

## Global Markets Research

### Fixed Income

| UST       |             |           |
|-----------|-------------|-----------|
| Tenure    | Closing (%) | Chg (bps) |
| 2-yr UST  | 1.58        | -2        |
| 5-yr UST  | 1.59        | -3        |
| 10-yr UST | 1.75        | -4        |
| 30-yr UST | 2.21        | -4        |

| MGS    |             | GII*      |             |           |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr   | 3.06        | 4         | 3.11        | 0         |
| 5-yr   | 3.22        | -1        | 3.25        | 0         |
| 7-yr   | 3.35        | 0         | 2.78        | -62       |
| 10-yr  | 3.42        | 0         | 3.45        | -1        |
| 15-yr  | 3.67        | -3        | 3.77        | -2        |
| 20-yr  | 3.82        | 3         | 3.90        | -1        |
| 30-yr  | 4.03        | 1         | 4.13        | 0         |

\* Market indicative levels

| MYR IRS Levels |             |           |
|----------------|-------------|-----------|
| IRS            | Closing (%) | Chg (bps) |
| 1-yr           | 3.27        | 0         |
| 3-yr           | 3.26        | -1        |
| 5-yr           | 3.28        | -2        |
| 7-yr           | 3.33        | -1        |
| 10-yr          | 3.35        | -5        |

Source : Bloomberg

### Upcoming Government Bond Tender

RM2.2b + RM0.5b (Private placement) of New Issuance 20Y  
MGS 5/40 on Thursday, 21<sup>st</sup> November

## Fixed Income Daily Market Snapshot

### US Treasuries

- US Treasuries continued to bull-flatten in Wednesday's session following a Reuters report stating that Phase 1 of US-China trade pact is still yet to be ironed out and not likely to be concluded this year. Meanwhile, the FOMC minutes offered no fresh leads and have had little impact on the markets. Overall benchmark yields ended 2-4bps lower with the UST 2Y closing 2bps lower at 1.58% whilst the much-watched 10Y rallied 4bps lower at 1.75%. Meanwhile news on the trade front will continue to impact the bond market; thus possibly overshadowing the upcoming weekly jobless claims and existing home sales data expected out tonight.

### MGS/GII

- Local govies saw improved momentum and appetite yesterday as secondary market volume doubled again to about RM5.59b as Interest Rate Swap levels continued to edge lower. Interest was mainly seen in the off-the-run 19-21's, 33's, 37's and also the 20Y GII bonds. Overall benchmark yields closed mixed between -3 to +4bps across the curve (save for the skewed trade on the 7Y GII) as GII bonds were well-bid throughout the session. The benchmark 5Y MGS 6/24 edged 1bps lower at 3.22% whilst the 10Y MGS 8/29 closed unchanged at 3.42%. GII trades rose to form ~60% of overall trades. Expect attention to shift to the auction of new 20Y benchmark MGS 5/40 today.

### Corp Bonds/Sukuk

- Corporate bonds/sukuk space maintained decent secondary volume of RM383m on Wednesday with interest still intact across the GG-AA part of the curve as yields ended mostly mixed-to-lower instead. The Govt-guaranteed PRASA 28's closed between 1-3bps lower compared to previous-done levels at 3.65% levels; similar to the longer-end DANA 4/40 which ended at 4.11%. AAA-rated DANUM 2/26 and DANGA 2/26 saw traded levels adjusted between -2 to +3bps at 3.72-73% area. AA-rated energy-related bonds i.e. YTL Power 8/28 and JEP 12/29 spiked 2-5bps at 4.20% and 4.24% respectively. The banking space saw MAYBANK's perpetual securities 2117NC26 Notch RM60m in nominal trades; closing 6bps lower at 4.11%.

