

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.63	1
5-yr UST	1.73	3
10-yr UST	1.92	4
30-yr UST	2.35	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.01	-4	3.10	0
5-yr	3.22	0	3.29	0
7-yr	3.35	-2	3.38	0
10-yr	3.39	-3	3.52	-1
15-yr	3.67	-1	3.78	0
20-yr	3.74	0	3.87	-3
30-yr	4.15	0	4.00	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.29	0
3-yr	3.28	0
5-yr	3.36	0
7-yr	3.37	-2
10-yr	3.41	-2

Source : Bloomberg

### Upcoming Government Bond Tender

Nil

## Fixed Income Daily Market Snapshot

### US Treasuries

US Treasuries bear-steepened and closed weaker again on Wednesday; triggered by block sale in futures. The possible exit by dovish-traders is thought to trigger the continued selling as the 2s10s spread widens to its highest 6-month levels. Overall benchmark yields closed between 1-4bps higher with the UST 2Y edging slightly higher at 1.63% whilst the much-watched 10Y spiked 4bps at 1.92%. Meanwhile the Fed is pleased with the current smooth functioning of the short-term funding market as it continues its Repo operations and T-bill purchases through the year-end right up until end-January. To re-cap the overnight rates spiked to a cash crunch in September. Up next on the data front are November's Home sales followed by GDP and PCE inflation numbers tomorrow.

### MGS/GII

- Local govies continued to be well-bid on Wednesday as secondary market volume jumped RM3.06b with investor interest in the belly of the curve and benchmark 7Y, 10Y MGS. Overall benchmark MGS/GII yields closed mostly unchanged-to-lower between 0-4bps. 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 rose to form ~ 26% of overall trades. The deluge of negative-yielding global debt may be expected to continue fueling foreign interest in EM local debt. Meanwhile investors will be watching November's CPI figures which will be released tomorrow noon.

### Corp Bonds/Sukuk

- Corporate bonds/Sukuk space continues to display solid activity as secondary market volume notched RM520m yesterday. Overall investor interest was seen across the curve on 41 various bonds as overall yields closed mixed-to-lower. The long-end DANA 4/43 was the sole GG-trade; closing 3bps lower compared to previous-done levels at 4.16%. AAA-rated DANGA 33's edged 1bps between 3.96-99% whilst PUTRAJAYA 24-25's closed 0-2bps lower between 3.58-64% range. Power and energy-related bonds i.e. TBEI 3/31, YTL Power 8/28, BGSM 21-22's, EDRA Energy 25-37's, MALAKOFF 12/20 and Southern Power 4/25 dominated the AA-space again closing lower on 2-56bps lower on yields. The banking space was relatively quiet.

