












Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.59	 -2
5-yr UST	1.62	 -2
10-yr UST	1.80	 -2
30-yr UST	2.28	 -2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.03	 0	3.11	 1
5-yr	3.21	 0	3.27	 1
7-yr	3.35	 1	3.40	 1
10-yr	3.42	 0	3.46	 0
15-yr	3.68	 0	3.80	 0
20-yr	3.76	 1	3.93	 0
30-yr	4.02	 0	4.13	 0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.28	 0
3-yr	3.28	 0
5-yr	3.31	 0
7-yr	3.34	 0
10-yr	3.41	 0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries yields retreated following recent comments from President Trump advocated more Fed action to maintain lower rather than higher rates. In addition to that reports on pessimistic Chinese officials about reaching a trade deal dented confidence whilst giving a boost to the bond market. These events overpowered Fed Chair Powell's recent testimony to the House Budget Committee revealing his bullish assessment on the US economy. The curve shifted lower as overall benchmark yields ended 2bps lower with the UST 2Y at 1.59% whilst the much-watched 10Y ending at 1.80%. Meanwhile Japan continues to be top foreign holder of UST's in September despite holdings easing by \$29b to \$1.15 trillion; having overtaken China in June this year. Overall net foreign purchases of UST's, equities and Corporate bonds rose to ~US\$50b for September.

MGS/GII

- Local govies saw lackluster momentum in the beginning of the week in a relatively quiet trading session. Secondary market volume continued to maintain at tepid levels of RM1.41b with some interest seen mainly in the off-the-run 19's and 33's. Overall benchmark yields mostly edged slightly higher between 0-1bps. The benchmark 5Y MGS 6/24 was unchanged at 3.21% whilst the 10Y MGS 8/29 closed within 1bps lower at 3.42%. GII trades fell to form ~36% of overall trades. We expect another quiet trading session for today on lack of leads for now.

Corp Bonds/Sukuk

- Corporate bonds/sukuk space saw decent secondary volume of RM377m on Monday with interest across the GG-AA part of the curve as yields ended mostly mixed-to-higher. The Govt-guaranteed PTPTN bonds dominated the GG space with the 8/23 and 3/24 tranches rising between 4-7bps compared to previous-done levels at 3.36% and 3.41% respectively. The PTPTN 3/29 tranche spiked 16bps instead at 3.64%; capping a session whereby all GG bonds saw yields end higher overall. AAA-rated PLUS 20 however rallied 6bps at 3.24% whilst AA-rated YTL Corp 24-26 closed sharply higher on yields between 4.30-37% area. The banking space saw RHB Investment Bank 25NC20 move 12bps lower at 3.69%. AA3-rated Alpha Circle made its debut trades however in odd-lot denominations.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 11/19	2.912	156	3.171	15/11/2019	-26
MGS 03/20	2.723	73	2.844	14/11/2019	-12
MGS 07/20	2.948	30	2.926	13/11/2019	2
MGS 10/20	2.968	114	2.968	15/11/2019	0
MGS 07/21	3.082	97	3.098	15/11/2019	-2
MGS 11/21	3.066	14	3.068	14/11/2019	0
MGS 03/22	3.034	9	3.035	15/11/2019	0
MGS 04/23	3.165	4	3.119	15/11/2019	5
MGS 08/23	3.165	39	3.166	15/11/2019	0
MGS 06/24	3.205	31	3.201	14/11/2019	0
MGS 07/24	3.270	33	3.293	15/11/2019	-2
MGS 09/24	3.258	79	3.285	15/11/2019	-3
MGS 03/25	3.311	40	3.324	15/11/2019	-1
MGS 09/25	3.350	12	3.359	15/11/2019	-1
MGS 07/26	3.351	79	3.337	15/11/2019	1
MGS 09/26	3.441	3	3.402	11/11/2019	4
MGS 11/27	3.466	1	3.425	15/11/2019	4
MGS 06/28	3.449	40	3.434	14/11/2019	1
MGS 08/29	3.423	20	3.428	15/11/2019	0
MGS 04/30	3.559	1	3.559	15/11/2019	0
MGS 07/34	3.676	18	3.673	14/11/2019	0
MGS 04/37	3.702	3	3.702	12/11/2019	0
MGS 03/46	4.041	1	4.041	15/11/2019	0
GII 04/20	3.053	5	2.973	15/11/2019	8
GII 08/21	3.109	2	3.110	15/11/2019	0
GII 03/22	3.108	2	3.101	15/11/2019	1
GII 10/24	3.265	24	3.254	15/11/2019	1
GII 03/26	3.400	20	3.391	15/11/2019	1
GII 07/27	3.488	1	3.466	15/11/2019	2
GII 08/33	3.839	420	3.838	15/11/2019	0
GII 10/35	3.880	37	3.896	13/11/2019	-2
		<u>1407</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*	
Perbadanan Tabung Pendidikan Tinggi Nasional	08/23	GG	3.360	15	3.315	24/10/2019	4	20
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	3.409	20	3.335	16/10/2019	7	25
Perbadanan Tabung Pendidikan Tinggi Nasional	03/29	GG	3.640	10	3.480	19/09/2019	16	21
Danainfra Nasional Berhad	03/34	GG	3.950	20	3.940	14/11/2019	1	27
Prasarana Malaysia Berhad	08/39	GG	4.084	50	3.999	16/10/2019	8	29
Danainfra Nasional Berhad	11/44	GG	4.209	5	3.920	13/09/2019	29	41
Projek Lebuhraya Usahasama Berhad	01/20	AAA	3.244	10	3.300	27/09/2019	-6	25
Malaysia Steel Works (KL) Berhad	11/20	AAA	3.896	10	3.872	25/09/2019	2	90
Genting Capital Berhad	06/22	AAA	3.603	10	3.552	21/08/2019	5	55
Kuala Lumpur Kepong Berhad	04/26	AA1	3.739	5	3.779	14/11/2019	-4	43
YTL Corporation Berhad	06/34	AA1	4.300	30	4.049	03/09/2019	25	62
YTL Corporation Berhad	11/36	AA1	4.368	30	4.109	22/08/2019	26	69
Celcom Networks Sdn Berhad	10/26	AA+	3.787	10	3.694	03/10/2019	9	42
Fortune Premiere Sdn Berhad	10/25	AA	3.910	15	4.522	08/05/2019	-61	60
Imtiaz Sukuk II Berhad	11/19	AA2	-	5	5.831	15/11/2019	-	-
Imtiaz Sukuk II Berhad	05/22	AA2	3.644	40	3.661	13/11/2019	-2	59
MMC Corporation Berhad	11/20	AA-	3.826	15	3.808	29/10/2019	2	83
Gamuda Berhad	04/21	AA3	3.629	10	3.655	26/09/2019	-3	63
Perbadanan Kemajuan Negeri Selangor	08/21	AA3	3.687	10	3.702	01/10/2019	-2	64
BGSM Management Sdn Berhad	08/21	AA3	3.631	5	4.292	26/02/2019	-66	59
RHB Investment Bank Berhad	04/25	AA3	3.689	10	3.806	05/11/2019	-12	49
CIMB Thai Bank Public Company Limited	07/26	AA3	3.893	1	3.906	04/11/2019	-1	52
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/20	AA-	3.692	8	3.692	06/11/2019	0	70
Alpha Circle Sdn Berhad	11/21	AA-	5.450	1	-	-	-	-
Alpha Circle Sdn Berhad	12/20	AA-	5.300	2	-	-	-	-
KT Kira Sertifikalari Varlik Kiralama A.S.	07/20	A1	4.904	30	5.698	30/11/2018	-79	191
IJM Land Berhad	03/19	A2	4.583	1	4.573	15/11/2019	1	79
Affin Bank Berhad	07/18	A3	4.518	1	4.348	13/09/2019	17	72
			<u>377</u>					

