

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.64	0
5-yr UST	1.66	0
10-yr UST	1.84	0
30-yr UST	2.34	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.14	1	3.13	0
5-yr	3.28	1	3.33	0
7-yr	3.45	-1	3.40	-3
10-yr	3.44	-2	3.49	-1
15-yr	3.66	0	3.83	0
20-yr	3.87	-2	3.93	0
30-yr	4.13	0	4.14	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.28	0
3-yr	3.29	1
5-yr	3.34	3
7-yr	3.38	1
10-yr	3.44	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

US Treasuries saw slight recovery within narrow ranges following two earlier sessions of pull-back. The steady close for UST's reflected a somewhat possible rate cut in the widely anticipated FOMC meet tonight with the Fed widely seen not accommodating further easing. Overall benchmark yields ended within 1bps from prior day's close. The UST 2Y closed at 1.64% whilst the much-watched 10Y closed at 1.84%. Large IG issuances were seen to cap upside in UST's. The upcoming auction of 4-week and 8-week bills is expected to attract some attention for the week. Meanwhile, US consumer sentiment for October slipped. The Fed announcement is likely to be in the spotlight tonight, overshadowing reports on 3Q GDP and private sector employment.

MGS/GIII

- Local govies saw subdued momentum on secondary market volume of RM2.29b on Tuesday with investor interest mostly skewed in the off-the-run 19-20's and also the benchmark 7Y MGS. The curve flattened as overall benchmark yields ended mostly mixed between -2 to +1bps. The benchmark 5Y MGS 6/24 edged 1bps up at 3.28% whilst the 10Y MGS 8/29 closed 2bps lower at 3.44%. GII trades formed a mere 18% of overall trades. 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. There are no scheduled economic events locally for today.

Corp Bonds/Sukuk

- Corporate bonds/sukuk space saw total volume RM398m. with interest was seen mainly in AA-segment. Govt-guaranteed DANA 11/29 and 3/34 closed unchanged compared to previous-done levels at 3.71% and 3.85% respectively. The AA-rated space saw enrgy-related bonds dominate with names like EDRA Energy, Southern Power and TBEI among the names traded. EDRA 25-26's closed sharply, lower on yields between 4.19-24% whilst Southern Power 2032-2035 tranches closed mostly mixed between -5 to +3bps. New debutant BRECON Synergy which was issued in July this year traded at 5.16% on substantial nomial amounts of RM100m. The banking space saw NBAD 27 spike 11bps at 3.90%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date	(bp)
				(dd/mm/yyyy)	
MGS 10/19	3.589	36	3.048	24/10/2019	54
MGS 11/19	3.019	119	3.031	25/10/2019	-1
MGS 03/20	3.020	240	3.047	25/10/2019	-3
MGS 07/20	3.048	10	3.054	24/10/2019	-1
MGS 10/20	3.054	263	3.054	25/10/2019	0
MGS 07/21	3.097	51	3.099	25/10/2019	0
MGS 09/21	3.089	50	3.097	24/10/2019	-1
MGS 03/22	3.140	55	3.129	25/10/2019	1
MGS 08/22	3.160	20	3.153	25/10/2019	1
MGS 04/23	3.244	2	3.232	25/10/2019	1
MGS 08/23	3.236	59	3.219	24/10/2019	2
MGS 06/24	3.280	57	3.266	25/10/2019	1
MGS 07/24	3.347	50	3.271	23/10/2019	8
MGS 09/24	3.314	32	3.304	25/10/2019	1
MGS 09/25	3.387	5	3.387	25/10/2019	0
MGS 07/26	3.451	433	3.458	25/10/2019	-1
MGS 11/26	3.490	2	3.482	25/10/2019	1
MGS 05/27	3.490	10	3.502	25/10/2019	-1
MGS 11/27	3.525	210	3.490	25/10/2019	3
MGS 06/28	3.516	1	3.516	25/10/2019	0
MGS 08/29	3.442	124	3.460	25/10/2019	-2
MGS 04/30	3.629	2	3.652	25/10/2019	-2
MGS 04/37	3.791	1	3.770	24/10/2019	2
MGS 06/38	3.868	23	3.887	25/10/2019	-2
MGS 03/46	4.053	1	4.053	25/10/2019	0
MGS 07/48	4.126	11	4.126	25/10/2019	0
GII 08/20	3.052	10	3.056	24/10/2019	0
GII 10/23	3.290	20	3.289	24/10/2019	0
GII 11/23	3.271	20	3.276	25/10/2019	0
GII 08/25	3.427	176	3.408	25/10/2019	2
GII 03/26	3.402	154	3.437	25/10/2019	-3
GII 07/29	3.490	20	3.498	25/10/2019	-1
GII 09/39	3.934	20	3.930	25/10/2019	0
		<u>2287</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date	(bp)	Against	
					(dd/mm/yyyy)		MGS*	
Danainfra Nasional Berhad	11/29	GG	3.709	25	3.711	25/10/2019	0	26
Prasarana Malaysia Berhad	03/34	GG	3.849	10	3.850	25/10/2019	0	8
Danainfra Nasional Berhad	03/34	GG	3.849	15	3.850	25/10/2019	0	8
Abu Dhabi National Energy Company PJSC	03/22	AA1	4.348	20	4.328	30/09/2019	2	125
First Abu Dhabi Bank PJSC	12/27	AA1	3.900	20	3.791	22/08/2019	11	44
Tanjung Bin Power Sdn Berhad	08/20	AA2	3.400	20	3.454	04/09/2019	-5	34
Cahaya Mata Sarawak Berhad	05/22	AA3	3.759	10	3.797	27/09/2019	-4	62
IJM Corporation Berhad	06/22	AA3	3.852	10	3.830	16/10/2019	2	71
Besraya (M) Sdn Berhad	07/22	AA3	4.068	20	4.755	18/01/2019	-69	93
Edra Energy Sdn Berhad	07/25	AA3	4.188	10	5.098	24/10/2019	-91	82
Edra Energy Sdn Berhad	07/26	AA3	4.238	10	4.287	04/10/2019	-5	78
MMC Corporation Berhad	11/20	AA-	3.808	10	3.824	11/10/2019	-2	74
UEM Sunrise Berhad	12/22	AA-	3.628	6	3.696	22/08/2019	-7	49
Sinar Kamiri Sdn Berhad	01/23	AA-	4.684	5	4.688	25/10/2019	0	154
MMC Corporation Berhad	03/28	AA-	4.899	5	4.900	25/10/2019	0	144
UiTM Solar Power Sdn Berhad	04/28	AA-	4.728	5	4.730	25/10/2019	0	125
Serba Dinamik Holdings Berhad	10/28	AA-	4.658	15	4.660	25/10/2019	0	118
Southern Power Generation Sdn Berhad	04/32	AA-	4.111	10	4.079	23/09/2019	3	34
Southern Power Generation Sdn Berhad	10/32	AA-	4.171	20	4.139	16/10/2019	3	40
Southern Power Generation Sdn Berhad	04/34	AA-	4.320	10	4.309	25/10/2019	1	55
Brecon Synergy Sdn Berhad	07/26	-	5.159	100	-	-	-	171
Tropicana Property Berhad	09/19	-	6.408	1	6.603	21/10/2019	-19	251
Eco World International Berhad	10/21	-	5.772	1	5.441	18/10/2019	33	-
Southern Power Generation Sdn Berhad	10/35	AA-	4.472	40	4.550	15/08/2019	-8	70
			<u>398</u>					

