

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.63	2
5-yr UST	1.70	5
10-yr UST	1.87	5
30-yr UST	2.29	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.02	-2	3.10	0
5-yr	3.25	-3	3.29	0
7-yr	3.41	1	3.39	0
10-yr	3.44	0	3.55	0
15-yr	3.68	-3	3.78	0
20-yr	3.74	-3	3.90	1
30-yr	4.11	0	4.00	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.29	0
3-yr	3.29	-1
5-yr	3.36	-1
7-yr	3.39	0
10-yr	3.43	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

US Treasuries closed weak on Monday on a lack of any meaningful news besides the firm Markit PMI data releases. The pullback was seen as a response to last week's news that both the US and China finally reached an agreement to sign-off Phase 1 of the trade pact. The curve shifted up with overall benchmark yields ending between 2-5bps higher. The UST 2Y shed 2bps at 1.63% whilst the much-watched 10Y spiked 5bps at 1.87%. With the removal of a great degree of uncertainty pertaining to the US-China trade Phase 1 for now, traders and investors may now be focussing on other economic data that include reports on industrial production and housing starts.

MGS/GIII

- Local govies saw low momentum last Monday as secondary market volume notched a mere RM1.49b with investor interest mainly in the off-the-run 20's and benchmark 5Y MGS. Overall benchmark MGS yields closed mostly lower between 0-3bps (save for the 7Y) whilst GII bonds were overall unchanged. The benchmark 5Y MGS 6/24 decline 3bps at 3.25% whilst the 10Y MGS 8/29 closed unchanged at 3.44% on an odd-lot trade. GII trades fell again to form ~ 13% of overall trades. Reports of inflows to both EM stock and bond markets were seen to accelerate as US-China finally agreed on a phase one trade pact. There being no further auction/issuances this year; we expect front-loading of issuances in 1H20 to replace bulk of maturities between April and August 2020.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk space notched secondary market volume at RM521m yesterday thanks to the large RM300m trade on LPPSA bonds. Overall investor interest was mainly seen in the GG and AA-part of the curve. LPPSA 4/33 mentioned above edged 1bps lower compared to previous-done levels at 3.90% whilst the long-end DANA 4/40 closed unchanged at 4.08%. AA-rated FORTUNE Premier 12/24 made its debut trade at 3.88%; about 10bps lower than its coupon. YTL Power 8/28 closed unchanged at 4.18%. Single-rated IJM Land saw its PERPS close between -22 to +4 bps between 4.64-68% area.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.867	336	2.908	13/12/2019	-4
MGS 07/20	2.933	262	2.954	13/12/2019	-2
MGS 10/20	2.953	29	2.966	13/12/2019	-1
MGS 02/21	2.996	2	3.012	12/12/2019	-2
MGS 07/21	3.012	5	3.015	13/12/2019	0
MGS 09/21	3.017	110	3.035	11/12/2019	-2
MGS 11/21	3.045	54	3.045	13/12/2019	0
MGS 03/22	3.015	32	3.035	13/12/2019	-2
MGS 08/22	3.090	30	3.102	13/12/2019	-1
MGS 03/23	3.138	77	3.136	13/12/2019	0
MGS 04/23	3.170	3	3.190	13/12/2019	-2
MGS 06/24	3.249	132	3.278	13/12/2019	-3
MGS 07/24	3.275	22	3.271	12/12/2019	0
MGS 09/24	3.284	10	3.287	13/12/2019	0
MGS 03/25	3.295	1	3.287	09/12/2019	1
MGS 07/26	3.410	28	3.401	13/12/2019	1
MGS 11/26	3.420	67	3.420	12/12/2019	0
MGS 11/27	3.458	5	3.464	13/12/2019	-1
MGS 06/28	3.476	9	3.473	13/12/2019	0
MGS 08/29	3.443	5	3.443	13/12/2019	0
MGS 04/30	3.595	12	3.588	13/12/2019	1
MGS 06/31	3.697	16	3.718	13/12/2019	-2
MGS 04/33	3.781	8	3.712	12/12/2019	7
MGS 07/34	3.681	21	3.707	13/12/2019	-3
MGS 04/37	3.760	10	3.739	12/12/2019	2
MGS 06/38	3.850	4	3.809	12/12/2019	4
MGS 05/40	3.743	5	3.771	13/12/2019	-3
GII 10/25	3.380	20	3.369	13/12/2019	1
GII 07/29	3.545	16	3.545	13/12/2019	0
GII 09/30	3.624	40	3.606	10/12/2019	2
GII 09/39	3.896	120	3.883	12/12/2019	1
		<u>1491</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*	
DanaInfra Nasional Berhad	07/29	GG	3.724	70	3.701	12/12/2019	2	29
Lembaga Pembiayaan Perumahan Sektor Awarr	04/33	GG	3.900	300	3.910	13/12/2019	-1	21
DanaInfra Nasional Berhad	04/40	GG	4.079	5	4.074	05/12/2019	0	31
Sepangar Bay Power Corporation Sdn Berhad	07/20	AA1	3.248	10	3.284	11/12/2019	-4	26
MBSB Bank Berhad (fka Asian Finance Bank Bk	10/20	AA1	3.501	10	3.525	11/12/2019	-2	51
MBSB Bank Berhad (fka Asian Finance Bank Bk	12/20	AA1	3.528	5	3.547	11/12/2019	-2	54
YTL Power International Berhad	08/28	AA1	4.179	10	4.184	10/12/2019	0	74
Konsortium ProHAWK Sdn Berhad	12/21	AA2	3.619	5	3.630	11/12/2019	-1	59
Anih Berhad	11/21	AA	3.570	5	3.582	11/12/2019	-1	54
Fortune Premiere Sdn Berhad	12/24	AA	3.880	50			388	62
Malakoff Power Berhad	12/20	AA-	3.399	5	3.422	11/12/2019	-2	41
UEM Sunrise Berhad	10/25	AA-	3.820	10	3.858	27/11/2019	-4	50
UMW Holdings Berhad	04/18	A1	5.083	1	4.557	29/11/2019	53	131
IJM Land Berhad	03/19	A2	4.639	20	4.857	22/11/2019	-22	87
IJM Land Berhad	03/19	A2	4.678	5	4.640	10/12/2019	4	91
UEM Sunrise Berhad	06/21	AA-	3.378	10	3.392	11/12/2019	-1	35
				<u>521</u>				

