

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.65	2
5-yr UST	1.75	2
10-yr UST	1.93	1
30-yr UST	2.36	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.99	1	3.08	0
5-yr	3.18	-1	3.27	0
7-yr	3.33	0	3.36	-1
10-yr	3.38	0	3.50	-1
15-yr	3.66	0	3.77	0
20-yr	3.74	0	3.88	0
30-yr	4.07	-8	4.00	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.28	0
3-yr	3.30	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 slipped lower at the start of the week as the Treasury's \$40 bil 2-year auction kicked off this week's \$113bil new notes sales on a disappointing note amidst thin trading. Overall benchmark yields rose 1-2bps along the curve, with the 2Y note yields picking up to 1.65% while the 10Y UST yield at 1.93%, its highest since 31 July. Markets barely reacted to US durable goods order that missed estimates to decline by 2.0% MOM alongside a little changed core capital orders, a key gauge of business investment. Expect trading to be muted as the markets will be closed at 1pm ET followed by Christmas holiday. The Treasury will auction \$41billion worth of 5-year notes on Thursday.

MGS/GII

- Trading in local govies halved on Monday ahead of Christmas holiday. Secondary market volume continued to slip by nearly 50% to a mere RM835mil with investor interest seen in the off-the-run 20's and the benchmark 5Ys. Overall benchmark MGS/GII yields closed largely unchanged – yields on benchmark 3Y MGS 3/22 and 5Y MGS 6/24 moved by 1bps – save for the 30Y MGS 7/48 that saw yield slipping by 8bps to 4.07%. GII trades continued to ease, forming 29% of total trades. Trading is expected to remain thin today with the ringgit range trading around 4.1400 this week amidst a lack of key event risk and traders being away for year-end holiday.

Corp Bonds/Sukuk

- The corporate bonds/Sukuk space saw secondary market volume picked up slightly higher to RM360m yesterday with overall investor interest seen scattering across 21 different bonds that led overall yields to largely close slightly lower save for the AA1-rated Samalaju Industrial 12/29 and AA3 Perbadanan Kemajuan Negeri Selangor. Majority of the focus remained in Danainfra 11/35 that saw RM70mil changed hand yesterday leading yields to drop by 3bps to 3.95%. This was followed by LPPSA 4/34 that continued to attract demand which printed a total volume traded of RM50mil that yielded 3.90% YTM.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/20	2.778	224	2.792	20/12/19	-1
MGS	10/20	2.932	21	2.937	20/12/19	0
MGS	07/21	3.011	11	3.043	20/12/19	-3
MGS	09/21	3.053	12	3.047	20/12/19	1
MGS	11/21	3.028	65	3.031	20/12/19	0
MGS	03/22	2.993	27	2.987	20/12/19	1
MGS	06/24	3.18	102	3.192	20/12/19	-1
MGS	07/24	3.218	10	3.221	20/12/19	0
MGS	09/24	3.248	30	3.253	20/12/19	0
MGS	09/25	3.267	19	3.258	20/12/19	1
MGS	08/29	3.377	20	3.374	20/12/19	0
MGS	04/30	3.591	20	3.577	19/12/19	1
MGS	06/31	3.639	20	3.639	20/12/19	0
MGS	04/33	3.738	10	3.724	20/12/19	1
GII	04/20	3.031	19	2.978	20/12/19	5
GII	04/22	3.105	25	3.119	19/12/19	-1
GII	11/23	3.215	50	3.208	20/12/19	1
GII	03/26	3.363	20	3.372	20/12/19	-1
GII	09/26	3.410	50	3.413	18/12/19	0
GII	07/29	3.498	82	3.510	20/12/19	-1
			<u>835</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Maturity (dd/mm/yy yy)	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Lembaga Pembiayaan Perumahan Sektor Awam	04/34	GG	3.902	50	3.914	20/12/19	-1	23
Danainfra Nasional Berhad	11/35	GG	3.951	70	3.983	27/11/19	-3	28
Danga Capital Berhad	02/26	AAA	3.666	50	3.699	06/12/19	-3	38
Bank Pembangunan Malaysia Berhad	03/27	AAA	3.739	30	3.746	19/12/19	-1	40
Kuala Lumpur Kepong Berhad	08/25	AA1	3.698	10	3.722	18/12/19	-2	41
YTL Power International Berhad	05/27	AA1	4.098	20	4.113	17/12/19	-2	76
Samalaju Industrial Port Sdn Berhad	12/29	AA1	4.088	10	4.948	23/10/18	-86	71
Northern Gateway Infrastructure Sdn Berhad	08/31	AA1	4.099	10	4.026	30/09/19	7	72
Perbadanan Kemajuan Negeri Selangor	10/21	AA3	3.658	10	4.416	10/05/19	-76	64
Bumitama Agri Ltd	07/24	AA3	3.828	20	3.848	12/12/19	-2	64
Bumitama Agri Ltd	07/26	AA3	3.938	20	3.948	13/12/19	-1	60
Edra Energy Sdn Berhad	07/33	AA3	4.520	6	4.508	31/10/19	1	85
Konsortium KAJV Sdn Bhd	05/21	AA-	4.295	1	4.403	11/11/19	-11	131
Southern Power Generation Sdn Berhad	10/26	AA-	3.879	10	3.908	13/11/19	-3	54
Southern Power Generation Sdn Berhad	04/29	AA-	3.998	10	4.028	13/11/19	-3	60
Southern Power Generation Sdn Berhad	04/32	AA-	4.108	10	4.119	12/12/19	-1	73
Southern Power Generation Sdn Berhad	04/33	AA-	4.199	10	4.229	19/11/19	-3	53
Southern Power Generation Sdn Berhad	10/34	AA-	4.349	10	4.351	25/11/19	0	68
UMW Holdings Berhad	04/18	A1	5.151	2	5.083	16/12/19	7	138
IJM Land Berhad	03/19	A2	4.779	1	4.555	20/12/19	22	101
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	5.200	1	5.25	19/12/19	-5	182
				<u>360</u>				

