

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.63	0
5-yr UST	1.73	0
10-yr UST	1.92	0
30-yr UST	2.35	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.01	0	3.10	0
5-yr	3.19	-4	3.28	-2
7-yr	3.33	-1	3.38	0
10-yr	3.38	0	3.51	-1
15-yr	3.67	1	3.77	-2
20-yr	3.74	0	3.87	0
30-yr	4.15	1	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	0
10-yr	3.41	0

Source : Bloomberg

### Upcoming Government Bond Tender

Nil

## Fixed Income Daily Market Snapshot

### US Treasuries

US Treasuries closed mixed on light volumes; led by optimism on the front-end during Thursday's session; with support seen weaker due overall peripheral economic data that included the Labor Department's release of disappointing initial jobs claims. This, along with the recent flattish manufacturing activity for the Philadelphia region and tumbling home sales for November lent some bids to bonds. Overall benchmark yields closed between a mere -1 to +1bps with the UST 2Y edging slightly lower at 1.63% whilst the much-watched 10Y closed within 1bps at 1.92%; having earlier hit a 1-month high of 1.95% levels. Up next on the data front are the revised reading of 3Q2019 GDP and PCE inflation numbers today.

### MGS/GIII

- Local govies continued to be well-bid on Thursday as secondary market volume maintained at RM3.11b with investor interest in the off-the-run 20-21's and benchmark 5Y, 10Y MGS/GII. Overall benchmark MGS/GII yields closed mostly mixed-to-lower between -4 to +1bps. The benchmark 5Y MGS 6/24 declined 4bps at 3.19% whilst the 10Y MGS 8/29 closed within 1bps at 3.38%. GII trades jumped to form ~ 37% of overall trades. The deluge of negative-yielding global debt may be expected to fuel foreign interest in EM local debt. Also trade-sensitive nations such as Malaysia may benefit from easing global growth concerns next year with the MYR expected to be fairly stable. Meanwhile investors will be watching November's CPI figures which will be released at 12pm today.

### Corp Bonds/Sukuk

- Corporate bonds/Sukuk space remained active as secondary market volume notched RM507m yesterday. Overall investor interest was seen across the curve on 35 various bonds as overall yields closed mostly lower. Both DANA and PRASA 39's closed between -3 to +3bps compared to previous-done levels but closed however at 4.02-03% levels. AAA-rated AMAN 7/24 and 2/26 closed sharply lower on yields at 3.57% and 3.64% respectively whilst DANAG and TNB Northern 27's closed between 2-7bps at 3.76-78% levels. AA-rated space saw various names traded with PROHAWK, ANIH and PKNS 21's edging 1bps lower at 3.612%, 3.56% and 3.60% each. The banking space saw new debuntants MBSB 11/29 and 12/31 close at 5.00% and 5.25%.