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

Market/Corporate News: What's Brewing

Kuala Lumpur City Hall (DBKL) has allocated RM2.972 billion for its Budget 2020 for the implementation of various initiatives for the well-being and prosperity of the city dwellers. Kuala Lumpur mayor Datuk Nor Hisham Ahmad Dahlan said through the budget themed 'Cheerful City, and Shared Prosperity', RM1.826 billion or 61.5% had been set aside for operating expenditure and RM1.146 billion (38.5%) for development. He said the development allocation was divided into financing amounting to RM696.5 million (60.8%) and financing from the government and others, at RM449 million (39.2%). "DBKL has allocated RM661 million to cover 73 road, hill slope and drainage projects, largely to address the flash flood problem around the capital. "To improve the infrastructure facilities throughout the city, DBKL will also work with the Malaysian Rubber Board on road resurfacing works using rubberised bitumen," he said when tabling the DBKL Budget 2020, here, today. Nor Hisham said RM20 million would be allocated for management of the GoKL free bus service next year, with plans to add two more 'first-mile' service routes around Kuala Lumpur. "A sum of RM26.5 million is allocated for the Integrated Transport Information System (ITIS) equipment rental which involves the use of closed-circuit television cameras (CCTVs) and VMS (video management software), of which 309 and 691 CCTVs will be for the police and traffic monitoring respectively. "DBKL has also made Jalan Kinabalu heading towards Cheras a free-flow route without traffic lights at the Jalan Kinabalu/Jalan Maharajalela intersection beginning Dec 14," he added. He said DBKL had also allocated RM10 million to upgrade the installation of LED lighting (light emitting diode) at five public parks, namely Taman Tasik Datuk Keramat, Taman Dusun Bandar, Taman Kejiranan Air Panas, Taman Bukit Jalil and Taman Alam Damai. "A total of 45,100 units of high-pressure sodium vapour (HPSV)-type LEDs have been installed and will continue to replace any remaining street lamps by 2020. "In addition, RM7.5 million will be used to improve and upgrade heritage buildings such as Sultan Abdul Samad Building and Panggung Bandaraya DBKL," he said. According to Nor Hisham, four network libraries would be completed next year, namely KL@Pudu Ulu; KL@Masjid Al-Rahimah, Kg Pandan; KL@ PPR Sri Semarak; and KL@PPR Sri Kelantan libraries in conjunction with the Kuala Lumpur World Book Capital 2020. "To meet the needs of the city dwellers, RM65 million has been allocated for the Council Home Public Housing project in Kampung Sungai Udang, which is expected to be completed by the end of next year," he said. Nor Hisham said the Pasar Raja Bot (in Chow Kit) redevelopment project with the total cost of RM142.8 million was expected to be fully completed by 2022, while another RM28 million would be allocated for the Pasar Harian Selayang, which could accommodate 754 business lots when completed by mid-2020. (Source: *The Star Online*)