## 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	31	2.867	16/12/2019	1
MGS 07/20	2.909	153	2.929	17/12/2019	-2
MGS 10/20	3.008	106	2.998	17/12/2019	1
MGS 02/21	3.013	50	2.996	16/12/2019	2
MGS 07/21	3.012	344	3.012	16/12/2019	0
MGS 09/21	3.047	80	3.050	17/12/2019	0
MGS 11/21	3.039	155	3.056	17/12/2019	-2
MGS 03/22	3.002	184	3.042	17/12/2019	-4
MGS 03/23	3.119	328	3.136	17/12/2019	-2
MGS 08/23	3.192	200	3.211	13/12/2019	-2
MGS 06/24	3.225	106	3.224	17/12/2019	0
MGS 07/24	3.244	24	3.260	17/12/2019	-2
MGS 09/24	3.264	30	3.284	17/12/2019	-2
MGS 09/25	3.271	84	3.270	17/12/2019	0
MGS 07/26	3.347	155	3.369	17/12/2019	-2
MGS 11/26	3.379	2	3.395	17/12/2019	-2
MGS 11/27	3.421	61	3.440	17/12/2019	-2
MGS 06/28	3.439	32	3.446	17/12/2019	-1
MGS 08/29	3.385	119	3.412	17/12/2019	-3
MGS 06/31	3.696	5	3.697	16/12/2019	0
MGS 11/33	3.722	2	3.731	17/12/2019	-1
MGS 07/34	3.667	15	3.676	17/12/2019	-1
MGS 06/38	3.825	6	3.867	17/12/2019	-4
MGS 03/46	4.109	3	4.151	13/12/2019	-4
GII 04/20	3.027	20	3.028	12/12/2019	0
GII 06/20	3.030	10	2.998	12/12/2019	3
GII 08/20	3.005	550	3.049	17/12/2019	-4
GII 05/23	3.113	10	3.117	05/12/2019	0
GII 11/23	3.218	20	3.219	17/12/2019	0
GII 08/24	3.263	8	3.266	10/12/2019	0
GII 09/26	3.413	70	3.411	12/12/2019	0
GII 07/29	3.521	80	3.534	17/12/2019	-1
GII 09/39	3.869	20	3.896	16/12/2019	-3
		<u>3062</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*
DanaInfra Nasional Berhad	04/43	GG	4.160	15	4.190	11/11/2019	-3	39
Cagamas Berhad	11/20	AAA	3.184	40	3.277	09/10/2019	-9	19
Berjaya Land Berhad	12/20	AAA	3.781	5	-	-	-	79
Sarawak Energy Berhad	06/21	AAA	3.400	29	3.407	30/10/2019	-1	37
Public Islamic Bank Berhad	07/21	AAA	3.277	6	3.520	11/07/2019	-24	25
Cagamas Berhad	11/23	AAA	3.440	20	3.756	13/06/2019	-32	27
Putrajaya Holdings Sdn Berhad	04/24	AAA	3.580	15	3.603	05/11/2019	-2	41
Putrajaya Holdings Sdn Berhad	04/25	AAA	3.643	5	3.642	15/11/2019	0	41
DiGi Telecommunications Sdn Berhad	09/26	AAA	3.668	15	3.678	17/12/2019	-1	31
Pengurusan Air SPV Berhad	06/29	AAA	3.835	20	3.841	03/12/2019	-1	42
TNB Northern Energy Berhad	11/30	AAA	3.941	5	4.739	20/09/2018	-80	53
Danga Capital Berhad	01/33	AAA	3.962	35	3.970	10/12/2019	-1	29
Danga Capital Berhad	09/33	AAA	3.989	20	3.994	12/12/2019	-1	32
Sarawak Energy Berhad	11/33	AAA	4.069	45	4.009	13/12/2019	6	40
TNB Northern Energy Berhad	11/33	AAA	3.996	10	3.909	15/10/2019	9	32
Bank Pembangunan Malaysia Berhad	11/35	AAA	4.189	40	4.610	18/06/2019	-42	52
Kuala Lumpur Kepong Berhad	08/25	AA1	3.722	10	3.728	15/08/2019	-1	42
YTL Power International Berhad	08/28	AA1	4.179	5	4.179	16/12/2019	0	77
Kuala Lumpur Kepong Berhad	09/34	AA1	4.049	10	4.021	03/10/2019	3	38
Konsortium ProHAWK Sdn Berhad	12/21	AA2	3.619	5	3.619	13/12/2019	0	59
Anih Berhad	11/21	AA	3.569	5	3.570	13/12/2019	0	54
Malakoff Power Berhad	12/20	AA-	3.372	10	3.392	17/12/2019	-2	38
Perbadanan Kemajuan Negeri Selangor	08/21	AA3	3.607	5	3.679	19/11/2019	-7	58
BGSM Management Sdn Berhad	08/21	AA3	3.565	5	3.624	19/11/2019	-6	54
Perbadanan Kemajuan Negeri Selangor	01/22	AA3	3.716	20	4.132	11/07/2019	-42	69
BGSM Management Sdn Berhad	12/22	AA3	3.704	4	3.756	26/11/2019	-5	67
Country Garden Real Estate Sdn Berhad	02/23	AA3	6.455	1	6.402	17/12/2019	5	342
Edra Energy Sdn Berhad	01/25	AA3	4.048	10	4.109	14/11/2019	-6	82
Tanjung Bin Energy Issuer Berhad	03/31	AA3	4.049	10	4.328	11/06/2019	-28	64
Edra Energy Sdn Berhad	01/35	AA3	4.588	10	4.628	15/08/2019	-4	91
Edra Energy Sdn Berhad	01/37	AA3	4.728	10	5.288	12/06/2019	-56	105
Alpha Circle Sdn Berhad	02/21	AA-	4.269	2	5.300	18/11/2019	-103	128
UEM Sunrise Berhad	06/21	AA-	3.377	10	3.378	13/12/2019	0	35
Alpha Circle Sdn Berhad	11/21	AA-	4.366	1	5.450	18/11/2019	-108	134
Alpha Circle Sdn Berhad	02/22	AA-	4.398	2	5.450	18/11/2019	-105	137
Alpha Circle Sdn Berhad	11/22	AA-	4.478	1	5.600	18/11/2019	-112	145
Southern Power Generation Sdn Berhad	04/25	AA-	3.798	10	4.588	23/11/2018	-79	57
Tan Chong Motor Holdings Berhad	11/21	A1	4.122	40	4.136	10/12/2019	-1	110
Affin Bank Berhad	02/27	A1	3.748	1	4.104	04/11/2019	-36	39
MINRB Holdings Berhad	03/29	A1	4.548	2	4.698	24/07/2019	-15	113
DRB-Hicom Berhad	12/26	A+	4.760	5	4.850	12/12/2019	-9	141
				520				

