

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.60	-3
5-yr UST	1.59	-2
10-yr UST	1.76	-4
30-yr UST	2.25	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.12	-1	3.13	0
5-yr	3.25	0	3.27	0
7-yr	3.37	0	3.38	0
10-yr	3.42	1	3.43	0
15-yr	3.70	0	3.75	0
20-yr	3.83	5	3.89	23
30-yr	4.02	0	4.01	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.28	3
3-yr	3.27	1
5-yr	3.32	0
7-yr	3.37	1
10-yr	3.42	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries recovered on Tuesday in a relatively quiet session to close stronger on safe-appeal requirements as UK PM Johnson loses votes to fast-track his Brexit proposal whilst the National Association of Realtors reported a 2.2% plunge in existing home sales for September. The curve flattened and shifted lower as overall benchmark yields closed between 2-4bps lower. The UST 2Y ended at 1.60% whilst the much-watched 10Y recovered prior day's losses; ending 4bps lower at 1.76%. The auction of \$40b of 2Y UST notes saw solid demand; drawing an average yield of 1.594% on an improved BTC ratio of 2.740x (previous auction:1.612%; BTC 2.64x). This week will continue to see further deluge of supply with Treasury's auction of \$41b of 5Y notes.

MGS/GIII

- Local govies continued to see muted trading volume on secondary market volume of RM2.74b on Tuesday with some investor interest mostly skewed towards the off-the-run 19-21's, 25's and 33's. Overall benchmark yields ended mostly unchanged to higher save for the 3Y MGS. The benchmark 5Y MGS 6/24 was untraded at 3.25% whilst the 10Y MGS 8/29 edged 1bps higher at 3.42%. GII trades declined to form 35% of overall trades. Local govies may continue to find support on subdued volume following the recently-announced expansionary budget which is expected to promote steady growth for the economy. Meanwhile risks on Malaysia being excluded from FTSE Russell's WGBI has eased due to BNM's initiatives and engagements to address investors concerns. On the data front is the inflation data for September; expected out today.

Corp Bonds/Sukuk

- Corporate bonds/sukuk space saw an improved appetite with total volume at RM397m. Interest was seen mainly in both the GG and AA-segment. Govt-guaranteed DANA 27-28's closed 2-8bps lower compared to previous-done levels between 3.56-58% area whereas the 5/28 tranche rose 6bps instead at 3.59% instead. AAA-rated CAGAMAS MBS 12/20 edged 2bps higher at 3.39%. The AA-rated MMC Corp 11/27 and SERBA Dinamik 10/28 closed 1-4bps lower on demand at 4.88% and 4.66% respectively. Enery-related bond EDRA 7/27 however sank 6bps at 4.28%. In the banking space, Bank Pembangunan 4/21 rallied 6bps at 3.51% whilst SABAH Dev Bank 5/22 edged 1bps over at 3.70%. Expect decent activity going forward as corporate news especially pertaining to the proposed takeover of giant toll operator continues to be in the limelight.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	10/19	3.074	13	3.048	21/10/2019	3
MGS	11/19	3.053	233	3.038	21/10/2019	2
MGS	03/20	3.030	511	3.045	21/10/2019	-2
MGS	07/20	3.062	20	3.075	18/10/2019	-1
MGS	10/20	3.056	409	3.073	21/10/2019	-2
MGS	07/21	3.079	140	3.099	21/10/2019	-2
MGS	11/21	3.124	5	3.100	21/10/2019	2
MGS	03/22	3.121	54	3.126	18/10/2019	0
MGS	04/23	3.208	5	3.189	18/10/2019	2
MGS	08/23	3.205	21	3.232	21/10/2019	-3
MGS	09/24	3.282	12	3.300	21/10/2019	-2
MGS	03/25	3.311	31	3.291	18/10/2019	2
MGS	07/26	3.370	59	3.370	21/10/2019	0
MGS	11/27	3.483	11	3.483	21/10/2019	0
MGS	06/28	3.463	6	3.450	21/10/2019	1
MGS	08/29	3.424	34	3.414	21/10/2019	1
MGS	04/30	3.544	12	3.565	21/10/2019	-2
MGS	06/31	3.639	16	3.638	18/10/2019	0
MGS	04/33	3.698	1	3.692	21/10/2019	1
MGS	11/33	3.773	128	3.705	21/10/2019	7
MGS	07/34	3.697	1	3.695	21/10/2019	0
MGS	05/35	3.751	20	3.747	21/10/2019	0
MGS	04/37	3.770	10	3.748	21/10/2019	2
MGS	06/38	3.834	20	3.786	21/10/2019	5
MGS	03/46	3.996	3	3.993	21/10/2019	0
GII	04/20	3.054	40	3.084	10/10/2019	-3
GII	05/20	3.065	30	3.051	17/09/2019	1
GII	06/20	3.059	50	3.078	15/10/2019	-2
GII	08/20	3.068	110	3.077	21/10/2019	-1
GII	07/23	3.259	141	3.263	21/10/2019	0
GII	05/24	3.328	10	3.299	15/10/2019	3
GII	08/25	3.392	170	3.366	21/10/2019	3
GII	03/26	3.384	20	3.381	21/10/2019	0
GII	12/28	3.473	1	3.449	04/10/2019	2
GII	10/35	3.788	41	3.750	17/10/2019	4
GII	08/37	3.877	170	3.870	21/10/2019	1
GII	09/39	3.886	180	3.851	21/10/2019	4
			2738			