Inflows to emerging-market stock and bond exchange-traded funds accelerated as the U.S. and China finally agreed on a phase-one trade deal. Some US\$1.15 billion was added to U.S.-listed emerging market ETFs that invest across developing nations, as well as those that target specific countries in the week ended Dec 13, more than eight times the US\$141.9 million inflow in the previous week, according to data compiled by Bloomberg. It was the 10th straight week of inflows, the longest streak in a year. Flows were led by the three biggest emerging-market equities ETFs rather than country-specific funds, signaling investor optimism on the asset class. The US\$28.7 billion iShares MSCI Emerging Markets ETF, known as EEM, received US\$533 million and the US\$66 billion Vanguard FTSE Emerging Markets ETF, known as VWO, got US\$352 million, both the biggest amounts since February. Meanwhile, the US\$14.9 billion iShares JP Morgan USD Emerging Markets Bond ETF, known as EMB, had a small inflow of US\$45 million. So far this year, inflows to stocks and bond ETFs have totaled US\$6.81 billion. Emerging-market assets rallied last week on optimism the world's two largest economies would reach a deal to avert the imposition of new U.S. tariffs on Chinese goods on Dec 15. After some mixed messages that whipsawed markets, the two countries ultimately reached an agreement, lifting appetite for riskier assets.

Stock ETFs expanded by US\$1.21 billion.

Bond funds fell by US\$52.4 million.

Total assets rose to US\$274 billion, from US\$265.3 billion.

The MSCI Emerging Markets Index closed up 3.6% from the previous week at 1,086.91 points,

the highest level since April 23, 2019.

China/Hong Kong had the biggest inflow, of US\$340.6 million, led by iShares MSCI Emerging Markets.

Colombia had the biggest outflow of US\$4.27 million, following withdrawals from the VanEck Vectors J.P. Morgan EM Local Currency Bond. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Sime Darby Plantation Berhad	Corporate Credit rating	AAA	Affirmed
BNP Paribas Malaysia Berhad	Perpetual Subordinated Sukuk Programme (Perpetual Sukuk) of up to RM3.0 billion	AA-IS/Stable	Reaffirmed
	Financial Institution rating	AA2/Stable/P1	Reaffirmed

Source: RAM, MARC

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FIXED INCOME

December 17, 2019



Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Bank Pembangunan Malaysia Berhad	09/29	GG	3.769	10	3.730	25/09/2019	4	33
Danahra Nasional Berhad	05/32	GG	3.859	60	3.860	12/12/2019	0	42
Lembaga Pembiayaan Perumahan Sektor Awam	04/33	GG	3.910	570	3.875	11/12/2019	4	21
Sarawak Energy Berhad	11/33	AAA	4.009	10	4.018	03/12/2019	-1	31
Sepangar Bay Power Corporation Sdn Berhad	07/20	AA1	3.248	10	3.284	11/12/2019	-4	26
MBSB Bank Berhad (fka Asian Finance Bank Bk	10/20	AA1	3.501	10	3.525	11/12/2019	-2	51
MBSB Bank Berhad (fka Asian Finance Bank Bk	12/20	AA1	3.528	5	3.547	11/12/2019	-2	54
Konsortium ProHAWK Sdn Berhad	12/21	AA2	3.619	5	3.630	11/12/2019	-1	60
Hong Leong Financial Group Berhad	06/29	AA2	3.898	20	3.828	06/09/2019	7	46
Malaysia Airport Holdings Berhad	12/14	AA2	4.122	20	4.148	27/11/2019	-3	36
Anih Berhad	11/21	AA	3.570	5	3.582	11/12/2019	-1	55
BGSM Management Sdn Berhad	12/20	AA3	3.461	60	3.509	03/12/2019	-5	47
Bumitama Agri Ltd	07/26	AA3	3.948	10	3.969	09/12/2019	-2	58
Tanjung Bin Energy Issuer Berhad	09/30	AA3	4.039	10	4.069	25/11/2019	-3	60
CIMB Group Holdings Berhad	05/16	A1	4.428	1	4.446	10/12/2019	-2	66
Quill Retail Malls Sdn Berhad	03/24	A2	8.500	4	8.500	30/09/2019	0	532
WCT Holdings Berhad	09/19	A	5.604	1	5.605	09/12/2019	0	184
Malakoff Power Berhad	12/20	AA-	3.399	5	3.422	11/12/2019	-2	41
UEM Sunrise Berhad	06/21	AA-	3.378	10	3.392	11/12/2019	-1	35
				<u>825</u>				