

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.63	2
5-yr UST	1.62	1
10-yr UST	1.77	0
30-yr UST	2.22	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.04	2	3.08	0
5-yr	3.19	-1	3.22	-4
7-yr	3.33	0	3.38	-1
10-yr	3.41	0	3.45	0
15-yr	3.69	0	3.78	0
20-yr	3.78	-2	3.89	-1
30-yr	4.00	0	4.13	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.24	0
3-yr	3.24	1
5-yr	3.28	0
7-yr	3.31	0
10-yr	3.35	-3

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries were pressured last Friday during the earlier session following stronger than expected Markit manufacturing and Michigan consumer sentiment indices. Nevertheless the longer-end extending out from 10Y tenures ended richer causing the yield to flatten. Traders were seen reluctant to indulge in significant moves amid lingering uncertainty about US-China trade pact. Overall benchmark yields ended between -1 to +2bps with the UST 2Y closing 2bps up at 1.63% whilst the much-watched 10Y ended within 1bps from prior day's move at 1.77%. The US Treasury is expected to sell \$40b of 2Y notes today. Trading may be subdued for this week in lieu of the upcoming Thanksgiving Day holiday on Thursday although attention may shift to the Personal Consumption and Expenditure data for October by this Wednesday. We expect news on the trade front to continue to needle sentiments and impact the bond market.

MGS/GIII

- Local govvnies saw lower momentum and amid a drop in secondary market volume to RM2.69b. Interest was mainly seen in the soon to mature off-the-run 19's and 23's and also benchmark 5Y MGS bonds. Overall benchmark yields closed mostly lower between 0-4bps across the curve (save for the odd-lot trade on the 3Y MGS. The benchmark 5Y MGS 6/24 edged 1bps lower at 3.19% whilst the 10Y MGS 8/29 closed within 1bps at 3.41%. GII trades eased to form ~42% of overall trades. A recent Bloomberg survey of the Malaysian economy states that the 4Q2019 GDP will expand at 4.1%. Meanwhile foreign reserves as at 15th November were unchanged at \$103.2b.

