

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	2.34	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.99	-2	3.08	-2
5-yr	3.19	0	3.27	-1
7-yr	3.33	0	3.37	-1
10-yr	3.37	-1	3.51	0
15-yr	3.66	-1	3.77	0
20-yr	3.74	0	3.88	1
30-yr	4.15	0	4.00	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.28	0
3-yr	3.30	1
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 came off the lows last Friday as market players digested economic data that included the unrevised 3Q2019 GDP growth of 2.1% followed by personal income growth and spending for November which were either in line or better than forecast. Overall benchmark yields closed within 1bps from prior day's close with the UST 2Y at 1.63% whilst the much-watched 10Y at 1.92% levels; having earlier earlier hit a 1-month high of 1.95% last week. Separately, the Fed will continue to provide liquidity injections in the repo markets; adding \$237b and preparing to inject up to \$490b on 31st Dec. This followed the spike in repo rates to 10% from 2% in mid-September. Expect trading activities to be subdued in view of the upcoming Christmas and New Year holidays/festivities.

MGS/GII

- Local govies continued to be well-bid on Friday amid low volume following November's CPI figures of 0.9% YOY which was lower than estimates of 1.1%. Secondary market volume however halved to RM1.61b with investor interest in the off-the-run 20's and 23's. Overall benchmark MGS/GII yields closed mostly mixed-to-lower again between 0-2bps save for the 20Y GII. The benchmark 5Y MGS 6/24 closed within 1bps from prior day's close at 3.19% whilst the 10Y MGS 8/29 edged 1bps lower at 3.37%. GII trades eased to form ~ 31% of overall trades. The alarming rise of negative-yielding global debt has seen foreign/offshore parties snap up EM sovereign debt as trade-sensitive nations such as Malaysia may benefit from easing global growth concerns next year on a stable MYR outlook.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk space saw secondary market volume drop lower to RM266m yesterday with overall investor interest still seen across the GG-AA part of the curve on 15 different bonds as overall yields closed mostly mived-to-lower. LPPSA 4/34 spiked 20bps compared to previous-done levels at 3.91% levels. AAA-rated GENM Capital and BAKUN Hydro 23's close between 3-8bps lower at 3.53% and 3.91% respectively. AA-rated space saw energy-related TBEI 25-27's dominate the sector closing mostly sharply lower between 3.79-88% area. The banking space saw UOB 28NC23 edge 1bps lower at 3.91%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.792	40	2.836	19/12/2019	-4
MGS 10/20	2.937	234	2.964	19/12/2019	-3
MGS 07/21	3.043	91	3.027	19/12/2019	2
MGS 09/21	3.047	71	3.053	19/12/2019	-1
MGS 03/22	2.987	35	3.010	19/12/2019	-2
MGS 08/22	3.032	100	3.088	19/12/2019	-6
MGS 09/22	3.110	1	3.091	13/12/2019	2
MGS 03/23	3.126	135	3.108	19/12/2019	2
MGS 04/23	3.156	1	3.140	19/12/2019	2
MGS 08/23	3.169	105	3.171	19/12/2019	0
MGS 06/24	3.192	33	3.188	19/12/2019	0
MGS 09/24	3.253	83	3.255	19/12/2019	0
MGS 03/25	3.265	2	3.295	16/12/2019	-3
MGS 09/25	3.258	7	3.279	19/12/2019	-2
MGS 04/26	3.321	15	3.333	11/12/2019	-1
MGS 07/26	3.334	80	3.333	19/12/2019	0
MGS 06/28	3.418	2	3.442	19/12/2019	-2
MGS 08/29	3.374	4	3.381	19/12/2019	-1
MGS 04/33	3.724	16	3.781	16/12/2019	-6
MGS 07/34	3.663	38	3.672	19/12/2019	-1
MGS 04/37	3.771	1	3.760	16/12/2019	1
MGS 06/38	4.621	2	3.825	18/12/2019	80
MGS 03/46	4.127	16	4.127	19/12/2019	0
GII 04/20	2.978	253	3.027	18/12/2019	-5
GII 04/20	3.010	10	3.011	06/12/2019	0
GII 03/21	3.018	90	3.028	19/12/2019	-1
GII 03/22	3.079	74	3.102	13/12/2019	-2
GII 11/23	3.208	1	3.209	19/12/2019	0
GII 10/24	3.269	2	3.279	19/12/2019	-1
GII 03/26	3.372	10	3.378	19/12/2019	-1
GII 07/29	3.510	14	3.509	19/12/2019	0
GII 11/34	3.766	30	3.766	19/12/2019	0
GII 09/39	3.875	20	3.865	19/12/2019	1
		<u>1614</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*	
MKD Kencana Sdn Berhad	10/32	GG	3.830	10	3.828	07/11/2019	0	16
Lembaga Pembiayaan Perumahan Sektor Awarr	04/34	GG	3.914	90	3.719	14/08/2019	20	24
Cagamas Berhad	05/23	AAA	3.449	10	3.504	20/11/2019	-6	42
GENM Capital Berhad	07/23	AAA	3.808	60	3.887	04/12/2019	-8	66
Bakun Hydro Power Generation Sdn Berhad (fkr	08/23	AAA	3.528	10	3.556	29/11/2019	-3	38
Rantau Abang Capital Berhad	01/32	AAA	3.911	10	3.909	28/11/2019	0	52
Danum Capital Berhad	02/34	AAA	4.049	10	4.059	17/12/2019	-1	38
United Overseas Bank (Malaysia) Berhad	07/28	AA1	3.906	10	3.918	02/12/2019	-1	50
Danajamin Nasional Berhad	10/27	AA+	3.835	10	3.838	12/12/2019	0	45
Fortune Premiere Sdn Berhad	09/26	AA	3.958	5	3.960	17/12/2019	0	62
Tanjung Bin Energy Issuer Berhad	03/25	AA3	3.788	10	4.267	08/05/2019	-48	60
Tanjung Bin Energy Issuer Berhad	09/25	AA3	3.817	10	3.780	13/09/2019	4	52
Tanjung Bin Energy Issuer Berhad	03/26	AA3	3.839	10	4.269	15/05/2019	-43	55
Tanjung Bin Energy Issuer Berhad	03/27	AA3	3.879	10	4.199	21/06/2019	-32	54
MMC Corporation Berhad	03/28	AA-	5.243	1	4.918	17/12/2019	33	185
			<u>266</u>					

