

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.58	0
5-yr UST	1.58	0
10-yr UST	1.77	0
30-yr UST	2.26	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.14	1	3.13	0
5-yr	3.25	0	3.33	6
7-yr	3.45	7	3.41	0
10-yr	3.44	2	3.48	5
15-yr	3.66	0	3.80	1
20-yr	3.84	-2	3.92	0
30-yr	4.09	6	4.14	13

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.28	0
3-yr	3.28	1
5-yr	3.32	1
7-yr	3.37	2
10-yr	3.44	2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries saw marginal changes with the longer-end feeling pressured on Thursday following large blocks of ultra-long bond futures traded in an otherwise lack-lustre trading session. The curve experienced a slight steepening-bias as overall benchmark yields ended within 1bps from prior day's close. The UST 2Y closed at 1.58% whilst the much-watched 10Y closed almost unchanged at 1.77%. The auction of \$32b of 7Y UST notes saw solid demand; drawing an average yield of 1.657% on an improved BTC ratio of 2.46x (previous auction:1.60%; BTC 2.43x). This caps the week's deluge of issuances totalling \$113b. Meanwhile, a revised reading on US consumer sentiment may shed further light on potential upcoming economic data following last night's release of decent PMI manufacturing and services data.

MGS/GII

- Local govvies saw improved momentum on higher secondary market volume of about RM4.65b on Thursday with investor interest mostly skewed again in the off-the-run 19-21's, 33's and also the benchmark 7Y MGS. Overall benchmark yields ended mostly weaker save for the odd-lot trade on the 20Y. The benchmark 5Y MGS 6/24 closed literally unchanged at 3.25% whilst the 10Y MGS 8/29 edged 2bps higher at 3.44%. GII trades eased slightly to form 39% of overall trades. Local govvies may however find support following the recently-announced expansionary budget. Risks on Malaysia being excluded from FTSE Russell's WGBI have eased at least until March 2020 with BNM taking strong initiatives and measures to address investors concerns. The latest muted inflation data for September may also help support bond prices.