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

Market/Corporate News: What's Brewing

**Malaysia's coffers swelled by more than RM4bil following renegotiations between the Finance Ministry (MoF) and private developers over the terms of contract involving the Bandar Malaysia project.** Finance Minister Lim Guan Eng said the government decided to proceed with the RM140bil project after renegotiating for "the best terms for the people and country" and cleansing it of elements of the 1Malaysia Development Bhd (1MDB) scandal. "The claim by irresponsible quarters that the project was merely revived from where it was before, is not only erroneous but intended to mislead the people and divert their attention from our success in improving the contract terms and pocketing at least RM4bil for the country," he said in a statement yesterday. Lim said it was public knowledge that Iskandar Waterfront Holdings (IWH) and China Railway Engineering Corp (CREC), as a consortium, secured the tender to develop Bandar Malaysia in 2015. But in May 2017, the agreement was terminated by the previous administration when the 1MDB scandal broke. "After the detoxification process carried out by the new government to rid the project of elements linked to the 1MDB scandal, a decision was made to resume the agreement once it was proven that the project is capable of generating economic benefits for Malaysia's urban development," he said. Following the signing of the Framework Agreement on April 25, 2019, Lim said the Cabinet approved the setting up of the Bandar Malaysia Development Advisory Committee under MoF to re-negotiate new terms for the project. "In contrast to the original agreement negotiated by the previous government, the new agreement contains terms that have been improved," he said. Prime Minister Tun Dr

Mahathir Mohamad yesterday witnessed the signing of the new contract between TRX City Sdn Bhd and IWH-CREC Sdn Bhd (ICSB) for the Bandar Malaysia development project. TRX City is wholly owned by MoF, while ICSB is a consortium consisting of Iskandar Waterfront Holdings Sdn Bhd (IWH) and China Railway Engineering Corp (M) Sdn Bhd. The revised terms under the new agreement include a shorter repayment term of three years from seven years and widening of the park and recreation area from 19.7ha to 34.4ha. Besides the original deposit of RM741mil, ICSB will pay an additional RM500mil upfront, while the number of affordable homes will be increased from 5,000 units to 10,000 units, Lim said. *(Source: The Star/Bernama)*

**Moody's Investors Service has today affirmed HSBC Bank Malaysia Bhd's long-term local currency deposit rating of A1 and has revised the outlook on this rating to negative from stable.** In a statement, Moody's said the change in outlook on HSBC Malaysia's long-term local currency deposit rating follows the rating action taken on the bank's parent, The Hongkong and Shanghai Banking Corp Ltd (HSBC HK, Aa2 negative, a1), on Dec 17. "The change in outlook to negative for HSBC HK reflects the social unrest in Hong Kong (Aa2 negative) and heightened trade tension between the United States of America (Aaa stable) and China (A1 stable) that will weigh negatively on the bank's operating environment," it said. At the same time, Moody's has affirmed HSBC Malaysia's long-term foreign currency deposit rating of A3, baseline credit assessment (BCA) of baa1 and Adjusted BCA of a1. It has also maintained the outlook on the bank's long-term foreign currency deposit rating at stable. The affirmation of HSBC Malaysia's baa1 BCA reflects the bank's competitive advantage in trade finance and transaction banking, as well as its strength in retail banking — particularly in the mass affluent segment. "Given that HSBC Malaysia's long-term deposit ratings are already at the same level as the sovereign's deposit ceilings, an upgrade of the deposit ratings is unlikely. However, a sustained improvement in the bank's asset quality will exert upward pressure on the bank's BCA. "A downgrade of HSBC HK's BCA will lead to a downgrade of HSBC Malaysia's long-term local currency deposit rating. A deterioration in the bank's asset quality or capitalisation will also exert downward pressure on the bank's BCA," it added. *(Source: The EdgeMarkets)*

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
TTM Sukuk Berhad	RM600.0 million Sukuk Murabahah	AAA-IS/Stable	Affirmed
Suria KLCC Sdn Bhd	RM600 mil Islamic Medium-term Notes Programme (2014/2044)	AAA/Stable	Reaffirmed
Bank Islam Malaysia Berhad	Financial Institution Rating	AA3/Stable/P1	Reaffirmed
	RM1 bil Subordinated Sukuk Murabahah Programme (2015/2045)	A1/Stable	Reaffirmed
	M10 bil Sukuk Murabahah Programme (2018/-) Senior Sukuk Murabahah Subordinated Sukuk Murabahah	AA3/Stable A1/Stable	Reaffirmed Reaffirmed
UEM Group Berhad	IMTN Programme of up to RM2.2 bil (2012/2042)	AA2/stable	Reaffirmed

Source: RAM, MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.