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

Market/Corporate News: What's Brewing

A review of the Mass Rapid Transit Line 3 (MRT3) or MRT Circle Line project, which was suspended earlier, is under way and various new funding options, including possibly getting real estate developers and owners to partially fund the project may be explored.

Experts said several models including that of Singapore and Hong Kong's "Rail plus Property" are being studied to see how the private sector can participate to partly fund the development as the government was not in a position to fully fund MRT3's development. Consultants have been appointed to find a suitable model and a decision on MRT3 will be made middle of next year. "The project was suspended primarily because of the cost factor. But we are prepared to review the project," Transport Minister Anthony Loke (pic) told StarBiz. He said the Finance Ministry had indicated its willingness to discuss the project with his ministry. From the Transport Ministry's perspective, the MRT3 was important as it will complete the rail network connectivity in the Klang Valley. However, he said the country's fiscal position will have to be taken into consideration before embarking on the project. "The review is on the premise that the cost has to be lowered. How it will be lowered is a subject of discussion. "It will be a new mechanism and a new model of development if ever we proceed with the project to make it cost effective and higher in terms of return on investment," Loke said without elaborating. He added that "we hope we can reach a decision by mid-2020, that is six months down the road". The 40km MRT3 is the last portion of the MRT lines in the Klang Valley. It will be a loop largely in the city centre passing through several prominent buildings and shopping areas and, according to the earlier plan, it was to cover areas such as Kerinchi, Jalan Duta, Setiawangsa, Salak Selatan, Pandan Indah and Bandar Malaysia. Of the 26 stations, 19 are underground and the cost of underground stations are way higher than at ground level. About 60% of the project involves tunnelling works. Experts believe that for MRT3 to take off there needs to be a public-private partnership where real estate owners and property developers need to work together with the government to develop the train link. "The study done by the consultants will draft the alignment for certain stations and it will be vastly different from the existing model. "Often the connections are afterthoughts, but this time around it is during the planning that the locations will be integrated by asking the developers to contribute the construction. "This is a framework that the new review may be based on and it will identify tangible benefits, and it can be for existing and new property developments," said a source. The circle line will pass through several prominent buildings and property developments and having a link will boost property values and boost traffic for shopping malls. "It is not just alignment but land value capture and we can learn from the Singapore and Hong Kong models. They have set the benchmark," the source said. He added that contributions from developers have not been explored in the past, but to help fund the project, that may be the way forward and this can be for existing or new developments. The developers will have to help partially fund the connection and as seen from the past, the existing MRT has become strong selling points for existing and new property developments along its route. The government has forked out billions of ringgit to develop the 10 rail lines, including the airport link and BRT servicing the Klang Valley. A tender for the MRT3 was called at the end of 2017 by Mass Rapid Transit Corp Sdn Bhd to select a turnkey contractor to build and finance, on a turnkey basis, the MRT3. But the outcome was never revealed. Hong Kong's entire rail system operates on a self-sustaining basis as it operates on the "Rail plus Property" where the government grants the land to the MRT company which then works with property owners to partly fund the development which has resulted in a profitable venture besides helping to keep the fares cheap.. (Source: The Star)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
ORIX Leasing Malaysia Berhad	RM500 mil CP/MTN Programme (2013/2020) RM500 mil MTN Programme (2016/2031)	AA2/Stable/P1 AA2/Stable	Reaffirmed Reaffirmed
Mydin Mohamed Holdings Berhad	RM350 million Danajamin-Guaranteed Islamic MTN Programme (2011/2024)	AAA(fg)/Stable	Reaffirmed

Source: RAM, MARC

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