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	
MGS	03/20	2.836	332	2.873	18/12/2019	-4
MGS	07/20	2.913	70	2.909	18/12/2019	0
MGS	10/20	2.964	181	3.008	18/12/2019	-4
MGS	02/21	3.004	100	3.013	18/12/2019	-1
MGS	07/21	3.027	108	3.012	18/12/2019	2
MGS	09/21	3.053	52	3.047	18/12/2019	1
MGS	11/21	3.047	4	3.039	18/12/2019	1
MGS	03/22	3.010	8	3.002	18/12/2019	1
MGS	08/22	3.088	30	3.101	17/12/2019	-1
MGS	03/23	3.108	98	3.119	18/12/2019	-1
MGS	04/23	3.140	99	3.164	17/12/2019	-2
MGS	08/23	3.171	28	3.192	18/12/2019	-2
MGS	06/24	3.188	222	3.225	18/12/2019	-4
MGS	07/24	3.242	4	3.244	18/12/2019	0
MGS	09/24	3.255	90	3.264	18/12/2019	-1
MGS	09/25	3.279	2	3.271	18/12/2019	1
MGS	07/26	3.333	50	3.347	18/12/2019	-1
MGS	11/26	3.419	2	3.379	18/12/2019	4
MGS	11/27	3.428	9	3.421	18/12/2019	1
MGS	06/28	3.442	68	3.439	18/12/2019	0
MGS	08/29	3.381	103	3.385	18/12/2019	0
MGS	04/30	3.577	146	3.590	17/12/2019	-1
MGS	11/33	3.713	80	3.722	18/12/2019	-1
MGS	09/43	4.079	41	4.052	11/12/2019	3
MGS	03/46	4.127	1	4.109	18/12/2019	2
MGS	07/48	4.154	18	4.146	17/12/2019	1
GII	05/20	3.002	140	3.001	12/12/2019	0
GII	08/20	2.985	280	3.005	18/12/2019	-2
GII	03/21	3.028	36	3.030	11/12/2019	0
GII	04/21	3.011	21	3.049	10/12/2019	-4
GII	04/22	3.119	30	3.126	18/12/2019	-1
GII	11/22	3.134	5	3.122	04/12/2019	1
GII	07/23	3.186	60	3.204	17/12/2019	-2
GII	11/23	3.209	30	3.218	18/12/2019	-1
GII	05/24	3.264	6	3.274	10/12/2019	-1
GII	10/24	3.279	80	3.294	11/12/2019	-2
GII	10/25	3.372	2	3.374	17/12/2019	0
GII	03/26	3.378	60	3.378	17/12/2019	0
GII	07/27	3.476	3	3.481	13/12/2019	0
GII	10/28	3.508	1	3.484	13/12/2019	2
GII	07/29	3.509	270	3.521	18/12/2019	-1
GII	09/30	3.619	50	3.629	17/12/2019	-1
GII	06/33	3.812	4	3.825	10/12/2019	-1
GII	11/34	3.766	40	3.784	13/12/2019	-2
GII	09/39	3.865	31	3.869	18/12/2019	0
GII	05/47	4.143	16	4.051	09/12/2019	9
			<u>3111</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*
Prasarana Malaysia Berhad	12/30	GG	3.799	5	3.810	08/11/2019	-1	41
DanaInfra Nasional Berhad	02/39	GG	4.029	20	3.999	24/10/2019	3	27
Prasarana Malaysia Berhad	08/39	GG	4.024	20	4.050	06/12/2019	-3	26
Lembaga Pembiayaan Perumahan Sektor Awam	09/46	GG	4.269	5	4.256	04/12/2019	1	51
Cagamas Berhad	11/20	AAA	3.178	65	3.184	18/12/2019	-1	19
Sarawak Energy Berhad	06/21	AAA	3.385	20	3.400	18/12/2019	-2	36
Aquasar Capital Sdn Berhad	07/23	AAA	3.542	45	4.400	06/08/2018	-86	39
Aman Sukuk Berhad	07/24	AAA	3.567	10	4.119	17/04/2019	-55	37
Putrajaya Holdings Sdn Berhad	07/24	AAA	3.588	20	3.613	17/12/2019	-2	39
Aman Sukuk Berhad	02/26	AAA	3.637	10	4.598	06/11/2017	-96	34
Sarawak Energy Berhad	06/26	AAA	3.639	20	3.648	28/11/2019	-1	29
Al Dzhahab Assets Berhad	09/26	AAA	4.256	10	4.328	10/10/2019	-7	91
Bank Pembangunan Malaysia Berhad	03/27	AAA	3.746	20	3.739	04/12/2019	1	40
Danga Capital Berhad	09/27	AAA	3.748	10	3.766	17/12/2019	-2	35
TNB Northern Energy Berhad	11/27	AAA	3.758	20	3.827	12/07/2019	-7	36
DiGi Telecommunications Sdn Berhad	09/29	AAA	3.778	15	3.778	09/12/2019	0	38
Pengurusan Air SPV Berhad	10/29	AAA	3.828	10	3.848	29/11/2019	-2	43
Sarawak Energy Berhad	04/31	AAA	3.839	10	3.849	28/11/2019	-1	45
Sarawak Energy Berhad	08/35	AAA	4.040	20	4.040	27/11/2019	0	37
Sabah Development Bank Berhad	09/20	AA1	3.607	15	3.801	05/11/2019	-19	62
Kuala Lumpur Kepong Berhad	09/22	AA1	3.516	10	3.547	14/11/2019	-3	49
UMW Holdings Berhad	10/21	AA2	3.474	2	4.336	08/03/2019	-86	45
Konsortium ProHAWK Sdn Berhad	12/21	AA2	3.613	5	3.619	18/12/2019	-1	59
Anih Berhad	11/21	AA	3.562	5	3.569	18/12/2019	-1	54
Perbadanan Kemajuan Negeri Selangor	08/21	AA3	3.598	5	3.607	18/12/2019	-1	57
BGSM Management Sdn Berhad	08/21	AA3	3.557	5	3.565	18/12/2019	-1	53
Premier Auto Assets Berhad	07/22	AA3	5.180	1	5.249	15/11/2019	-7	215
BGSM Management Sdn Berhad	08/25	AA3	3.948	10	3.949	25/09/2019	0	65
RHB Islamic Bank Berhad	05/29	AA3	3.847	20	4.020	08/11/2019	-17	44
Edra Energy Sdn Berhad	07/31	AA3	4.428	10	4.448	15/10/2019	-2	103
MINRB Holdings Berhad	03/29	A1	4.547	3	4.548	18/12/2019	0	114
MBSB Bank Berhad (fka Asian Finance Bank B)	11/29	A3	5.000	36	-	-	-	161
MBSB Bank Berhad (fka Asian Finance Bank B)	12/31	A3	5.250	5	-	-	-	186
UEM Sunrise Berhad	06/21	AA-	3.368	10	3.377	18/12/2019	-1	34
WCT Holdings Berhad	10/21	AA-	4.221	10	4.261	22/11/2019	-4	120
				<u>507</u>				