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*
Lembaga Pembiayaan Perumahan Sektor Awam	04/27	GG	3.558	10	3.560	18/10/2019	0	19
DanaInfra Nasional Berhad	07/27	GG	3.558	10	3.581	17/10/2019	-2	15
DanaInfra Nasional Berhad	11/27	GG	3.570	20	3.590	18/10/2019	-2	16
DanaInfra Nasional Berhad	02/28	GG	3.578	10	3.658	25/07/2019	-8	17
Prasarana Malaysia Berhad	03/28	GG	3.609	10	3.611	18/10/2019	0	20
Lembaga Pembiayaan Perumahan Sektor Awam	04/28	GG	3.588	10	3.590	18/10/2019	0	18
DanaInfra Nasional Berhad	05/28	GG	3.590	10	3.530	03/10/2019	6	17
Lembaga Pembiayaan Perumahan Sektor Awam	10/38	GG	4.021	20	4.090	17/07/2019	-7	21
Lembaga Pembiayaan Perumahan Sektor Awam	04/39	GG	4.029	40	3.799	15/08/2019	23	22
Al Dzhab Assets Berhad	09/20	AAA	3.739	2	3.718	24/09/2019	2	66
Cagamas MBS Berhad	12/20	AAA	3.389	10	3.369	21/08/2019	2	31
Bank Pembangunan Malaysia Berhad	04/21	AAA	3.513	10	3.575	21/08/2019	-6	41
Pengurusan Air SPV Berhad	02/24	AAA	3.509	10	3.885	18/06/2019	-38	30
Sabah Development Bank Berhad	05/22	AA1	3.700	10	3.706	08/10/2019	-1	57
TRIpIc Medical Sdn Berhad	10/32	AA1	4.209	10	4.199	11/10/2019	1	53
TRIpIc Medical Sdn Berhad	10/33	AA1	4.249	10	4.268	07/08/2019	-2	57
Zamarad Assets Berhad	09/27	AA2	4.711	5	4.900	01/08/2019	-19	130
BEWG (M) Sdn Berhad	07/23	AA	4.058	10	4.218	01/08/2019	-16	85
Edra Energy Sdn Berhad	07/27	AA3	4.280	5	4.216	11/09/2019	6	87
UEM Sunrise Berhad	12/24	AA-	3.827	20	3.986	02/08/2019	-16	58
MMC Corporation Berhad	11/27	AA-	4.878	30	4.918	09/10/2019	-4	147
Serba Dinamik Holdings Berhad	10/28	AA-	4.661	35	4.668	08/10/2019	-1	124
UMW Holdings Berhad	04/18	A1	4.792	1	4.570	08/10/2019	22	98
TSH Sukuk Ijarah Sdn Berhad	12/21	A+	4.276	15	4.287	04/10/2019	-1	118
WCT Holdings Berhad	09/19	A	5.611	1	5.611	21/10/2019	0	180
Mah Sing Berhad	04/17	-	5.309	3	5.341	16/10/2019	-3	150
Eco World International Berhad	04/23	-	5.582	1	6.170	10/10/2019	-59	237
IJM Land Berhad	03/19	A2	4.646	40	4.639	08/10/2019	1	84
IJM Land Berhad	03/19	A2	4.586	30	4.814	15/10/2019	-23	78
				<u>397</u>				

