

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended slightly better on Monday mirroring Wall Street as the Nasdaq and S&P500 clawed to record intra-day highs with the curve ending lower and flatter. The \$40b of 2Y auction went well with BTC ratio matching previous six (6) auctions at ~2.63x; averaging 1.601% with foreign participation a tad lower at 47% versus the average of 51%. Overall benchmark yields ended between 1-2bps lower with the UST 2Y edging lower at 1.62% whilst the much-watched 10Y declined 2bps from prior day's move at 1.76%. The US Treasury is expected to sell a further \$41b of 5Y notes and \$32b of 7Y bonds this week. 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 on Wednesday. We expect potential event risk i.e. trade front to continue to impact sentiments and the general bond market.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.62	-1
5-yr UST	1.61	-1
10-yr UST	1.76	-2
30-yr UST	2.20	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.04	-1	3.07	0
5-yr	3.19	0	3.22	0
7-yr	3.32	-1	3.37	-1
10-yr	3.42	1	3.45	0
15-yr	3.67	-2	3.78	0
20-yr	3.78	0	3.89	0
30-yr	4.00	0	4.13	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.25	1
3-yr	3.24	1
5-yr	3.28	0
7-yr	3.32	1
10-yr	3.37	2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GII

- Local govies continued to see low momentum amid a lacklustre session yesterday with secondary market volume nearly halved at RM1.49b. Some interest was seen in the shorter-end off-the-run 20's and also benchmark 7Y, 10Y MGS bonds. Overall benchmark yields closed mostly unchanged-to-lower (between 0-2bps) across the curve; save for the 10Y MGS. The benchmark 5Y MGS 6/24 was unchanged at 3.19% whilst the 10Y MGS 8/29 edged 1bps higher at 3.42%. GII trades fropped to form a mere ~17% of overall trades. Meanwhile BNM may be prompted to ease should trade tension escalate in lieu of US tariffs being imposed on other countries as well. To recap, BNM lowered the statutory reserve requirement ratio by 50bps to 3.0% this month. The economic calendar remains light.