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

Market/Corporate News: What's Brewing

Energy Commission selects five bidders for LSSPV power plants: The Energy Commission Malaysia has selected five bidders for the Large Scale Solar Photovoltaic (LSSPV) power plants in Malaysia, which are slated for commercial operation in 2021. "The selection of the bidders are based on bids with the most competitive offer prices and meeting all the request for proposals (RFP) requirements" said the commission. ib vogt GmbH, Coara Solar Sdn Bhd, Cypark Resources Bhd and Impian Bumiria Sdn Bhd have been selected for solar plants in Marang, Terengganu with each plant having an export capacity of 100 megawatts of alternating current (MWac). JKH Renewables Sdn Bhd and Solarpack Asia Sdn. Bhd have been awarded a plant in Kuala Muda, Kedah, that has a 90.88 MWac export capacity. Meanwhile, ENGIE Energie Services S.A. and TTL Energy Sdn Bhd have been awarded a 100MWac export capacity solar plant in Kerian, Perak. In addition, Konsortium Beseri Jaya Sdn Bhd and Hanwha Energy Corporation Singapore Pte Ltd have won a 100 MWac plant in Pekan, Pahang.

(Source: The Edge)

Malakoff units win Govt's small hydro-power tender: Two Malakoff Corp Bhd special purpose vehicles (SPVs) have won the Government's competitive Feed-in Tariff e-bidding small hydro tender exercise through the Sustainable Energy Development Authority Malaysia. In a bourse filing, the group said its 65%-owned SPVs Batu Bor Hidro Sdn Bhd and Lubuk Paku Hidro Sdn Bhd are to be awarded as feed-in approval holders and subsequently enter into a renewable energy power purchase agreement with Tenaga Nasional Bhd (TNB). The remaining 35% stakes in the two SPVs are held by Touch Meccanica Sdn Bhd. Batu Bor Hidro has an installed capacity of 30 megawatts (MW), while Lubuk Paku Hidro has an installed capacity of 25MW. Both SPVs have bid tariff of 29 sen per kilowatt-hour (KWH). "The project is not expected to have any material impact on the earnings and net assets of the MCB Group for the financial year ending 31 December 2020," Malakoff said on the effects of the contract. Shares in Malakoff closed one sen or 1.16% lower at 85 sen, giving the group a market capitalisation of RM4.25 billion.

(Source: The Edge)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Serba Dinamik Holdings Berhad	RM1.5 billion multi-currency Islamic Commercial Papers/Islamic Medium-Term Notes (ICP/IMTN) programmes	Stable	Withdrawal on early redemption

Source: RAM, MARC

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