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

Market/Corporate News: What's Brewing

Mega First Corp Bhd's net profit fell 61.68% to RM14.62 million for the third quarter ended Sept 30, 2019 (3QFY19), from RM38.16 million a year earlier, no thanks to lower earnings in its power and property segments. Earnings per share were down to 3.66 sen, from 9.78 sen. In a bourse filing today, the company attributed the lower earnings to the absence of RM6.4 million fair value gain on investment property and pre-commercial operational expenses of Don Sahong. Mega First's quarterly net profit has always been above RM20 million mark, since recording RM11 million in the fourth quarter of 2015. Quarterly revenue declined 42.71% to RM125.51 million from RM219.069 million a year ago, mainly due to a decrease in construction revenue recognition. For the nine-month period (9MFY19), Mega First's net profit fell 28.14% to RM70.49 million or 17.5 sen per share, from RM98.1 million or 25.12 sen last year, while revenue decreased 22.47% to RM506.4 million from RM653.19 million. The group said it remains confident of achieving commercial operation date (COD) by the end January 2020 for the Don Sahong Hydropower Project. It added that it expects to recognise most, if not all, of the remaining 5% of the construction revenue and profit in the final quarter of 2019. The group is also expected to recognise some energy sales from commissioned turbines in the fourth quarter of this year. Mega First said it intends to enter and expand its solar business, as part of the group's strategy to expand its renewable energy investment within the power division. Under its resource segment, Mega First noted that the regional demand of quicklime from existing customers is expected to weaken sequentially in the last quarter, as a result of slowing industrial activities. Thus, lower capacity utilisation is expected to add pressure to unit production cost in the fourth quarter of 2019. Nonetheless, to mitigate the slowdown in the demand from existing customers, the group will continue to aggressively work on securing new customers in the region, Mega First added. For its property segment, Mega First said while the rental income from PJ8 and Greentown carparks is expected to remain stable, the group has no plans to restart its development segment, given the weak residential property market in Malaysia. *(Source: The EdgeMarkets)*