Corp Bonds/Sukuk

- Corporate bonds/sukuk space saw secondary market volume jump to RM608m on Monday with interest intact across the GG-AA part of the curve as yields ended mostly higher. The Govt-guaranteed PASB 2/23 and 6/25 closed 0-1bps lower compared to previous-done levels at 3.32% and 3.50% respectively. AAA-rated TELEKOM 10/24 and PUTRAJAYA 5/26 spiked between 14-19bps at 3.57% and 3.69% respectively. The bulk of yesterday's volume was contributed by YTL-related names which dominated the AA-space; rising slightly between 0-8bps between 3.77%-4.20%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 11/19	3.024	20	3.085	22/11/2019	-6
MGS 03/20	2.767	134	2.890	22/11/2019	-12
MGS 10/20	2.939	86	2.953	22/11/2019	-1
MGS 02/21	3.017	30	2.993	22/11/2019	2
MGS 07/21	3.033	40	3.041	22/11/2019	-1
MGS 09/21	3.037	50	3.042	22/11/2019	0
MGS 11/21	3.036	17	3.042	22/11/2019	-1
MGS 03/22	3.036	100	3.044	22/11/2019	-1
MGS 08/22	3.104	30	3.108	22/11/2019	0
MGS 09/22	3.109	4	3.109	22/11/2019	0
MGS 03/23	3.148	7	3.155	20/11/2019	-1
MGS 04/23	3.146	69	3.147	22/11/2019	0
MGS 06/24	3.185	41	3.185	22/11/2019	0
MGS 07/24	3.248	31	3.244	22/11/2019	0
MGS 09/24	3.227	33	3.238	22/11/2019	-1
MGS 03/25	3.260	113	3.284	22/11/2019	-2
MGS 09/25	3.305	56	3.309	22/11/2019	0
MGS 04/26	3.391	2	3.403	15/11/2019	-1
MGS 07/26	3.322	146	3.334	22/11/2019	-1
MGS 09/26	3.350	5	3.342	22/11/2019	1
MGS 11/26	3.414	4	3.399	22/11/2019	2
MGS 03/27	3.420	3	3.417	22/11/2019	0
MGS 11/27	3.429	3	3.425	22/11/2019	0
MGS 08/29	3.422	125	3.410	22/11/2019	1
MGS 04/30	3.558	2	3.534	22/11/2019	2
MGS 04/33	3.691	6	3.691	21/11/2019	0
MGS 11/33	3.722	56	3.727	21/11/2019	0
MGS 07/34	3.672	10	3.694	21/11/2019	-2
MGS 09/43	4.029	5	4.029	22/11/2019	0
GII 04/20	2.975	30	2.987	19/11/2019	-1
GII 07/22	3.081	10	3.098	22/11/2019	-2
GII 11/23	3.203	40	3.199	22/11/2019	0
GII 05/24	3.266	2	3.266	22/11/2019	0
GII 08/25	3.343	68	3.351	22/11/2019	-1
GII 10/25	3.357	20	3.356	22/11/2019	0
GII 03/26	3.369	70	3.376	22/11/2019	-1
GII 07/27	3.508	1	3.443	22/11/2019	6
GII 07/29	3.465	10	3.453	22/11/2019	1
GII 06/33	3.783	3	3.801	22/11/2019	-2
GII 05/47	4.091	6	4.090	22/11/2019	0
		<u>1486</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*	
Pengurusan Air SPV Berhad	02/23	GG	3.320	30	3.329	19/11/2019	-1	28
Pengurusan Air SPV Berhad	06/25	GG	3.500	10	3.501	19/11/2019	0	21
Danga Capital Berhad	04/20	AAA	3.324	40	3.290	01/10/2019	3	37
Pengurusan Air SPV Berhad	02/23	AAA	3.550	5	-	-	-	51
Telekom Malaysia Berhad	10/24	AAA	3.570	20	3.435	11/09/2019	14	38
Danum Capital Berhad	02/26	AAA	3.730	20	3.729	20/11/2019	0	44
Putrajaya Holdings Sdn Berhad	05/26	AAA	3.690	20	3.498	28/08/2019	19	36
DiGi Telecommunications Sdn Berhad	04/27	AAA	3.690	10	3.578	18/09/2019	11	36
Malayan Banking Berhad	02/32	AAA	3.330	1	3.419	11/11/2019	-9	-8
YTL Power International Berhad	06/22	AA1	3.770	40	3.705	16/10/2019	6	73
YTL Corporation Berhad	04/23	AA1	3.800	20	3.798	06/11/2019	0	76
YTL Power International Berhad	08/23	AA1	3.890	150	3.806	16/10/2019	8	73
YTL Power International Berhad	08/28	AA1	4.200	110	4.201	20/11/2019	0	78
CIMB Thai Bank Public Company Limited	07/29	AA3	4.000	10	-	-	-	59
Tanjung Bin Energy Issuer Berhad	03/30	AA3	4.050	10	3.979	09/10/2019	7	64
Tanjung Bin Energy Issuer Berhad	09/30	AA3	4.070	10	4.287	26/06/2019	-22	66
WCT Holdings Berhad	04/26	AA-	4.690	10	4.697	20/11/2019	-1	140
Southern Power Generation Sdn Berhad	10/32	AA-	4.190	10	4.171	29/10/2019	2	51
Southern Power Generation Sdn Berhad	10/34	AA-	4.350	10	4.349	24/10/2019	0	67
Tan Chong Motor Holdings Berhad	11/21	A1	4.145	60	4.150	09/10/2019	-1	111
CIMB Group Holdings Berhad	05/16	A1	4.280	1	4.499	20/11/2019	-22	52
AEON Credit Service (M) Berhad	12/14	-	5.710	6	5.794	23/07/2019	-8	195
Mah Sing Group Berhad	04/17	-	5.927	6	5.944	08/11/2019	-2	217
			<u>6</u>					
			<u>608</u>					

