

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.62	0
5-yr UST	1.71	1
10-yr UST	1.88	1
30-yr UST	2.31	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.04	3	3.10	0
5-yr	3.23	-2	3.29	0
7-yr	3.37	-4	3.38	-1
10-yr	3.41	-3	3.53	-1
15-yr	3.68	0	3.78	0
20-yr	3.74	0	3.90	0
30-yr	4.15	3	4.00	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.29	0
3-yr	3.29	0
5-yr	3.36	0
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 weaker on Tuesday save for the short-end as trading activity was dictated by stronger-than-forecast November housing starts/building permits and industrial production. Traders and investors were seen reluctant to engage in heavy activity as they looked beyond the US-China trade deal and the Fed's hold on interest rates. The curve bear-steepened with overall benchmark yields closing between 0-2bps higher. The UST 2Y closed within 1bps at 1.62% whilst the much-watched 10Y edged 1bps higher at 1.88. Meanwhile Japan continues to be the largest foreign holder of UST's; increasing its portfolio from \$1.15 trillion to \$1.17 trillion in October. Overall foreign holdings rose another \$1.6b to \$6.78 trillion.

#### MGS/GII

- Local govies witnessed decent bids on Tuesday as secondary market volume notched RM1.86b with investor interest switching to the belly off their curve and benchmark 10Y MGS. Overall benchmark MGS yields closed mostly mixed-to-lower lower between 0-4bps (save for the 3Y and 30Y) whilst GII bonds were largely unchanged save for the belly. The benchmark 5Y MGS 6/24 declined 2bps at 3.23% whilst the 10Y MGS 8/29 was well-bid; closing 3bps lower at 3.41%. GII trades maintained at a mere~ 16% of overall trades. Meanwhile the deluge of negative-yielding debt are expected to fuel foreign interest in EM local debt. We expect front-loading of issuances in 1H20 to replace bulk of maturities between April and August next year.