Corp Bonds/Sukuk

- Corporate bonds/sukuk space saw total volume halved to RM369m. Interest was seen mainly in the GG and AA-segment. Govt-guaranteed bonds generally closed higher on yields compared to previous-done levels save for PTPTN 8/23 which closed 27bps lower at 3.32%. The long-end DANA 38-39's spiked between 12-15bps at 4.00% levels. AA-rated space saw token trades with UEM Sunrise 3/24 edging 1bps lower at 3.77% whilst energy-related bond. The banking space was active with MAYBANK 31NC26 notching RM110m in nominal amounts; closing unchanged at 3.95% whereas RHB 25NC20 closed 4bps lower at 3.69%. Investors are expected to monitor corporate news pertaining to the proposed takeover of toll operator PLUS and the government's offer for the strategic Kampung Baru land within the KLCC vicinity.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 10/19	3.048	56	3.048	23/10/2019	0
MGS 11/19	3.026	414	3.017	23/10/2019	1
MGS 03/20	3.039	401	3.044	23/10/2019	0
MGS 07/20	3.054	302	3.046	23/10/2019	1
MGS 10/20	3.052	178	3.059	23/10/2019	-1
MGS 02/21	3.108	4	3.061	23/10/2019	5
MGS 07/21	3.690	227	3.093	23/10/2019	60
MGS 09/21	3.097	20	3.108	23/10/2019	-1
MGS 11/21	3.120	45	3.108	23/10/2019	1
MGS 03/22	3.143	38	3.129	23/10/2019	1
MGS 08/22	3.138	301	3.151	23/10/2019	-1
MGS 09/22	3.153	4	3.147	23/10/2019	1
MGS 03/23	3.196	3	3.203	23/10/2019	-1
MGS 04/23	3.184	1	3.195	23/10/2019	-1
MGS 08/23	3.219	1	3.237	23/10/2019	-2
MGS 06/24	3.248	1	3.243	23/10/2019	1
MGS 09/24	3.306	47	3.300	23/10/2019	1
MGS 03/25	3.321	33	3.340	23/10/2019	-2
MGS 07/26	3.445	334	3.378	23/10/2019	7
MGS 11/26	3.446	1	3.467	23/10/2019	-2
MGS 03/27	3.467	1	3.497	23/10/2019	-3
MGS 05/27	3.502	20	3.490	17/10/2019	1
MGS 11/27	3.504	45	3.497	23/10/2019	1
MGS 06/28	3.503	30	3.463	23/10/2019	4
MGS 08/29	3.437	33	3.418	23/10/2019	2
MGS 04/30	3.608	86	3.554	23/10/2019	5
MGS 06/31	3.692	2	3.640	23/10/2019	5
MGS 04/33	3.697	2	3.698	22/10/2019	0
MGS 11/33	3.790	59	3.730	23/10/2019	6
MGS 04/37	3.770	41	3.766	23/10/2019	0
MGS 06/38	3.844	58	3.865	23/10/2019	-2
MGS 03/46	4.042	22	4.053	23/10/2019	-1
MGS 07/48	4.093	29	4.037	23/10/2019	6
GII 08/20	3.056	10	3.068	22/10/2019	-1
GII 07/23	3.259	220	3.259	22/10/2019	0
GII 10/23	3.289	60	3.224	15/10/2019	6
GII 11/23	3.277	60	3.275	21/10/2019	0
GII 05/24	3.342	140	3.328	22/10/2019	1
GII 10/24	3.327	31	3.271	23/10/2019	6
GII 08/25	3.418	261	3.384	23/10/2019	3
GII 10/25	3.411	100	3.376	17/10/2019	4
GII 10/28	3.489	1	3.459	23/10/2019	3
GII 07/29	3.481	75	3.434	21/10/2019	5
GII 09/30	3.695	10	3.525	09/10/2019	17
GII 08/33	3.822	470	3.801	23/10/2019	2
GII 11/34	3.803	30	3.795	23/10/2019	1
GII 10/35	3.836	20	3.788	22/10/2019	5
GII 08/37	3.913	301	3.892	23/10/2019	2
GII 09/39	3.920	1	3.921	23/10/2019	0
GII 11/49	4.141	20	4.010	11/10/2019	13
		<u>4650</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*	
Perbadanan Tabung Pendidikan Tinggi Nasional	08/23	GG	3.315	10	3.585	19/06/2019	-27	9
Perbadanan Tabung Pendidikan Tinggi Nasional	12/24	GG	3.385	10	3.346	10/09/2019	4	12
Danainfra Nasional Berhad	04/37	GG	3.991	5	3.708	27/08/2019	28	26
Danainfra Nasional Berhad	11/38	GG	3.999	10	3.880	01/10/2019	12	15
Danainfra Nasional Berhad	02/39	GG	3.999	10	3.851	14/08/2019	15	15
Malayan Banking Berhad	02/32	AAA	3.416	20	3.438	30/09/2019	-2	-2
United Overseas Bank (Malaysia) Berhad	05/25	AA1	3.551	95	3.495	18/09/2019	6	19
Malayan Banking Berhad	01/31	AA1	3.948	110	3.951	16/10/2019	0	51
Imtiaz Sukuk II Berhad	05/20	AA2	3.343	20	3.423	21/08/2019	-8	27
CIMB Group Holdings Berhad	09/29	AA	3.951	3	3.921	15/10/2019	3	51
UEM Sunrise Berhad	03/24	AA-	3.769	20	3.778	15/10/2019	-1	54
RHB Bank Berhad	05/25	AA3	3.687	10	3.728	26/09/2019	-4	33
Edra Energy Sdn Berhad	07/25	AA3	5.098	1	4.250	30/09/2019	85	174
Dynasty Harmony Sdn Berhad	06/30	AA3	5.730	5	-	-	-	229
UEM Sunrise Berhad	05/23	AA-	3.667	20	3.766	03/10/2019	-10	44
Southern Power Generation Sdn Berhad	04/34	AA-	4.309	10	4.813	28/03/2019	-50	58
Southern Power Generation Sdn Berhad	10/34	AA-	4.349	10	4.349	23/09/2019	0	62
WCT Holdings Berhad	09/19	A	5.610	1	5.611	22/10/2019	0	176
			<u>369</u>					