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

Market/Corporate News: What's Brewing

Khazanah Nasional Bhd and Malaysian Aviation Group Bhd (MAGB) have shortlisted 20 potential investors to become strategic partners of Malaysia Airlines Bhd (MAS), says Datuk Seri Azmin Ali (pic). The Economic Affairs Minister said that from the list, both Khazanah and MAGB have narrowed it down to four candidates to be scrutinised and evaluated further. Emphasis will also be given to the financial management and synergy to the operations of MAS, said Azmin. "However, under the non-disclosure agreement, the government is unable to reveal further information on the strategic investment partners in this process," said Azmin in reply to Datuk Alexander Nanta Linggi (GPS-Kapit) in Parliament yesterday. Linggi had asked the minister to state if it were true that Japan was planning to take over MAS. Azmin said he hoped the decision on the strategic partner for MAS could be reached by early next year. "The vetting process will be done in November and all feedback will be presented to Khazanah's board of directors. "If they agree with the suggestions, then as early as 2020 or even by this year, a decision will be made on identifying the strategic partner for MAS," he said. Azmin said the government would still have a say in MAS through Khazanah. He said some potential strategic or investment partners have suggested taking over the majority shares, while some have proposed that Khazanah maintains its shares in MAS. Azmin said that at the moment, MAS was in the midst of enhancing its operations and management through internal efforts to save cost, improve on services and strengthen its code-sharing agreements with other airlines so it can remain competitive in facing the challenges in the

aviation industry. "The decision that will be made on MAS is to ensure that MAS will have a good strategic partner and can enhance MAS in the long term," he added. (Source: *The Star*)

The Kedah state government has appointed five companies to undertake land survey work for the development of Kulim International Airport (KXP) at Mukim Sidam in Kuala Muda district. Menteri Besar Datuk Seri Mukhriz Tun Mahathir said the five companies were Axis Survey Consultants Sdn Bhd, Zero Degrees Resources Sdn Bhd, Aras, East Coast and Laruth Exclusive Enterprise. "The scope of work for all these companies is to measure the boundaries and conduct profiling of the lands involved," he said in a statement here today. He added that the state government agency, Kedah State Development Corporation (PKNK), which is also the owner of KXP AirportCity Holdings Sdn Bhd, has not appointed any other company to do any work in the area. This includes consulting firm, IM Global Property Consultants Sdn Bhd, which Mukhriz said had previously briefed landowners from Kampung Jerung, Linchin and Kampung Titi Panjang. Mukhriz said this in response to questions raised by several parties in the state over land surveying work for KXP development. On a separate issue, Mukhriz advised the public to contact the District Land Office to find out about the status of land titles in the state or to obtain confirmation of a land grant. He said eligible persons could apply for land titles or leases through the regular application process at the District Land Office without using a middleman to avoid being a victim of fraudulent land sale syndicates using fake grants. He said, however, the state government could not approve the application for permanent title to the gazetted permanent forest reserves. (Source: *The Edge/Bernama*)

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

Source: RAM, MARC

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