Subordinated Notes, and Additional Tier-1 Capital Securities Programme (2017/2117)*		
	RM3 billion Commercial Papers Programme (2017/2025)*	P1	
	RM1.8 billion Commercial Papers/Medium-Term Notes Programme (2011/2031)	AA1/Stable/P1	Reaffirmed
	*Combined limit of RM25.0 billion		Reaffirmed
Hong Leong Bank Berhad	RM10 billion Multi-Currency Subordinated Notes Programme (2014/2044)	AA1/Stable	
	RM10 billion Multi-Currency Additional Tier-1 Capital Securities Programme (2017/2117)	A1/Stable	Reaffirmed
Hong Leong Islamic Bank Berhad	RM2 billion Multi-Currency Tier-2 Subordinated Sukuk Murabahah and Additional Tier-1 Sukuk Wakalah (2017/2117)		Reaffirmed
	Tier-2 Subordinated Sukuk Murabahah Additional Tier-1 Sukuk Wakalah	AA2/Stable A1/Stable	Reaffirmed Reaffirmed

Source: RAM, MARC

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