#### Corp Bonds/Sukuk

- Corporate bonds/Sukuk space continues to spring a surprise on solid activity despite the low holiday-fortnight staffing levels and lack of market-moving information. Secondary market volume notched RM762m yesterday across 41 various bonds with investor interest seen across the curve. LPPSA 4/33 again saw tremendous amounts traded; edging 1bps higher instead compared to previous-done levels at 3.91%. AAA-rated PUTRAJAYA and TELEKOM 24's however rose between 3-9bps at 3.61% levels. Power and energy-related bonds i.e. TANJUNG Bin Power 8/27, TBEI 3/20, YTL Power 5/27, BGSM 12/20, EDRA Energy 24-25's, and MALAKOFF 11/20 dominated the AA-space closing mostly mixed between -5 to +4bps. AA-rated MMC Corp 20-28's saw RM80m in nominal amounts traded between 0-1bps lower between 4.11-92% area. Mortgage-backed bonds i.e. ZAMARAD 6/21 and AL-DZAHAB 20-27's also were seen well-bid.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/20	2.929	21	2.933	16/12/2019	0
MGS 10/20	2.998	56	2.953	16/12/2019	5
MGS 09/21	3.050	3	3.017	16/12/2019	3
MGS 11/21	3.056	6	3.045	16/12/2019	1
MGS 03/22	3.042	10	3.015	16/12/2019	3
MGS 08/22	3.101	92	3.090	16/12/2019	1
MGS 03/23	3.136	151	3.138	16/12/2019	0
MGS 04/23	3.164	16	3.170	16/12/2019	-1
MGS 06/24	3.224	153	3.249	16/12/2019	-2
MGS 07/24	3.260	56	3.275	16/12/2019	-2
MGS 09/24	3.284	94	3.284	16/12/2019	0
MGS 09/25	3.270	166	3.317	13/12/2019	-5
MGS 07/26	3.369	238	3.410	16/12/2019	-4
MGS 11/26	3.395	4	3.420	16/12/2019	-2
MGS 11/27	3.440	5	3.458	16/12/2019	-2
MGS 06/28	3.446	58	3.476	16/12/2019	-3
MGS 08/29	3.412	202	3.443	16/12/2019	-3
MGS 04/30	3.590	6	3.595	16/12/2019	-1
MGS 11/33	3.731	26	3.770	13/12/2019	-4
MGS 07/34	3.676	97	3.681	16/12/2019	0
MGS 05/35	3.772	1	3.764	13/12/2019	1
MGS 06/38	3.867	36	3.850	16/12/2019	2
MGS 07/48	4.146	5	4.113	13/12/2019	3
GII 08/20	3.049	2	3.033	13/12/2019	2
GII 07/23	3.204	170	3.185	12/12/2019	2
GII 11/23	3.219	50	3.231	13/12/2019	-1
GII 10/25	3.374	30	3.380	16/12/2019	-1
GII 03/26	3.378	22	3.393	13/12/2019	-1
GII 07/29	3.534	28	3.545	16/12/2019	-1
GII 09/30	3.629	60	3.624	16/12/2019	0
		<u>1862</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	3.226	80	3.236	11/11/2019	-1	20
Prasarana Malaysia Berhad	03/30	GG	3.750	5	3.741	12/12/2019	1	32
Lembaga Pembiayaan Perumahan Sektor Awam	04/33	GG	3.910	130	3.900	16/12/2019	1	23
Zamrad Assets Berhad	11/20	AAA	3.819	10	3.888	04/12/2019	-7	83
Al Dzahab Assets Berhad	06/21	AAA	3.700	30	3.886	10/07/2019	-19	67
Putrajaya Holdings Sdn Berhad	07/24	AAA	3.613	30	3.522	30/09/2019	9	36
Telekom Malaysia Berhad	10/24	AAA	3.613	10	3.582	03/12/2019	3	36
Zamrad Assets Berhad	03/26	AAA	4.128	10	4.149	20/09/2019	-2	81
DiGi Telecommunications Sdn Berhad	09/26	AAA	3.678	10	3.678	09/12/2019	0	30
Aman Sukuk Berhad	04/27	AAA	3.695	20	3.716	03/12/2019	-2	31
Danga Capital Berhad	09/27	AAA	3.766	10	3.770	12/12/2019	0	34
Bank Pembangunan Malaysia Berhad	03/32	AAA	4.008	10	3.779	17/09/2019	23	58
Danum Capital Berhad	02/34	AAA	4.059	40	4.058	12/12/2019	0	38
Tenaga Nasional Berhad	08/37	AAA	4.099	10	4.098	10/12/2019	0	33
Tenaga Nasional Berhad	08/38	AAA	4.139	10	4.138	12/12/2019	0	37
YTL Power International Berhad	05/27	AA1	4.113	40	4.119	10/12/2019	-1	73
First Resources Limited	06/20	AA2	3.486	60	3.488	26/11/2019	0	50
UMW Holdings Berhad	10/23	AA2	3.678	3	3.613	30/08/2019	6	50
Tanjung Bin Power Sdn Berhad	08/27	AA2	4.061	10	4.018	22/08/2019	4	64
Zamrad Assets Berhad	09/27	AA2	4.653	10	4.707	29/10/2019	-5	123
Fortune Premiere Sdn Berhad	09/26	AA	3.960	10	4.018	24/09/2019	-6	58
Tanjung Bin Energy Issuer Berhad	03/20	AA3	3.368	10	3.382	06/12/2019	-1	38
BGSM Management Sdn Berhad	12/20	AA3	3.452	10	3.461	13/12/2019	-1	47
Gamuda Berhad	04/21	AA3	3.586	20	3.629	18/11/2019	-4	60
Country Garden Real Estate Sdn Berhad	02/23	AA3	6.402	3	6.455	06/12/2019	-5	336
BGSM Management Sdn Berhad	12/23	AA3	3.808	10	3.879	24/09/2019	-7	63
Edra Energy Sdn Berhad	01/24	AA3	4.001	10	5.246	27/03/2019	-125	82
IJM Corporation Berhad	04/25	AA3	4.027	30	4.375	30/05/2019	-35	78
Edra Energy Sdn Berhad	07/25	AA3	4.114	8	5.090	21/11/2019	-98	80
MMC Corporation Berhad	11/20	AA-	3.796	10	3.806	04/12/2019	-1	81
Malakoff Power Berhad	12/20	AA-	3.392	2	3.399	13/12/2019	-1	41
UEM Edgenta Berhad	04/22	AA-	3.724	6	3.815	06/11/2019	-9	70
MMC Corporation Berhad	04/23	AA-	4.438	20	4.485	01/11/2019	-5	139
MMC Corporation Berhad	11/27	AA-	4.889	20	4.888	12/12/2019	0	147
MMC Corporation Berhad	03/28	AA-	4.918	20	4.919	12/12/2019	0	150
KT Kira Sertifikalari Varlik Kiralama A.S.	07/20	A1	4.854	20	4.904	18/11/2019	-5	187
Affin Bank Berhad	02/27	A1	3.634	10	4.104	04/11/2019	-47	25
CIMB Group Holdings Berhad	05/16	A1	4.263	2	4.428	13/12/2019	-17	49
CIMB Group Holdings Berhad	05/16	A1	4.349	1	4.204	10/12/2019	15	58
Tropicana Corporation Berhad	09/19	-	6.376	1	6.939	11/12/2019	-56	260
Quantum Solar Park (Semenanjung) Sdn Berhad	10/22	A+	4.412	1	4.526	14/08/2019	-11	137
			<u>762</u>					