## Daily Trades : Government Bond

| Securities | Closing | Vol         | Previous | Previous                   | Chg  |
|------------|---------|-------------|----------|----------------------------|------|
|            | YTM     | (RM mil)    | YTM      | Trade Date<br>(dd/mm/yyyy) | (bp) |
| MGS 11/19  | 3.000   | 240         | 3.026    | 19/11/2019                 | -3   |
| MGS 03/20  | 2.683   | 200         | 2.792    | 19/11/2019                 | -11  |
| MGS 10/20  | 2.998   | 11          | 3.000    | 19/11/2019                 | 0    |
| MGS 02/21  | 3.064   | 5           | 3.039    | 19/11/2019                 | 2    |
| MGS 07/21  | 3.042   | 30          | 3.060    | 19/11/2019                 | -2   |
| MGS 09/21  | 3.088   | 196         | 3.055    | 19/11/2019                 | 3    |
| MGS 11/21  | 3.090   | 359         | 3.070    | 19/11/2019                 | 2    |
| MGS 03/22  | 3.060   | 25          | 3.022    | 19/11/2019                 | 4    |
| MGS 08/22  | 3.117   | 20          | 3.113    | 19/11/2019                 | 0    |
| MGS 03/23  | 3.155   | 5           | 3.150    | 19/11/2019                 | 0    |
| MGS 04/23  | 3.169   | 57          | 3.144    | 19/11/2019                 | 2    |
| MGS 08/23  | 3.173   | 36          | 3.157    | 19/11/2019                 | 2    |
| MGS 06/24  | 3.221   | 128         | 3.228    | 19/11/2019                 | -1   |
| MGS 07/24  | 3.268   | 38          | 3.261    | 19/11/2019                 | 1    |
| MGS 09/24  | 3.260   | 3           | 3.258    | 19/11/2019                 | 0    |
| MGS 09/25  | 3.344   | 38          | 3.337    | 19/11/2019                 | 1    |
| MGS 07/26  | 3.348   | 105         | 3.346    | 19/11/2019                 | 0    |
| MGS 11/26  | 3.396   | 1           | 3.399    | 19/11/2019                 | 0    |
| MGS 11/27  | 3.430   | 280         | 3.442    | 19/11/2019                 | -1   |
| MGS 06/28  | 3.465   | 98          | 3.474    | 19/11/2019                 | -1   |
| MGS 08/29  | 3.416   | 116         | 3.415    | 19/11/2019                 | 0    |
| MGS 04/30  | 3.553   | 10          | 3.559    | 19/11/2019                 | -1   |
| MGS 04/32  | 3.662   | 10          | 3.672    | 19/11/2019                 | -1   |
| MGS 11/33  | 3.735   | 35          | 3.756    | 15/11/2019                 | -2   |
| MGS 07/34  | 3.668   | 190         | 3.694    | 19/11/2019                 | -3   |
| MGS 06/38  | 3.814   | 19          | 3.783    | 19/11/2019                 | 3    |
| MGS 07/48  | 4.030   | 29          | 4.022    | 18/11/2019                 | 1    |
| GII 04/20  | 3.051   | 510         | 2.991    | 19/11/2019                 | 6    |
| GII 05/20  | 3.011   | 100         | 3.091    | 11/10/2019                 | -8   |
| GII 08/20  | 3.020   | 50          | 3.021    | 08/11/2019                 | 0    |
| GII 03/21  | 3.051   | 97          | 3.059    | 19/11/2019                 | -1   |
| GII 04/21  | 3.065   | 30          | 3.095    | 14/11/2019                 | -3   |
| GII 08/21  | 3.119   | 2           | 3.089    | 19/11/2019                 | 3    |
| GII 03/23  | 3.224   | 100         | 3.250    | 08/11/2019                 | -3   |
| GII 05/23  | 3.126   | 10          | 3.157    | 15/11/2019                 | -3   |
| GII 07/23  | 3.168   | 10          | 3.228    | 18/11/2019                 | -6   |
| GII 10/23  | 3.218   | 20          | 3.199    | 15/11/2019                 | 2    |
| GII 11/23  | 3.207   | 90          | 3.203    | 19/11/2019                 | 0    |
| GII 08/24  | 3.284   | 35          | 3.331    | 05/11/2019                 | -5   |
| GII 10/24  | 3.254   | 40          | 3.254    | 19/11/2019                 | 0    |
| GII 08/25  | 3.360   | 40          | 3.355    | 19/11/2019                 | 0    |
| GII 03/26  | 3.385   | 143         | 3.396    | 19/11/2019                 | -1   |
| GII 09/26  | 3.413   | 150         | 3.427    | 15/11/2019                 | -1   |
| GII 07/27  | 3.443   | 190         | 3.458    | 19/11/2019                 | -2   |
| GII 08/28  | 3.429   | 20          | 3.470    | 07/11/2019                 | -4   |
| GII 10/28  | 3.432   | 1           | 3.440    | 19/11/2019                 | -1   |
| GII 07/29  | 3.453   | 47          | 3.462    | 15/11/2019                 | -1   |
| GII 09/30  | 3.587   | 250         | 3.596    | 19/11/2019                 | -1   |
| GII 08/33  | 3.825   | 200         | 3.838    | 19/11/2019                 | -1   |
| GII 11/34  | 3.768   | 85          | 3.785    | 19/11/2019                 | -2   |
| GII 08/37  | 3.925   | 250         | 3.938    | 19/11/2019                 | -1   |
| GII 09/39  | 3.900   | 833         | 3.912    | 19/11/2019                 | -1   |
|            |         | <u>5586</u> |          |                            |      |