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

Market/Corporate News: What's Brewing

Syarikat Takaful Malaysia Keluarga Bhd has registered a 34% year-on-year (y-o-y) increase in net profit to RM112.34mil for the third quarter ended Sept 30 on the back of higher net wakalah fee income. Revenue for the quarter grew 16% to RM753.5mil as compared to the same quarter last year, due to higher sales generated by the family takaful business. For the third quarter, the family takaful business recorded gross earned contributions of RM543.7mil as compared to RM436.7mil in the same period last year. The increase is mainly attributable to higher sales from credit-related products. Meanwhile, the general takaful business generated gross earned contributions of RM171.9mil, decreasing by 3% as compared to RM177.1mil in the corresponding quarter of the preceding year, mainly attributable to the fire and motor classes. On a year-to-date basis, Takaful Malaysia posted a net profit of RM289.73mil for the nine months of financial year 2019, representing a 42% y-o-y growth, from higher net wakalah fee income arising from business growth in the family takaful and improved net investment income. As at Sept 30, 2019, total assets increased by RM1.33bil to RM10.26bil as compared to RM8.93bil as at Dec 31, 2018, mainly attributable to the increase in other investments, retakaful assets and loan and receivables excluding takaful receivables. It also had a cash position of RM555.91mil as of Sept 30, 2019 compared to RM1bil as of Dec 31, 2018. The big difference in its cash position can be attributed to the increase in receivables of RM1.17bil as of Sept 30, 2019, compared to RM362.48mil for its year ended Dec 31, 2018. In a filing with Bursa Malaysia, Takaful Malaysia said it is poised to further expand its market share in 2019, despite the cautious business sentiment. This is on expectation that the takaful industry will outperform the conventional insurers in view of the strong demand for takaful products. To sustain its market leading position, Takaful Malaysia will continue with its innovative strategies through the implementation of its digital strategy, introduction of online solutions, expansion of its distribution capabilities, strategic partnerships with leading Islamic banks, as well as brand awareness initiatives. "To support business growth and customer centricity, the company will continue its digital strategy to build the full digital ecosystem and expand the business focus beyond the credit-related business to reach out to the wide retail customer base of major partner banks. "It is the commitment of Takaful Malaysia to continue responding to the needs of customers with reliable and better protection solutions and services that they deserve to firmly establish the company as the preferred choice for insurance," said Takaful Malaysia. No dividends were declared for the financial period under review. (Source: *The Star*)

Gamuda Land, the property arm of Gamuda Bhd, has set its financial year 2020 (ending July 31) sales target (both local and overseas projects) at RM4.5 billion, higher than the RM4 billion target set for FY19. "Last year, we were able to secure RM3.1 billion in sales. For the past four years, we have recorded a CAGR (compound annual growth rate) of 27%. This year (FY20), we are targeting RM4.5 billion in sales," Gamuda Land COO Aw Sei Cheh told reporters at the launch of its new mobile app Gamuda Land Mobile (GL Mobile) today. "We have high expectations. With our strong track record, we remain positive and are confident of achieving the target," he added. Nevertheless, he said the local property market remains challenging and developers need to be more creative, as buyers nowadays have abundant choices. "We need to differentiate ourselves through town-making and place-making, as well as organising fun and out-of-the-box activities," Aw said. On another note, the developer said it is testing out the fifth generation cellular network technology at Gamuda Cove, Malaysia's first Maxis-delivered 5G township. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Widad Capital Sdn Bhd	Sukuk Murabahah Programme of up to RM110.0 mil in Nominal Value	AA2/From Stable to Positive	Reaffirmed
Dar Al Arkan Real Estate Development Company	Corporate Credit Rating	Group's A3/P2/From Stable to positive	Revised

Source: RAM, MARC

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