Corp Bonds/Sukuk

- Corporate bonds/sukuk space saw secondary market volume abate by half to a mere RM219m last Friday with interest still intact across the GG-AAA part of the curve as yields ended mostly higher. The Govt-guaranteed LPPSA 4/28 and 4/39 moved 4-6bps higher compared to previous-done levels at 3.63% and 4.11% respectively. AAA-rated GENTING Cap 6/22 edged 1bps higher at 3.62% whilst CAGAMAS 12/22 ended sharply lower on yields at 3.38%. CYPARK Ref 37-38's dominated the AA-space; closing unchanged at 5.50% and 5.56% each. Nevertheless, the banking space was relatively quiet ahead of the weekend.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 11/19	3.085	489	3.115	21/11/2019	-3
MGS 03/20	2.890	20	2.808	21/11/2019	8
MGS 07/20	2.926	22	2.948	18/11/2019	-2
MGS 10/20	2.953	21	2.952	21/11/2019	0
MGS 02/21	2.993	139	3.019	21/11/2019	-3
MGS 07/21	3.041	1	3.036	21/11/2019	0
MGS 11/21	3.042	30	3.042	21/11/2019	0
MGS 03/22	3.044	31	3.029	21/11/2019	2
MGS 08/22	3.108	80	3.116	21/11/2019	-1
MGS 09/22	3.109	40	3.124	21/11/2019	-2
MGS 04/23	3.147	60	3.169	20/11/2019	-2
MGS 06/24	3.185	121	3.197	21/11/2019	-1
MGS 07/24	3.244	8	3.238	21/11/2019	1
MGS 03/25	3.284	65	3.300	21/11/2019	-2
MGS 09/25	3.309	61	3.328	21/11/2019	-2
MGS 07/26	3.334	23	3.339	21/11/2019	0
MGS 09/26	3.342	11	3.405	21/11/2019	-6
MGS 11/26	3.399	47	3.368	21/11/2019	3
MGS 03/27	3.417	14	3.443	19/11/2019	-3
MGS 11/27	3.425	9	3.430	21/11/2019	-1
MGS 09/28	3.474	4	3.497	12/11/2019	-2
MGS 08/29	3.410	141	3.405	21/11/2019	1
MGS 04/30	3.534	4	3.542	21/11/2019	-1
MGS 05/35	3.732	30	3.811	21/11/2019	-8
MGS 04/37	3.701	3	3.710	21/11/2019	-1
MGS 06/38	3.779	4	3.797	21/11/2019	-2
MGS 05/40	3.755	20	-	-	-
MGS 03/46	4.029	68	4.027	21/11/2019	0
GII 04/20	2.960	5	2.954	21/11/2019	1
GII 03/21	3.046	31	3.051	20/11/2019	-1
GII 04/21	3.050	27	3.065	20/11/2019	-2
GII 07/22	3.098	17	3.127	19/11/2019	-3
GII 07/23	3.179	40	3.166	21/11/2019	1
GII 10/23	3.195	40	3.190	21/11/2019	0
GII 11/23	3.199	277	3.203	21/11/2019	0
GII 05/24	3.266	11	3.212	19/11/2019	5
GII 08/25	3.351	245	3.351	21/11/2019	0
GII 10/25	3.356	80	3.369	21/11/2019	-1
GII 03/26	3.376	20	3.382	21/11/2019	-1
GII 07/29	3.453	10	3.453	20/11/2019	0
GII 06/33	3.801	7	3.779	21/11/2019	2
GII 08/33	3.810	50	3.784	21/11/2019	3
GII 08/37	3.904	190	3.904	21/11/2019	0
GII 09/39	3.894	16	3.900	20/11/2019	-1
GII 05/47	4.090	58	4.104	21/11/2019	-1
		<u>2689</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*
DanaInfra Nasional Berhad	02/25	GG	3.448	0	3.430	01/10/2019	2	26
Prasarana Malaysia Berhad	03/28	GG	3.625	5	3.609	22/10/2019	2	23
Lembaga Pembiayaan Perumahan Sektor Awam	04/28	GG	3.629	5	3.588	22/10/2019	4	23
Lembaga Pembiayaan Perumahan Sektor Awam	04/39	GG	4.110	70	4.050	25/10/2019	6	34
Genting Capital Berhad	06/22	AAA	3.615	20	3.603	18/11/2019	1	57
Cagamas Berhad	12/22	AAA	3.378	10	3.549	25/09/2019	-17	33
Pengurusan Air SPV Berhad	06/26	AAA	3.742	40	3.748	31/10/2019	-1	41
Projek Lebuhraya Usahasama Berhad	01/33	AAA	3.939	10	3.839	20/08/2019	10	26
Danum Capital Berhad	02/34	AAA	4.019	15	3.999	13/11/2019	2	34
Cypark Ref Sdn Berhad	06/37	AA3	5.500	5	5.501	21/11/2019	0	173
Cypark Ref Sdn Berhad	06/38	AA3	5.559	10	5.560	21/11/2019	0	179
UEM Sunrise Berhad	03/24	AA-	3.746	5	3.769	24/10/2019	-2	59
UMW Holdings Berhad	04/18	A1	4.501	1	4.852	20/11/2019	-35	73
Alliance Bank Malaysia Berhad	10/25	A2	4.186	1	4.202	21/11/2019	-2	89
IJM Land Berhad	03/19	A2	4.857	3	4.607	20/11/2019	25	109
IJM Land Berhad	03/19	A2	4.478	1	4.476	20/11/2019	0	71
WCT Holdings Berhad	09/19	A	5.643	10	5.596	12/11/2019	5	187
Eco World International Berhad	10/21	-	5.769	1	5.518	04/11/2019	25	274
Eco World Capital Assets Berhad	08/22	-	5.549	8	5.592	30/09/2019	-4	250
				<u>219</u>				

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

Market/Corporate News: What's Brewing

An ambitious "phase two" trade deal between the United States and China is looking less likely as the two countries struggle to strike a preliminary "phase one" agreement, according to U.S. and Beijing officials, lawmakers and trade experts. In October, U.S. President Donald Trump said during a press conference with Chinese vice premier Liu He that he expected to quickly dive into a second phase of talks once "phase one" had been completed. The second phase would focus on a key U.S. complaint that China effectively steals U.S. intellectual property by forcing U.S. companies to transfer their technology to Chinese rivals, he said at the time. But the November 2020 U.S. presidential election, the difficulties in getting the first-stage done, combined with the White House's reluctance to work with other countries to pressure Beijing are dimming hopes for anything more ambitious in the near future, the sources said. The 16-month trade war with China has thrown U.S. businesses and farmers into turmoil, disrupted global supply chains and been a drag on economies worldwide. Failure to address a key reason it was started is already raising questions about whether the sacrifice has been worth it. Meanwhile, many of Beijing's trade practices that many free-market economies see as unfair remain unaddressed. Reuters reported on Wednesday that the signing of a phase one deal could slide into next year as the two countries tussle over Beijing's demand for more extensive tariff rollbacks. Officials in Beijing say they don't anticipate sitting down to discuss a phase two deal before the U.S. election, in part because they want to wait to see if Trump wins a second term. "It's Trump who wants to sign these deals, not us. We can wait," one Chinese official told Reuters. Representative Jim Costa, a California Democrat who sits on two key agricultural committees, said in Congress on Wednesday that "pragmatic" Chinese sources had told him the same thing. Trump's main priority at the moment is to secure a big phase one announcement, locking in big-ticket Chinese purchases of U.S. agricultural goods that he can tout as an important win during his re-election campaign, according to a Trump administration official. After that, China could recede somewhat on Trump's policy agenda as he turns to domestic issues, the official said, speaking on condition of anonymity. He will probably leave other major contentious issues to senior aides, who are likely to continue pushing Beijing over the theft of U.S. intellectual property, its militarization of the South China Sea and its human rights record, the official said. "As soon as we finish phase one we're going to start negotiating phase two," a second administration official said. "As far as timing around when a phase two deal could be completed, that's not something I can speculate on." The Trump White House initially laid