Daily Trades : Corp Bonds/ Sukuk

| Securities   |       | Rating | Closing<br>YTM | Vol<br>(RM mil) | Previous<br>YTM | Previous<br>Trade Date<br>(dd/mm/yyyy) | Chg<br>(bp) | Spread<br>Against<br>MGS* |
|--|-------|--------|----------------|-----------------|-----------------|--|-------------|---------------------------|
| Danalnra Nasional Berhad   | 03/24 | GG     | 3.400          | 10              | 3.498           | 25/10/2019                             | -10         | 24                        |
| Prasarana Malaysia Berhad  | 03/25 | GG     | 3.488          | 10              | 3.599           | 03/07/2019                             | -11         | 26                        |
| Prasarana Malaysia Berhad  | 12/25 | GG     | 3.509          | 10              | 3.371           | 06/09/2019                             | 14          | 20                        |
| Bakun Hydro Power Generation Sdn Berhad (fka Sarawak Hidro Sdn Berhad) | 08/28 | GG     | 3.638          | 10              | 4.029           | 24/05/2019                             | -39         | 22                        |
| Prasarana Malaysia Berhad  | 09/28 | GG     | 3.648          | 10              | 3.658           | 08/11/2019                             | -1          | 23                        |
| Prasarana Malaysia Berhad  | 11/28 | GG     | 3.648          | 5               | 3.678           | 01/11/2019                             | -3          | 23                        |
| Perbadanan Tabung Pendidikan Tinggi Nasional                           | 03/29 | GG     | 3.651          | 10              | 3.640           | 18/11/2019                             | 1           | 23                        |
| Danalnra Nasional Berhad   | 04/40 | GG     | 4.105          | 10              | 4.131           | 13/11/2019                             | -3          | 30                        |
| Cagamas Berhad   | 05/23 | AAA    | 3.504          | 10              | 3.430           | 21/10/2019                             | 7           | 34                        |
| GENM Capital Berhad  | 07/23 | AAA    | 3.703          | 5               | 3.666           | 03/10/2019                             | 4           | 54                        |
| Danum Capital Berhad   | 02/26 | AAA    | 3.729          | 45              | 3.702           | 05/11/2019                             | 3           | 42                        |
| Danga Capital Berhad   | 02/26 | AAA    | 3.717          | 5               | 3.732           | 13/11/2019                             | -2          | 41                        |
| Genting Capital Berhad   | 06/27 | AAA    | 3.930          | 10              | 3.909           | 26/09/2019                             | 2           | 53                        |
| TNB Western Energy Berhad  | 07/32 | AAA    | 4.020          | 1               | 4.936           | 09/10/2017                             | -92         | 34                        |
| GENM Capital Berhad  | 07/33 | AAA    | 4.244          | 3               | 4.250           | 08/11/2019                             | -1          | 57                        |
| Sasaran Etika Sdn Berhad   | 04/26 | AA1    | 4.081          | 4               | 5.008           | 18/11/2016                             | -93         | 77                        |
| YTL Power International Berhad   | 08/28 | AA1    | 4.201          | 20              | 4.184           | 19/11/2019                             | 2           | 78                        |
| Westports Malaysia Sdn Berhad  | 10/25 | AA+    | 3.854          | 1               | 3.799           | 09/10/2019                             | 6           | 55                        |
| BEWG (M) Sdn Berhad  | 07/23 | AA     | 4.087          | 10              | 4.082           | 07/11/2019                             | 0           | 93                        |
| Perbadanan Kemajuan Negeri Selangor                                    | 08/23 | AA3    | 3.807          | 60              | 4.166           | 02/08/2019                             | -36         | 65                        |
| Malayan Banking Berhad   | 02/17 | AA3    | 4.114          | 60              | 4.178           | 13/11/2019                             | -6          | 31                        |