THE recent emergence of Taiwanese businessman Jerry Kuo Jen Hao as Mudajaya Group Bhd's new major shareholder has intrigued many investors. Market participants are not only burning with curiosity about the who and the why, but many are also placing big bets on the company's prospects, which is evident in the doubling of Mudajaya's share price to a six-month high in just three trading days. Mudajaya group managing director and CEO James Wong Tet Foh says Kuo's investment in Mudajaya — a result of careful deliberations — is timely and a win-win deal for Kuo and the company. Wong is of the view that the company piqued Kuo's interest due to its competence in engineering, procurement, construction, and commissioning and its exposure to the renewable energy (RE) sector. He says management has exchanged communications with Kuo over the company's business plans and that the latter is "keen for the company to carry on" with them. "Having a construction arm and, given its experience and track record, the company can easily share some of Kuo's projects — in real estate or infrastructure — in the region. As you know, the Malaysian (construction) market has become very quiet. Construction companies here are looking outside the country to maintain their order books, so the same can be said (for Mudajaya). I think the timing is quite good." On Nov 1, Mudajaya announced Kuo as a new substantial shareholder after Yakin Setiamas Sdn Bhd acquired 162.33 million shares, or a 27.52% stake, from long-time shareholder Dataran Sentral (M) Sdn Bhd. Yakin Setiamas is 90% owned by Kuo's vehicle, Ample Full Profits Ltd, and 10% by Chamber Jewels Ltd, in which Wong and executive director and chief financial officer Eric Lee Eng Leong each hold 50% equity interest. Who is Kuo? Believed to be in his early forties, Kuo is an accountant turned businessman best known as the chairman and president of First Steamship Co Ltd, a Taipei-based, TWD7 billion

(RM950 million) shipping and retail company listed on the Taiwan Stock Exchange. The company, which operates a fleet of 10 vessels and 17 Grand Ocean department stores in China, reported a full-year net profit of TWD6.4 million on TWD8.04 billion in revenue last year, according to its annual report. More recently, Kuo was in the news after First Steamship told a media briefing it was considering an offer for its 19% stake in Hong Kong-listed casino operator Summit Ascent Holdings Bhd for at least HK\$429 million (RM226 million). Summit Ascent operates a casino and hotel in the Tigre de Cristal resort in Russia. According to Wong, Kuo's business expertise spans various market sectors such as logistics and property. Although the RE sector is relatively new to him, Kuo views Mudajaya as a good platform to grow the RE business within the region. "Taiwan has its own programme akin to China's Belt and Road Initiative and the investment in Mudajaya is part of Kuo's efforts to expand in this region. Malaysia and other Southeast Asian countries, including Indonesia, Myanmar and the Philippines, should be the focus of Kuo's and Mudajaya's growth plans [going forward]," says Wong. For its part, Mudajaya has come a long way. In 2011, the company went through boardroom changes after its major shareholder, Ng Ying Loong (who holds his interest via Dataran Sentral and Mulpha Infrastructure Holdings Sdn Bhd), stepped down as joint managing director, sparking speculation of the possible emergence of new shareholders. There was also talk at the time of a takeover of Mudajaya by tycoon T Ananda Krishnan's Tanjong PLC. Investors seem upbeat over the change in Mudajaya's ownership. Its share price has held up after nearly doubling from 18.5 sen on Oct 25 to 36 sen on Oct 31. At last Friday's close, Mudajaya had settled at 34 sen, valuing the construction, power and property player at RM200.56 million. With Kuo's entry, Mudajaya's largest shareholders are now Yakin Setiamas (27.52%), followed by Urusharta Jamaah Sdn Bhd (9.13%) and Fairfax Financial Holdings Ltd (5.09%), Bloomberg data shows. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
AMMB Holdings Berhad	Corporate Credit Rating	AA2/Stable/P1	Reaffirmed
AmBank (M) Berhad	Financial Institution Rating	AA2/Stable/P1	Reaffirmed
	RM7 bil Senior Notes Issuance Programme (2010/2040)	AA2/Stable	Reaffirmed
	RM4 bil Tier-2 Subordinated Notes Programme (2013/2043)	AA3/Stable	Reaffirmed
AmBank Islamic Berhad	Financial Institution Rating	AA2/Stable/P1	Reaffirmed
	RM3 billion Senior Sukuk Musharakah Programme (2010/2040)	AA2/Stable	Reaffirmed
	RM3 billion Subordinated Sukuk Murabahah Programme (2014/2044)	AA3/Stable	Reaffirmed
AmInvestment Bank Berhad'	Financial Institution Rating	AA2/Stable/P1	Reaffirmed
Export-Import Bank of Malaysia Berhad	Financial Institution Rating on Global scale	A2/Stable/gP1,	Reaffirmed
	ASEAN scale	seaAAA/Stable/seaP	Reaffirmed
	Malaysian scale	1 and AAA/Stable/P1	Reaffirmed

Source: RAM, MARC

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