

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.59	-5
5-yr UST	1.62	-7
10-yr UST	1.81	-7
30-yr UST	2.29	-7

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.02	48	3.10	-1
5-yr	3.20	0	3.26	-2
7-yr	3.51	13	3.38	0
10-yr	3.43	0	3.47	4
15-yr	3.67	-1	3.80	0
20-yr	3.81	1	3.93	0
30-yr	4.00	-3	4.13	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.28	0
3-yr	3.29	-1
5-yr	3.31	-2
7-yr	3.35	-2
10-yr	3.41	-1

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended stronger on Thursday; spurred by safe-haven buying by investors following trade gridlock on farm purchases in the phase 1 of US-China trade deal talks. Fed Chair Powell's testimony to the House Budget Committee however revealed his bullish assessment on the US economy; leading him to reiterate his earlier comments that Fed policymakers are likely done making any changes in monetary policy presently. The curve shifted lower as overall benchmark yields ended 5-7bps lower with the UST 2Y at 1.59% whilst the much-watched 10Y rallied 7bps at 1.81%. Separately, the Fed's recent repo-market liquidity injections and T-bill purchases to calm money markets has seen the effective Fed Fund Rates being brought down to 1.55%; a level closer to the to the lower band of 1.50-1.75%.

MGS/GII

- Local govies closed mostly unchanged-to-stronger on Thursday mainly in a relatively quiet session where investors chose to focus on the new issuance of 3Y GII bonds. Which notched strong bidding metrics with a BTC ratio of 2.38x; averaging 3.151%. Secondary market volume maintained at ~RM2.0b handle (i.e. RM2.26b) with interest seen mainly in the off-the-run 24's and 33's with nil trades in the usual 19-20's space. Overall benchmark yields ended mostly unchanged-to-lower between 0-3bps save for the adjustment of skewed odd-lot trades in the short end and 7Y MGS and 10Y GII. Both the benchmark 5Y MGS 6/24 and 10Y MGS 8/29 were untraded at 3.20% and 3.43% each. GII trades eased to form ~52% of overall trades. Expect attention to shift to the upcoming 3Q GDP numbers today.