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

Market/Corporate News: What's Brewing

**State-owned investment firm ValueCap Sdn Bhd and its subsidiaries will cease operations. The company said in a statement that it would exit the third-party asset management business.** ValueCap has two wholly-owned licensed asset management subsidiaries: VCAP Asset Managers Sdn Bhd (VCAM) and i-VCAP Management Sdn Bhd (i-VCAP). "The group is in the process of exploring various strategic options with regard to VCAM and i-VCAP, including divesting or winding up the companies," it said. In a memo to employees that was sighted by StarBiz online yesterday, group CEO Roslina Abdul Rahman said the decision to shutter the company was made following a meeting of ValueCap's board of directors on Monday. "The closure process will be done in phases to facilitate smooth transition for all affected parties, including the employees," it said. VCAM and i-VCAP manage wholesale funds, while i-VCAP also manages exchange traded funds (ETFs). The companies are proposing to terminate their respective wholesale funds, while i-VCAP is exploring various options in relation to the management of the ETFs. ValueCap said there is a possibility of transferring the ETFs to another licensed fund management company. "Any decisions made on VCAM and i-VCAP and the funds managed by them will be subject to the necessary regulatory approvals," it said. "In the interim, VCAM and i-VCAP will keep clients and unitholders informed of any developments as and when updates are available," it added. ValueCap also said that it would work closely with the relevant authorities to ensure the exercise follows due processes and complies with all regulatory requirements. "Further updates will be provided in due course, subject to consultation with the relevant stakeholders," the statement said. Incorporated in 2002, ValueCap is equally owned by Khazanah Nasional Bhd, Kumpulan Wang Persaraan (Diperbadankan), and Permodalan Nasional Bhd. It is an asset manager involved in investments in the public listed companies on Bursa Malaysia. It manages proprietary funds for its shareholders with the

