

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.61	3
5-yr UST	1.62	3
10-yr UST	1.77	3
30-yr UST	2.23	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.03	-3	3.08	-3
5-yr	3.20	-2	3.26	0
7-yr	3.34	-1	3.38	61
10-yr	3.41	-1	3.45	0
15-yr	3.69	3	3.78	2
20-yr	3.80	-2	3.90	0
30-yr	4.00	-3	4.13	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.24	-4
3-yr	3.23	-3
5-yr	3.27	0
7-yr	3.31	-2
10-yr	3.38	3

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

US Treasuries lost ground as the curve shifted higher following mixed sentiments arising from an SCMP report that US may delay the 15th December tariffs if a pact is not reached by then. China's top trade officials were seen cautiously optimistic about reaching a Phase 1 deal. Overall benchmark yields ended 2-3bps higher with the UST 2Y closing at 1.61% whilst the much-watched 10Y rose 3bps to 1.77%. Meanwhile the unchanged initial jobless claims for the week are still hovering at the highest level since hitting 229k in the week ended 22nd June. However the jump in existing home sales provided some relief. We expect news on the trade front to continue to needle sentiments and impact the bond market. The US Treasury is expected to sell \$40b of 2Y notes on 25th November; next week. Separately, the FOMC is set to see a change in composition with some investors expecting a shift to a less-hawkish stance.

MGS/GII

- Local govies continued to see improved momentum and appetite yesterday despite a slight dip in secondary market volume to RM4.01b. Interest was mainly seen in the off-the-run 19-20's and also the benchmark 5Y MGS bonds. Overall benchmark yields closed mostly lower between 0-3bps across the curve (save for the skewed trade on the 7Y GII and 15Y MGS) as govies were well-bid following the decent bidding metrics for the new issuance of RM2.2b of 20Y MGS 5/40 at a BTC ratio of 2.51x; averaging 3.757%. The benchmark 5Y MGS 6/24 closed 2bps lower at 3.20% whilst the 10Y MGS 8/29 edged 1bps lower at 3.41%. GII trades rose to form ~50% of overall trades. Meanwhile Malaysia is planning to get banks to pitch for a potential Samurai bond sale following its earlier successful issuance of JPY200b in March.