| WCT Holdings Berhad  | 10/23 | AA-    | 4.490          | 10              | 4.498           | 30/10/2019                             | -1          | 133                       |
| WCT Holdings Berhad  | 04/26 | AA-    | 4.697          | 10              | 4.647           | 26/09/2019                             | 5           | 139                       |
| MMC Corporation Berhad   | 11/27 | AA-    | 4.888          | 20              | 4.898           | 06/11/2019                             | -1          | 149                       |
| Segi Astana Sdn Berhad   | 01/28 | AA-    | 5.148          | 20              | 5.190           | 20/09/2019                             | -4          | 175                       |
| Jimah East Power Sdn Berhad  | 12/29 | AA-    | 4.238          | 10              | 4.189           | 07/10/2019                             | 5           | 82                        |
| CIMB Group Holdings Berhad   | 05/16 | A1     | 4.499          | 2               | 4.215           | 12/11/2019                             | 28          | 70                        |
| IJM Land Berhad  | 03/19 | A2     | 4.476          | 1               | 4.680           | 19/11/2019                             | -20         | 68                        |
| YNH Property Berhad  | 08/19 | -      | 6.447          | 3               | 6.598           | 06/11/2019                             | -15         | 265                       |
|  |       |        |                | <u>383</u>      |                 |  |             |                           |

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

Market/Corporate News: What's Brewing

**Paramount Corp Bhd posted a 94% year-on-year (y-o-y) increase in net profit in the third quarter ended Sept 30, mainly due to the RM23.3mil gain made on the disposal of its controlling stake in three KDU tertiary education institutions.** The property and education player told the stock exchange yesterday that its bottom line in the three-month period rose to RM30.3mil, up from RM15.62mil in the third quarter of the previous financial year. Paramount had completed the disposal of its controlling stake in KDU University College Sdn Bhd, KDU University College (PG) Sdn Bhd and KDU College (PJ) Sdn Bhd on Sept 3, making a total gain of RM23.3mil. The campuses were sold to Australian University of Wollongong-owned company, UOWM Sdn Bhd. Paramount's revenue for the third quarter increased by 3% y-o-y to RM217.1mil, led by improved contribution from its property division. The segment's revenue increased by 8% to RM156.1mil, led by the Greenwoods, Salak Tinggi development, Utropolis Glenmarie, Shah Alam development, and Berkeley Uptown, Klang development. However, it was partly mitigated by the lower percentage of work done in Atwater, Petaling Jaya development. Meanwhile, the education division recorded a 9% lower revenue at RM60.1mil in the third quarter. This was mainly due to the disposal of the three KDU institutions that resulted in the financial performance of these companies to be equity accounted as associated companies. Paramount's earnings per share for the quarter under review were 4.99 sen. The group did not declare a dividend for the three-month period. Cumulatively, for the first nine months of financial year 2019 (9M19), Paramount's net profit was flattish at RM64.93mil as compared with RM64.88mil last year. Revenue was however up by 6.88% y-o-y to RM695.97mil. "Revenue of the property division had increased by 11% to RM493.5mil. Revenue of the education division was RM200.1mil as compared to RM205.3mil in 9M18," the group said. About 71% of Paramount's revenue in the nine-month period was contributed by the property business, while the remaining from the education division. Commenting on its property segment prospects, Paramount said that its total unbilled sales of RM957mil as at Sept 30 is expected to contribute positively to the group's financial performance in the near future, although it foresees a soft property market. "In the fourth quarter of 2019 (4Q19), Paramount Property will be launching a new landed