mandate to manage third-party funds via its asset management business, comprising VCAP Asset Managers and i-VCAP Management. ValueCap commenced operations in 2003 and started managing proprietary investments: investments of its own funds – as mandated by its shareholders. According to information on its website, the company was initially funded by RM5.1bil from its shareholders and recorded an average annual return on funds since inception in excess of 11%. ValueCAP said its assets under management had peaked at slightly over RM17.2bil in 2010. However, there have been arguments raised on the real purpose of ValueCap at a time when the market is consistently trading at elevated valuations. Other than the local market, ValueCap had also introduced to its investors the first US dollar-denominated ETFs last year. It is named MyETF Dow Jones US Titans 50 (MyETF-US50) and the syariah-compliant ETF is listed on the Bursa Malaysia. The company said on its website that its strong investment performance since inception had enabled itself to return cash to its shareholders in the form of dividends in excess of RM8bil since its inception. "Following this, our business model transformed into that of a holding company with investments in two licensed asset management companies: i-VCAP and VCAM," it said. According to ValueCap, it manages not only proprietary funds but also non-proprietary ones: third party mandates. It had launched many innovative products and offerings that includes new products in the syariah-compliant asset management space. ValueCap's chairman is Datuk Syed Muhamad Syed Abdul Kadir while its group investment committee's chairman is Mohd Asri Awang. (Source: *The Star*)

**Eastern & Oriental Bhd (E&O) plans to set up a sukuk programme to raise up to RM1.5 billion to finance the costs of land reclamation, infrastructure and development for its Seri Tanjung Pinang 2 (STP2A) development in Penang.** The property developer said the proceeds from the issuance will also be used to repay borrowings, for working capital and to defray expenses incurred in relation to the sukuk issuance. In a bourse filing, E&O said its subsidiary, Tanjung Pinang Development Sdn Bhd, has today lodged with the Securities Commission Malaysia all the required information and relevant documents relating to the Sukuk Murabahah programme. The programme is unrated and will have a tenure of 25 years commencing from the date of the first issuance. "After careful consideration of our current financial commitments, the group believes that the sukuk programme will provide the financing to further advance the development works at STP2A. With the completion of STP2A reclamation works, resources are now focused towards creating a new prime seafront address, building further on the success achieved in our flagship development of Seri Tanjung Pinang Phase One," E&O managing director Kok Tuck Cheong said in a separate statement. He added that a detailed masterplan is currently being finalised for STP2A, while various infrastructure works have started to take shape with the building of the first bridge marking the first gateway onto the island. "STP2A is expected to have a gross development value of over RM17 billion and will be developed over a period of 15 years." Maybank Investment Bank Bhd and RHB Investment Bank Bhd have been appointed as the joint principal advisers and joint lead arrangers for the sukuk programme. On Dec 11, E&O had deferred the implementation of a rights issue with warrants after taking into consideration the recent unfavourable market sentiments observed in the equity market and the recent share price performance of the company. It has until Aug 7, 2020 to complete the corporate exercise. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
ANIH Berhad	RM2.5 billion Senior Sukuk Musharakah Programme	AA-IS/Stable	Affirmed
Penang Port Sdn Bhd (PPSB)	Proposed Islamic Medium-Term Notes Issuance Programme of up to RM1.0 billion.	AA-IS/Stable	Assigned
Teknologi Tenaga Perlis Consortium Sdn Bhd	RM835 mil Sukuk Murabahah (2013/2023)	AA1/Stable	Reaffirmed
Jati Cakerawala Sdn Bhd	RM540 mil Sukuk Murabahah (2013/2023).	A1/Stable	Reaffirmed
Genting Plantations Berhad	Corporate Credit ratings	AA2/Stable/P1	Reaffirmed
	RM1.5 bil Sukuk Murabahah Programme (2015/2030)	AA2(s)/Stable	Reaffirmed

Source: RAM, MARC

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