out ambitious plans to restructure the United States' relationship with China, including addressing what a 2018 United States Trade Representative investigation concluded were Beijing's "unfair, unreasonable, and market-distorting practices." There is broad bipartisan support for Trump's drive to hold China accountable for years of economic espionage, cyber attacks, forced technology transfer and dumping of low-priced goods made with hefty government subsidies. But many of these critical concerns will not be addressed in the phase one agreement, which focuses on China agricultural product buys, tariff roll backs, and includes some intellectual property pledges. "That's the easy stuff," said Costa. The harder issues are "industrial espionage, copyrights, complying with those issues, privacy and security issues." Further complicating the issue, Trump's economic advisers are split: some are pushing Trump to agree to a quick phase one deal to appease markets and business executives, others want him to push for a more comprehensive agreement. Beijing officials, meanwhile, are balking at pursuing larger structural changes to managing China's economy, anxious not to appear to be kowtowing to U.S. interests. Both China and the United States have a clear interest in getting a phase one deal completed relatively soon to soothe markets and assuage domestic policy concerns, said Matthew Goodman, a former U.S. government official and trade expert at the Center for Strategic and International Studies. He sees a good chance that the two sides will hammer out some phase one deal, but is far less convinced that a broader deal can be reached before the election. One key problem, he said, was the continued lack of a coherent U.S. strategy for dealing with China. "I think phase one probably will happen because both presidents want it," Goodman said at a Congressional briefing last week. But he said China was less willing now to make structural changes that might have been possible in the spring. "They're not going to do those things," he said. Josh Kallmer, a former official with the U.S. Trade Representative's office and now executive vice president of the Information Technology Industry Council, said it was "technically possible, but hard to imagine" that the United States and Beijing could negotiate a phase two deal in the next year. The United States needs better coordination with its allies to pressure China to make urgently needed structural changes, including ending the forced transfer of technology and better intellectual property protections, trade experts and former officials say. Europe and other U.S. allies have been reluctant to join Washington's pressure campaign on Beijing, partly due to frustration with the administration's focus on unilateral action and in part due to their reliance on Chinese investment. "We need an international coalition to successfully attack phase two," said Kellie Meiman Hock, managing partner at McLarty Associates, a trade consulting group in Washington. (Source: *The Star/Reuters*)

YNH Property Bhd's third quarter net profit jumped 68.5% to RM11.62 million from RM6.9 million a year ago on higher revenue and lower tax, marketing and operating expenses. Earnings per share for the quarter ended Sept 30, 2019 rose to 2.2 sen from 1.3 sen. Revenue was up 8.05% to RM106.09 million compared with RM98.18 million previously, according to the property developer's filing with the stock exchange. For the cumulative nine months, the group's net profit surged 60.78% to RM24.42 million or 4.62 sen per share from RM15.19 million or 2.87 sen per share last year. Nine-month revenue, however, dipped 6.15% to RM258.99 million from RM275.96 million. The group said the plan to build Menara YNH on Jalan Sultan Ismail has received the development order. The gross development value (GDV) for the project comprising the office tower and a shopping mall is estimated to be RM2.1 billion. Meanwhile, YNH Property has also entered into a series of joint venture agreements for the development of a few pieces of land strategically located near Mont Kiara, Sri Hartamas, Kuala Lumpur city centre, Ipoh city and Seri Manjung town. These developments are at the planning stage and have an estimated gross development value of RM1.8 billion and are expected to contribute to the group's earnings for the next 15 to 20 years, it said. On its 95-acre plot of land located in Genting Highlands, the group said it has proposed to develop the land with a project comprising commercial units, bungalows, condominiums and retail units with a GDV of RM1.96 billion.

The project is expected to contribute to the group's earnings for the next 20 years.
(Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Lebuhraya DUKE Fasa 3 Sdn Bhd's (DUKE 3)	RM3.64 billion Sukuk Wakalah.	AA-IS/Negative	Affirmed
Putrajaya Bina Sdn Bhd's (PBSB)	RM1.58 billion Islamic Medium-Term Notes (Sukuk Wakalah) Programme.	AAA-IS/Stable	Affirmed
SAJ Capital Sdn Bhd	Sukuk Murabahah of up to RM650.0 million	AA-IS	Affirmed
Alliance Investment Bank Berhad	Financial Institution Rating	A1/Stable/P1	Reaffirmed
Bakun Hydro Power Generation Sdn Bhd	RM5.54 bil Sukuk Murabahah (2016/2031)	AAA/Stable	Reaffirmed

Source: RAM, MARC

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