development that is located in close proximity to its existing project, Sejati Residences in Cyberjaya to replicate the success of Sejati Residences. “As for the northern region, Paramount Property will also be launching the third phase of its serviced apartments in Utropolis Batu Kawan on the back of strong sales achieved thus far,” it said. On its coworking space front, Paramount said that another 15,500 square feet would be opened in 4Q2019, following the encouraging uptake from The Starling Mall coworking space. Meanwhile, commenting on its education business, the group said the proposed disposal of its controlling stake in Paramount Education Sdn Bhd, Paramount Education (Klang) Sdn Bhd and Sri KDU Sdn Bhd will enable Paramount to monetise and unlock the value of part of its investments in the pre-tertiary business at an attractive valuation. “The proposed disposal is expected to be completed in 4Q19 wherein the group will continue to hold an effective 20% equity interest in the target companies post completion to participate in the future growth of the pre-tertiary education group,” it said. *(Source: The Star)*

**UMW Holdings Bhd has revised downwards its net profit for the second quarter ended June 30, 2019 (2QFY19) by an additional 32% owing to a blunder which it said does not affect the accuracy of other published announcements.** Stating it had “inadvertently omitted an elimination for the reversal of provision for a financial guarantee amounting to RM27 million”, it clarified that the adjustment would result in a 32% decline in net profit to RM57.19 million for 2Q, and not RM84.19 million as announced in August. The revised profit is 54% lower than the RM124.38 million posted in the same period last year. Earnings per share was also adjusted to 4.9 sen from 7.21 sen as stated previously. However, there was no revision to the company’s revenue of RM2.97 billion for the second quarter. Consequently, for the cumulative six months, net profit was restated to a decline of 27.6% to RM143.69 million from RM198.46 million in the same period last year, while revenue increased 8% to RM5.74 billion from RM5.33 billion. “The Board, via its Audit Committee, wishes to emphasise that it views the incident seriously and has instructed management to conduct an in-depth review of all processes to ensure that sufficient controls are in place,” UMW Holdings said in a filing with Bursa Malaysia today. Management has also taken immediate steps to strengthen the group’s financial disclosures to ensure such incidents do not recur in the future, it added, assuring “this incident relates to a singular item and does not affect the accuracy of any other published announcements”. It said it is “fully dedicated to its responsibilities as a public listed company and committed to continue upholding best practices in corporate disclosure.” *(Source: The EdgeMarkets)*

| Rating Action          |  |                                       |            |
|------------------------|--|---------------------------------------|------------|
| Issuer                 | PDS Description                              | Rating/Outlook                        | Action     |
| TRIpIc Medical Sdn Bhd | RM639 mil Senior Sukuk Murabahah (2017/2035) | AA1/Stable                            | Reaffirmed |
| Saudi Arabia           | Global and ASEAN scales                      | gAA3(pi)/Stable and seaAAA(pi)/Stable | Reaffirmed |

*Source: RAM, MARC*

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