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

Market/Corporate News: What's Brewing

The Master Builders Association Malaysia (MBAM) is confident that the construction industry is still on track to achieve its 1.7% growth forecast for 2019, underpinned by ongoing jobs that will keep contractors busy until the end of the year. President Foo Chek Lee said the growth could be accelerated if local construction firms embraced digitalisation. "We need to change the mindset. Many construction players hold back because they feel that cost is a factor," he said at a press conference after the launch of the MBAM Building and Construction Conference 2019 yesterday. "Initially, yes, cost will be a factor. But eventually, with digitalisation, it will become more cost effective to run the business." Foo said the construction industry has been known for being slow in adopting technological changes. "While other industries have adopted the use of digitalisation for their beneficial development, the construction industry is yet to fully embrace it." He added that the use of digital technologies has only recently become a common idea among local construction industry players, mainly due to attention garnered by the building information modelling (BIM) system. "If construction services are to be delivered with less effort and higher accuracy, then digitalisation in the construction industry must change from an idea to becoming a norm. "Construction players need to change from just being aware and partially adopting digitalisation, to fully implementing it in all of its activities." BIM is an intelligent 3D model-based process that provides construction professionals the insight and tools to efficiently plan and design buildings and infrastructure. The government had forecast the local construction industry to grow 1.7% this year, while growth is expected to hit 3.7% in 2020, backed by projects outlined in Budget 2020. The MBAM Building and Construction Conference 2019 is organised by MBAM, in collaboration with Cinnotek International Group and supported by the Construction Industry Development Board Malaysia (CIDB). CIDB chairman Tan Sri Ahmad Tajuddin Ali officiated at the launch of the eighth edition of the Malaysia International Construction and Infrastructure Technology Exhibition at the Kuala Lumpur Convention Centre. Citing research conducted by PwC, Ahmad Tajuddin said Industry 4.0 perceives a promising future in the digitalisation of produces, services and means of robotic manufacturing and engineering, thus resulting in a reduction of operational costs by 3.6% per annum. "MBAM should drive their members in the construction industry to uplift modern manufacturing technologies towards industry 4.0. This is important as preparation for implementation of digital technologies that has been gradually entering the construction industry, changing how infrastructure, real estate and other building assets are designed, constructed, operated and maintained," he said in his opening speech at the conference. Ahmad Tajuddin noted that BIM has been widely accepted in the construction industry, adding however that not many firms have taken full advantage of its potential. "This is despite the investment in BIM being proven to be well worth the cost of implementation to organisations. "This calls for industry bodies and professional associations to work more closely to effectively represent the industry to the government and the public and I believe MBAM can continue to move the industry towards this goal," he said. (Source: *The Star*)