Corp Bonds/Sukuk

- Corporate bonds/sukuk space saw solid secondary market interest as volume ramped higher @ RM504m on Thursday with interest still intact across the GG-AA part of the curve as yields continued to closely mostly mixed. The Govt-guaranteed PTPTN 23-24's along with the 3/29 tranche edged 1bps lower compared to previous-done levels between 3.35-40% and 3.64% respectively. AAA-rated MANJUNG dominated the AAA-space with the 2025-2027 tranches closing sharply lower on yields between 3.68-82% whilst the 11/28 tranche however spiked 15bps at 3.82%. AA-rated energy-related bond i.e. SEB 35-36's ended 0-4bps lower at 4.05-08%. The banking space saw PUBLIC Bank 27NC22 well-bis with closing levels of 3.58%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 11/19	3.115	317	3.000	20/11/2019	12
MGS 03/20	2.808	16	2.683	20/11/2019	13
MGS 10/20	2.952	233	2.998	20/11/2019	-5
MGS 02/21	3.019	80	3.064	20/11/2019	-4
MGS 07/21	3.036	30	3.042	20/11/2019	-1
MGS 09/21	3.049	40	3.088	20/11/2019	-4
MGS 11/21	3.042	60	3.090	20/11/2019	-5
MGS 03/22	3.029	33	3.060	20/11/2019	-3
MGS 08/22	3.116	47	3.117	20/11/2019	0
MGS 09/22	3.124	40	3.117	15/11/2019	1
MGS 08/23	3.183	4	3.173	20/11/2019	1
MGS 06/24	3.197	438	3.221	20/11/2019	-2
MGS 07/24	3.238	51	3.268	20/11/2019	-3
MGS 09/24	3.256	11	3.260	20/11/2019	0
MGS 03/25	3.300	141	3.302	19/11/2019	0
MGS 09/25	3.328	13	3.344	20/11/2019	-2
MGS 07/26	3.339	43	3.348	20/11/2019	-1
MGS 09/26	3.405	10	3.441	18/11/2019	-4
MGS 11/26	3.368	5	3.396	20/11/2019	-3
MGS 11/27	3.430	53	3.430	20/11/2019	0
MGS 06/28	3.461	14	3.465	20/11/2019	0
MGS 08/29	3.405	24	3.416	20/11/2019	-1
MGS 04/30	3.542	10	3.553	20/11/2019	-1
MGS 06/31	3.615	10	3.637	15/11/2019	-2
MGS 04/33	3.691	4	3.696	19/11/2019	-1
MGS 11/33	3.727	1	3.735	20/11/2019	-1
MGS 07/34	3.694	50	3.668	20/11/2019	3
MGS 05/35	3.811	36	3.799	18/11/2019	1
MGS 04/37	3.710	10	3.701	20/11/2019	1
MGS 06/38	3.797	41	3.814	20/11/2019	-2
MGS 09/43	4.017	70	4.029	18/11/2019	-1
MGS 03/46	4.027	1	4.023	19/11/2019	0
MGS 07/48	4.000	47	4.030	20/11/2019	-3
GII 04/20	2.954	670	3.051	20/11/2019	-10
GII 05/20	2.994	100	3.036	08/11/2019	-4
GII 05/20	3.000	30	3.011	20/11/2019	-1
GII 08/20	3.012	190	3.020	20/11/2019	-1
GII 03/22	3.080	6	3.108	18/11/2019	-3
GII 04/22	3.121	12	3.067	19/11/2019	5
GII 07/22	3.200	20	3.188	14/11/2019	1
GII 11/22	3.113	10	3.140	05/11/2019	-3
GII 04/23	3.246	30	3.309	04/10/2019	-6
GII 05/23	3.044	40	3.126	20/11/2019	-8
GII 07/23	3.166	1	3.168	20/11/2019	0
GII 10/23	3.190	150	3.218	20/11/2019	-3
GII 11/23	3.203	203	3.207	20/11/2019	0
GII 08/24	3.289	3	3.284	20/11/2019	1
GII 10/24	3.256	10	3.254	20/11/2019	0
GII 08/25	3.351	40	3.360	20/11/2019	-1
GII 10/25	3.369	71	3.369	13/11/2019	0
GII 03/26	3.382	80	3.385	20/11/2019	0
GII 09/26	3.409	3	3.413	20/11/2019	0
GII 07/27	3.450	9	3.443	20/11/2019	1
GII 10/28	3.445	1	3.432	20/11/2019	1
GII 09/30	3.580	81	3.587	20/11/2019	-1
GII 06/33	3.779	40	3.820	19/11/2019	-4
GII 08/33	3.784	123	3.825	20/11/2019	-4
GII 11/34	3.783	1	3.768	20/11/2019	2
GII 08/37	3.904	102	3.925	20/11/2019	-2
GII 05/47	4.104	1	4.110	19/11/2019	-1
		<u>4009</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	3.354	15	3.360	18/11/2019	-1	19
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	3.403	20	3.409	18/11/2019	-1	24
Lembaga Pembiayaan Perumahan Sektor Awam	09/26	GG	3.550	15	3.545	19/11/2019	0	21
Lembaga Pembiayaan Perumahan Sektor Awam	04/27	GG	3.570	25	3.558	22/10/2019	1	23
Perbadanan Tabung Pendidikan Tinggi Nasional	03/29	GG	3.638	10	3.651	20/11/2019	-1	22
Manjung Island Energy Berhad	11/25	AAA	3.677	30	3.775	11/07/2019	-10	38
Manjung Island Energy Berhad	11/26	AAA	3.728	40	4.168	02/04/2019	-44	39
CIMB Bank Berhad	05/27	AAA	3.878	40	4.696	07/12/2017	-82	54
Manjung Island Energy Berhad	11/27	AAA	3.769	30	4.078	02/05/2019	-31	37
GENM Capital Berhad	07/28	AAA	4.089	40	4.177	18/11/2019	-9	67
Manjung Island Energy Berhad	11/28	AAA	3.818	10	3.671	11/10/2019	15	40
Projek Lebuhraya Usahasama Berhad	01/31	AAA	3.889	10	3.734	21/08/2019	16	47
Sarawak Energy Berhad	08/35	AAA	4.054	30	4.054	15/10/2019	0	38
Sarawak Energy Berhad	04/36	AAA	4.082	30	4.120	11/10/2019	-4	41
Public Bank Berhad	04/27	AA1	3.576	40	3.751	07/08/2019	-18	24
AmBank (M) Berhad	06/20	AA2	3.361	2	3.402	18/09/2019	-4	37
Tanjung Bin Power Sdn Berhad	08/20	AA2	3.374	1	3.393	08/11/2019	-2	38
Fortune Premiere Sdn Berhad	09/25	AA	3.897	30	3.852	08/10/2019	4	60
Anih Berhad	11/28	AA	4.069	10	4.499	12/04/2019	-43	65
Cahaya Mata Sarawak Berhad	05/22	AA3	3.746	10	3.759	29/10/2019	-1	71
Edra Energy Sdn Berhad	07/25	AA3	5.090	1	4.147	14/11/2019	94	179
Bumitama Agri Ltd	07/26	AA3	3.946	30	3.948	14/11/2019	0	61
Tanjung Bin Energy Issuer Berhad	09/28	AA3	3.999	20	3.999	07/11/2019	0	58
Cypark Ref Sdn Berhad	06/37	AA3	5.501	5	-	-	-	171
Cypark Ref Sdn Berhad	06/38	AA3	5.560	10	-	-	-	177
MMC Corporation Berhad	03/28	AA-	4.919	1	4.918	19/11/2019	0	152
				<u>504</u>				