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

### Market/Corporate News: What's Brewing

**Prime Minister Tun Dr Mahathir Mohamad said yesterday the government will proceed with the Kuala Lumpur-Singapore High Speed Rail (HSR) after making “some adjustments” to reduce the project’s costs.** “Yes, we will go ahead [with the HSR]. But we want to find out what is the most suitable speed that we should have — it is not necessarily 400km per hour — because if we travel at that speed, we might reach Alor Setar [from Singapore],” he told reporters after witnessing the signing of the share sale agreement and the shareholders agreement between TRX City Sdn Bhd and IWC-CREC Sdn Bhd that will kick off the Bandar Malaysia project. “So, we will look into what is most suitable for this project. We would like to spend less money. It is very expensive, this HSR, but maybe we can scale down or do some adjustments to reduce costs,” he added. Dr Mahathir also confirmed that the Bandar Malaysia project, officially revived yesterday, will house a HSR station. “Yes, it will have a HSR station, although we have not decided on the actual HSR project itself, but it (Bandar Malaysia) will have a HSR station. “We hope this place will become a hub for all kinds of activities, including finance. Finance is of course meant for the TRX (Tun Razak Exchange), but it (Bandar Malaysia) will be a centre for mainly international companies with their facilities here, so they can serve the whole of Southeast Asia.” In September 2018, Malaysia and Singapore agreed to suspend the HSR project until end-May 2020, with Malaysia having to pay S\$15 million to Singapore for costs incurred for the suspension. At the time, Economic Affairs Minister Datuk Seri Mohamed Azmin Ali said Malaysia was committed to continuing with the project after May 2020. On bumiputera participation in the Bandar Malaysia project, Dr Mahathir said the government has not conducted any estimates on the possible participation rate. “We haven’t determined the percentage [of bumiputera participation]. We hope they will participate, with more than 30%.” (Source: *The EdgeMarkets*)

**Sarawak is imposing a condition requiring any gas distribution activities carried out in the state could only be done with a licence issued by the state’s Ministry of Utilities.** The ministry said this requirement would take effect from Jan 1 next year, when the regulations under the Distribution of Gas Ordinance 2016 came into full force. “Applicants should note that they are required to have a valid licence issued under the ordinance to carry out the gas distribution activities in Sarawak even though they may have permits or licences by any other government agencies,” it said in a statement today. Following this requirement, a fee of RM0.001 per million British thermal units (MMBtu) will be imposed for the licence to import any gas for regasification, processing, treatment, separation, utilisation or distribution; regasification of gas; and treatment and separation or processing of gas. A fee of RM0.005 per MMBtu will be required to obtain the licence for the transportation of gas while the fee for building, managing or maintaining gas pipeline or other apparatus or equipment or mechanism for the distribution of gas will be between RM200 and RM600 per year, depending on the class of installation. For the licence to supply gas, it said a fee of RM0.001 per MMBtu would be imposed for natural gas and liquefied natural gas and RM600 for liquefied petroleum gas. The licence fee for the retail of gas, meanwhile, is fixed at RM25 per year (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Tanjung Bin O&M Berhad	RM470.0 million Islamic Securities (Sukuk Wakalah)	AA-IS/Stable	Affirmed
Gamuda Land (T12) Sdn Bhd	Proposed Islamic MTN/Islamic CP Programme;	AA3(s)/stable	Assigned
	Proposed 30-year IMTN Programme of up to RM2.0 billion		
Perbadanan Kemajuan Negeri Selangor's (PKNS or the Agency)	Proposed 7-year ICP Programme of up to RM500 million	P1/Stable	Assigned
	RM300 mil ICP Programme (2013/2020) and RM1.7 bil IMTN Programme (2013/2033)	AA3/Stable/P1	Reaffirmed
RHB Bank Berhad / RHB Islamic Bank Berhad / RHB Investment Bank Berhad	Financial institution rating	AA2/ Positive from AA2/Stable	Revised

Source: RAM, MARC

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