Corp Bonds/Sukuk

- Corporate bonds/sukuk space saw volatile frequency and secondary volume this week with yesterday's total trades falling to RM303m. Overall interest was seen mainly across the GG-segment followed by the AA part of the curve as yields ended mostly mixed again. The Govt-guaranteed DANAINFRA bonds dominated the GG space with 2026 tranche closing unchanged compared to previous-done levels at 3.53% levels whilst the 2024, 2034 and 2044 tranches closed between 2-9bps higher at 3.47%, 3.94% and 4.24% respectively. AA-rated energy-related bond EDRA 25's edged 1bps lower at 4.11-15% levels whilst the banking space saw new debutant SABAH Credit Corp 11/28 notch 4.13%.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	07/21	3.043	37	3.053	13/11/2019	-1
MGS	07/24	2.844	121	2.858	13/11/2019	-1
MGS	09/25	3.016	50	2.992	13/11/2019	2
MGS	08/23	3.069	22	3.075	13/11/2019	-1
MGS	03/22	3.068	1	3.082	13/11/2019	-1
MGS	07/26	3.023	92	2.542	13/11/2019	48
MGS	11/19	3.151	90	3.168	12/11/2019	-2
MGS	09/24	3.172	6	3.181	13/11/2019	-1
MGS	04/23	3.201	85	3.196	13/11/2019	0
MGS	08/29	3.259	58	3.272	13/11/2019	-1
MGS	10/20	3.259	46	3.278	13/11/2019	-2
MGS	11/26	3.347	20	3.346	13/11/2019	0
MGS	11/33	3.513	112	3.366	13/11/2019	15
MGS	06/24	3.407	42	3.425	13/11/2019	-2
MGS	04/32	3.438	5	3.504	13/11/2019	-7
MGS	04/33	3.434	95	3.472	12/11/2019	-4
MGS	11/21	3.434	114	3.440	13/11/2019	-1
MGS	11/27	3.603	29	3.692	11/11/2019	-9
MGS	06/38	3.681	12	3.710	13/11/2019	-3
MGS	07/34	3.718	6	3.746	11/11/2019	-3
MGS	06/28	3.673	29	3.685	11/11/2019	-1
MGS	07/48	3.807	5	3.797	13/11/2019	1
MGS	03/20	4.029	1	4.027	12/11/2019	0
MGS	09/43	4.001	5	4.036	13/11/2019	-3
GII	04/20	2.995	6	3.027	13/11/2019	-3
GII	03/21	3.083	100	3.065	08/11/2019	2
GII	04/21	3.095	50	3.106	31/10/2019	-1
GII	03/22	3.101	20	3.109	13/11/2019	-1
GII	07/22	3.188	50	3.466	12/06/2019	-28
GII	07/23	3.200	20	3.193	11/11/2019	1
GII	10/23	3.216	20	3.214	11/11/2019	0
GII	11/23	3.202	141	3.237	13/11/2019	-4
GII	03/26	3.382	56	3.383	13/11/2019	0
GII	07/27	3.452	60	3.446	08/11/2019	1
GII	12/28	3.477	1	3.473	22/10/2019	0
GII	07/29	3.466	50	3.455	11/11/2019	1
GII	09/30	3.606	170	3.590	12/11/2019	2
GII	#N/A	3.127	430	3.160	13/11/2019	-3
			<u>2257</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*
Prasarana Malaysia Berhad	03/24	GG	3.472	5	3.447	06/11/2019	2	31
DanaInfra Nasional Berhad	04/26	GG	3.528	30	3.526	13/11/2019	0	21
DanaInfra Nasional Berhad	03/34	GG	3.940	30	3.849	29/10/2019	9	26
DanaInfra Nasional Berhad	02/44	GG	4.238	10	4.179	05/11/2019	6	43
DanaInfra Nasional Berhad	11/45	GG	4.248	10	4.618	10/05/2019	-37	44
Genting RMTN Berhad	11/29	AAA	3.996	1	3.996	13/11/2019	0	55
Kuala Lumpur Kepong Berhad	09/22	AA1	3.547	10	3.507	02/10/2019	4	50
Kuala Lumpur Kepong Berhad	04/26	AA1	3.779	25	3.708	08/10/2019	7	46
TRIpIc Medical Sdn Berhad	10/26	AA1	3.934	15	4.508	22/02/2019	-57	56
TRIpIc Medical Sdn Berhad	10/27	AA1	3.967	15	3.877	27/08/2019	9	55
UniTapah Sdn Berhad	12/29	AA1	4.159	5	4.901	11/10/2017	-74	72
Sabah Credit Corporation	11/28	AA1	4.130	60	-	-	-	-
Benih Restu Berhad	06/25	AA2	3.876	10	3.875	12/11/2019	0	56
Edra Energy Sdn Berhad	01/25	AA3	4.109	10	4.124	12/11/2019	-1	91
Edra Energy Sdn Berhad	07/25	AA3	4.147	10	4.158	07/11/2019	-1	83
Bumitama Agri Ltd	07/26	AA3	3.948	10	3.859	02/10/2019	9	58
Dynasty Harmony Sdn Berhad	12/28	AA3	5.589	5	5.589	14/08/2019	0	215
Edra Energy Sdn Berhad	07/37	AA3	4.840	1	4.579	29/08/2019	26	104
Malakoff Power Berhad	12/19	AA-	3.122	20	3.379	05/11/2019	-26	12
WCT Holdings Berhad	08/20	AA-	3.840	10	3.869	26/09/2019	-3	84
Southern Power Generation Sdn Berhad	04/29	AA-	4.030	10	4.299	08/05/2019	-27	59
Eco World International Berhad	05/23	-	5.529	1	5.529	13/11/2019	0	237
				<u>303</u>				