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

Market/Corporate News: What's Brewing

IGB Bhd's net profit fell 2.69% to RM66.46 million for the third quarter ended Sept 30, 2019, from RM68.29 million a year ago, due to lower contribution from the property investment for commercial property division and hotel division. Earnings per share fell to 9.77 sen from 10.3 sen previously, IGB said in a stock exchange filing today. Revenue for the period climbed 3.15% to RM364.36 million from RM353.22 million a year earlier. The group's retail property investment division saw IGB REIT, the owner of Mid Valley Megamall and The Gardens mall, record higher gross revenue and net property income during the quarter. It reported gross revenue of RM136.3 million versus RM133.7 million a year ago, while net property income was RM100.7 million, higher than RM96.6 million a year ago. Meanwhile, the property investment in the commercial building division recorded over 80% in average rental rates, which is comparable to the previous year's figure. The group's property development division, however, recorded lower revenue of RM30.8 million, down by 52% from RM64 million as its only development project currently under construction, Stonor, a 400- unit condominium located in the vicinity of KLCC, is nearing completion. Meanwhile, the hotel division's revenue decreased by 10% to RM70.6 million from RM78.6 million last year, on lower average occupancy rates and lower average room rates by a majority of the hotels in the group. IGB said that for the first nine months, the group saw a 3.57% increase in net profit to RM148.76 million from RM143.64 million. Revenue rose 7.89% to RM1.02 billion from RM940.91 million a year ago. (Source: *The EdgeMarkets*)

WCT Holdings Bhd's net profit declined 46.3% to RM13.33 million for the third quarter ended Sept 30, 2019 (3QFY19) from RM24.8 million or 1.79 sen per share last year due to lower other income as well as share of loss after tax of joint ventures. Earnings per share shrank to 0.95 sen in 3QFY19 from 1.79 sen a year ago. Other income for the quarter under review was 72.5% lower at RM15.68 million compared with RM57.03 million last year. Meanwhile, WCT posted a share of loss after tax of joint ventures of RM6.9 million versus a profit after tax of RM184,000. This was in line with the 4.54% drop in revenue at RM368.27 million from RM385.78 million, according to a filing with the local stock exchange today. For the cumulative nine months ended Sept 30, 2019, its net profit

fell 26.8% to RM76.35 million or 5.48 sen per share from RM104.32 million or 7.44 sen per share. Cumulative revenue dropped 16.45% to RM1.33 billion from RM1.36 billion. Looking ahead, the board views that the group will be able to deliver satisfactory results for the current financial year, barring any unforeseen circumstances. “The prospects of the group’s engineering and construction segment is expected to be supported by its strong outstanding orderbook, comprising a mix of civil and infrastructure works and building construction jobs. As for the group’s property development segment, WCT said it is continuing its efforts to reduce unsold properties as well as divesting some of its idle undeveloped lands to improve its operating cash flow. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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