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

Market/Corporate News: What's Brewing

The Sarawak government is borrowing some RM13bil from Development Bank of Sarawak (Debos) to fund the Sarawak Coastal Road and other major infrastructure projects. With repayment of about RM3bil a year, the loan could be settled over four years, according to Chief Minister Datuk Patinggi Abang Johari Tun Openg. Performing the ground-breaking ceremony for the RM98.5mil Rambungan bridge project in the Lundu district, he said getting loans from state-owned Debos was the alternative financing model that the state government has tapped into to fund the strategic infrastructure development projects. Debos commenced business operations in January 2018 with a paid-up capital of RM500mil. Its source of funding include state government grants and capital injection from its holding company. Debos takes deposits from the government and government-linked companies (GLCs) and places funds with financial institutions. The Sarawak government is reported to have a state reserve of over RM30bil. On products and services, Debos provides term loans, revolving credit, project financing, bridging loans, syndication and bank guarantees. The Rambungan project is one of the nine bridge projects across major rivers that would provide the missing links of the existing Sarawak Coastal Road network, which spans 896km from the south to the northern region. Motorists currently rely on ferry services to cross these rivers. The ferry at Rambungan currently serves an average of 2,800 vehicles a day. The Rambungan bridge, which had been approved by the previous Barisan Nasional government, was among the bridge projects scrapped by the new federal government. According to Johari, the design of the 560m long Rambungan bridge is modelled after the San Francisco bridge (the Golden Gate Bridge) with its steel suspension cables. The Rambungan bridge is a two-lane single carriageway cable-stayed bridge, comprising 320m of cable-stayed span, 80m of approach span on the Kuching side and 160m of approach span on the Lundu side. The project also involves the construction of two-lane single carriageway approach roads on the Kuching side (255m) and Lundu side (560m). The Rambungan bridge project is expected to take 36 months to build. Upon completion, it would enable motorists to travel uninterrupted between Lundu town and Kuching via the existing Lundu-Sampadi Road. The project was awarded to Precious Credence JV Ghezhouba Sdn Bhd, with Opus Consultant (M) Sdn Bhd as the project management consultant and Jurutera Minsar Consult Sdn Bhd as the project consultant. Besides the Rambungan bridge, the other bridge projects for the Sarawak coastal road which have been awarded include the Batang Paloh bridge (RM298.98mil), the Bintulu-Jepak bridge (RM466.7mil), Muara Lassa bridge (RM598mil), Sungai Krian (RM75mil) and Jalan Pasi to Jalan Sarikei/Tanjung Manis (including Batang Rejang bridge) (RM321mil). The other bridges to be built include those across Batang Saribas, Batang Lupar and Batang Igan. *(Source: The Star)*

A jump in revenue from stronger contributions from its operation and maintenance (O&M) segment pushed Serba Dinamik Holdings Bhd's net profit up by 36% in the third quarter ended Sept 30, 2019 (3QFY19) to RM113.16 million, from RM83.23 million a year ago. Revenue was up in tandem to RM1.05 billion, from RM770.22 million. The group declared a third interim dividend of 2.34 sen per share, to be paid on Dec 30, its stock exchange filing today showed. The integrated engineering services provider said O&M, the group's largest contributor, made up 89% or RM925.77 million of its 3QFY19 revenue, an increase of RM227.6 million or 33% from the RM698.15 million recorded in 3QFY18. The increase, it said, was due to higher maintenance, repair and overhaul (MRO) of rotating equipment activities in Middle East countries like Qatar, UAE and Kuwait, as well as Malaysia. It also saw higher growth in inspection, repair and maintenance (IRM) activities, it said. "The segment recorded an improved operating profit of RM161.6 million, which represents a gross margin of 17.5%," the group said. Its engineering, procurement, construction and commissioning segment also showed significant improvement, with revenue jumping 54% or RM37.5 million to RM106.7 million from RM69.2 million. The EPCC segment contributed 10.2% of the group's total revenue in 3QFY19. "Increased

revenue from EPCC segment was mainly derived from our chlor-alkali plant in Tanzania and activity with New Thunder in UAE. The segment recorded an operating profit of RM16.2 million, yielding a gross margin of 15.2%," Serba Dinamik said. The better quarterly earnings pushed the group's nine-month net profit up by 28% to RM355.76 million from RM278.61 million, as revenue increased 37% to RM3.17 billion from RM2.31 billion. "We are near to the RM3.28 billion revenue, which we achieved for our financial year ended 2018, based on the 9MFY19 revenue itself at RM3.17 billion. "Hence, we are confident that the group is closing to our internal double-digit growth target for both top and bottom line for FY2019," Serba's group managing director Datuk Dr Mohd Karim Abdullah said in a separate statement. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Alliance Investment Bank Berhad	Financial Institution Rating	A1/Stable/P1	Reaffirmed
Alliance Islamic Bank Berhad	Financial Institution Rating	A1/Stable/P1	Reaffirmed
	RM300 mil Islamic CP Programme (2019/2026) RM2.5 bil Perpetual Sukuk Programme (2019/-):	P1	Reaffirmed
	Senior Sukuk Murabahah Tier-2 Subordinated Sukuk Murabahah Additional Tier-1 Sukuk Wakalah	A1/Stable A2/Stable BBB1/Stable	Reaffirmed Reaffirmed Reaffirmed
Alliance Bank Malaysia Berhad	Financial Institution Rating	A1/Stable/P1	Reaffirmed
	RM1.5 bil Senior MTN Programme (2015/2045)	A1/Stable	Reaffirmed
	RM2.0 bil Subordinated MTN Programme (2015/2045)	A2/Stable	Reaffirmed
	RM500 mil CP Programme (2015/2022)	P1	Reaffirmed
	RM1.0 bil Additional Tier-1 Capital Securities Programme (2017/-)	BBB1/Stable	Reaffirmed

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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