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

Market/Corporate News: What's Brewing

Global debt hit a fresh record above \$250 trillion in the first half of 2019, with China and the U.S. accounting for more than 60% of new borrowing, the Institute of International Finance said. Borrowing by governments, households and non-financial business now accounts for more than 240% of the world's gross domestic product, and it's growing faster than the global economy, the Washington-based IIF said in a report published Thursday. In developed countries, it's governments that account for the bulk of borrowing over the past decade, the IIF said. In emerging markets, companies have taken the lead -- but more than half of corporate debt in those countries is likely held by state-owned businesses. The report cited limits and risks attached to debt-fueled economic growth. It said that emerging markets that have increasingly relied on foreign-currency borrowing -- including Turkey, Mexico and Chile -- may be exposed to risks if growth slows further. And it said that "high-debt countries that also have high exposure to climate risk" -- like Japan, Singapore, Korea and the U.S. -- may struggle with the rapid increase in funding that the fight against climate change will require. (Source: *The EdgeMarkets/Bloomberg*)

The majority of Genting Malaysia Bhd's (GenM) loss-making Empire Resorts Inc stockholders have approved the proposed merger with the joint-venture company (JVCo) of GenM and Kien Huat Realty III Ltd (KH). "As part of the proposed merger and in accordance with the merger agreement, qualified shareholders of Empire Resorts will be entitled to receive in cash from JVCo US\$9.74 (RM40.45) for each share of common stock held in Empire," GenM said in a statement to Bursa Malaysia. GenM said the stockholders of the US-based Empire Resorts gave their approval at a special meeting on Wednesday. According to a filing with the US Securities and Exchange Commission, Empire Resorts reported that holders of 36.33 million shares voted in favour while those holding 277,185 shares were against and those who owned 15,457 shares abstained. Recall that in August, GenM announced that its indirect unit Genting (USA) Ltd (GenUSA) was buying a 46% stake in the loss-making Empire Resorts for RM539mil. Empire Resorts owns Catskills Casino in Upstate New York. It had further proposed a JV between GenM and KH to gain full control of Empire Resorts. The JV was to resolve Empire Resorts' current liquidity issue via privatisation and restructuring efforts. Empire Resorts' earlier filing with the US Securities and Exchange Commission said that if it couldn't secure financing to bail it out, it may have to go the bankruptcy route. Analysts had then said GenUSA would need to inject its 46% stake in Empire Resorts and pay KH an additional US\$9.4mil (RM39mil) to be entitled to have a 49% stake in the JV company, Hercules Topco LLC. Subsequently, GenUSA and KH will inject a further US\$28.5mil (or RM119mil) and US\$29.7mil (or RM124.1mil) respectively into Hercules, with most of the proceeds being used to fund the privatisation of Empire Resorts. GenM will fork out a huge US\$167mil (RM692mil) cash to complete this JV proposal, including an initial stake acquisition of US\$128.6mil (RM533mil or a 38% stake in Empire), US\$9.4mil paid to KH and US\$28.5mil (its 49% share of the cash infusion) to mostly fund Hercules to buy out minorities of Empire Resorts. In early November, GenUSA purchased 12.20 million shares in Empire Resorts from KH for US\$128.56mil (RM534mil) at US\$9.74 per share. Following the proposed acquisition, GenUSA held a 38.3% equity stake in Empire Resorts on an undiluted basis. KH is a party related to GenM by virtue of sharing ultimate major shareholders, specifically Tan Sri Lim Kok Thay. GenM is 49.5%-owned by GENTING BHD. In August, RAM Ratings viewed as credit negative GenM's related-party acquisition of Empire Resorts. It cautioned that the acquisition could potentially weaken GenM's credit strength. Continued substantial losses at Empire Resorts and a possible demand on resources to support it could erode the company's balance sheet strength. (Source: *The Star*)

FIXED INCOME

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Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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