Bursa Malaysia Bhd's net profit for its third quarter ended Sept 30, 2019 (3QFY19) fell 6.2% to RM47.1 million from RM50.19 million in the same quarter last year, as revenue declined 5.5% to RM122.67 million from RM129.82 million, largely due to an 8.8% decline in securities market's trading revenue to RM55.8 million. For the nine-month period ended Sept 30, 2019 (9MFY19), Bursa Malaysia's net profit retreated 18.5% to RM140.3 million from RM172.19 million a year ago, as revenue fell 11.4% to RM373.16 million from RM421.09 million. **Malakoff Corp Bhd's unit is planning to sell its entire 50% participating interest in the Macarthur Wind Farm in Australia for A\$356.85 million, cash, which will give the group a disposal gain of approximately RM546 million.** It is disposing off the stake to Megawatt Financing Pty Ltd and AMPCI Macarthur Wind (T) Pty Ltd — the trustee of AMPCI Macarthur Wind Trust. Globetronics Technology Bhd's net

profit fell 19.74% to RM18.94 million in the third quarter ended Sept 30, 2019 (3QFY19), from RM23.6 million in the same period last year, due to "lower volume loadings of products from certain customers in the group". Revenue was down 24.45% at RM66.26 million, versus RM87.7 million. For 9MFY19, Globetronics' net profit slipped 37.3% to RM30.18 million from RM48.13 million last year, while revenue fell 35.96% to RM157.36 million from RM245.72 million. Axis Real Estate Investment Trust (Axis REIT) proposed to place out up to 247.46 million new units in the property trust to third party investors to be identified later, to repay bank loans and reduce Axis REIT's gearing ratio. The placement represents up to 20% of Axis REIT's total issued units of 1.24 billion units as at Sept 30, 2019. However, the exact amount of proceeds to be raised from the proposed placement is dependent upon the issue price and actual number of the placement units. **Malayan Banking Bhd's (Maybank) Indonesian unit PT Bank Maybank Indonesia Tbk saw its net profit fall 26.7% to 1.1 trillion rupiah (RM327.69 million) for the nine months ended Sept 30, 2019 (9MFY19), from 1.5 trillion rupiah (RM446.85 million) in the same period a year ago.** The bank attributed the fall in profit after tax and minority interest (Patami) to an increase in loan loss provision, as it took a conservative stance in setting aside provision for a few accounts in the commercial and corporate segments, which were impacted by weaker financial performance. The bank increased its loan loss provision by 59.4% to 1.6 trillion rupiah as of September 2019, while total loans declined by a marginal 1.1% to 129.8 trillion rupiah as at Sept 30, 2019, from 131.2 trillion rupiah a year ago. IHH Healthcare Bhd's group head of operations and integrations Ashok Bajpai has been appointed by Gleneagles Development Pte Ltd to serve as the new chairman of Continental Hospitals in India, which took effect on Oct 24, 2019. IHH owns 62.23% in the healthcare group. Petrolia Nasional Bhd (Petronas), through its subsidiary Petronas LNG Sdn Bhd, has signed a time charter party (TCP) with MISC Bhd and with UK-based Avenir LNG Ltd. Under the TCP, Petronas will charter a 7,500 cubic meter liquefied natural gas (LNG) bunker vessel from MISC and Avenir. The collaboration positions Petronas among the first LNG bunkering service providers in the South East Asia region, moving Malaysia closer towards becoming a LNG bunkering hub. **Tan Sri Vincent Tan Chee Yioun's private company Singer (M) Sdn Bhd has been identified as the white knight to regularise Practice Note 17 firm Berjaya Media Bhd (BMedia). BMedia, which publishes The Sun newspaper in Malaysia, has proposed that Singer be injected into BMedia, pursuant to the regularisation plan.** Gagasan Nadi Cergas Bhd is planning to acquire polytechnic hostel asset concessionaire Konsortium PAE Sepakat Sdn Bhd (KPS) for RM158 million in cash. The company intends to raise the needed funds for that via the issuance of Islamic medium-term notes and a convertible sukuk. KPS holds concession agreements with the Malaysian government for seven polytechnic hostels in six states nationwide, entailing design, construction and facilities management. (Source: The EdgeMarkets)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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