

Global Markets Research

Fixed Income

UST

Tenure	Closing (%)	Chg (bps)
2-yr UST	1.59	-5
5-yr UST	1.66	-4
10-yr UST	1.88	-2
30-yr UST	2.32	-1

MGS

GII*

Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.98	-3	3.08	0
5-yr	3.19	0	3.25	0
7-yr	3.34	0	3.36	0
10-yr	3.32	-4	3.45	-2
15-yr	3.63	-3	3.77	0
20-yr	3.74	0	3.88	0
30-yr	4.15	0	4.00	0

* Market indicative levels

MYR IRS Levels

IRS	Closing (%)	Chg (bps)
1-yr	3.27	-1
3-yr	3.29	-1
5-yr	3.32	-2
7-yr	3.36	-2
10-yr	3.39	-2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US treasuries advanced led by the front end as trading activities resumed post-holiday closure. The overall yield curve bull steepened with the 2-year note yields falling 5bps to 1.59% while the 10s shed just 2bps to 1.88%. With no major events and only second tier data releases in the pipeline, we expect trading in UST to remain thin and subdued as we head into another holiday-shortened week.

MGS/GIII

- Trading momentum in local govies continued to see softer traction amid year end holidays. Secondary market volume extended its decline to a mere RM248m last Friday, with GII trades continued to lead the pack, accounting for close to 60% of overall trade (prior 57%). In the MGS space, trading was mainly at the front end to the belly up to 15Y with off the run 8Y MGS 6/28 taking center stage with RM30m dealt inner at 3.404%. Meanwhile, benchmark 5Y GII 10/24 took center stage in the GII space with RM60m done flat at 3.245%. Expect trading to remain quiet for the next two days in the absence of fresh market catalysts as investors are away for the year-end holiday.

Corp Bonds/Sukuk

- The corporate bonds/Sukuk space also saw subdued trading with secondary market volume hovering at RM262m last Friday. Investors were seen expanding down to the AA-rated part of the curve from the GG to AAA-rated segments in recent days. In the GG space, DANA '10/36, '4/37, and '5/41 saw a combined trade of RM50m at between 3.942-4.069%. Other GG papers done were KNB '8/23 and LPPSA '9/36 at 3.301% and 3.92% respectively. In the AA-rated space, AA3-rated CIMB Group '4/60 garnered the most interests with RM60m dealt at 3.763%, followed by TBP '8/20 with RM20m changed hands at 3.289%.

Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 03/20	2.787	9	2.688	26/12/19	10
MGS 10/20	2.927	9	2.922	26/12/19	0
MGS 02/21	3.004	0	3.016	23/12/19	-1
MGS 03/22	2.983	3	3.012	24/12/19	-3
MGS 08/22	3.070	6	3.032	20/12/19	4
MGS 09/22	3.086	4	3.087	26/12/19	0
MGS 08/23	3.127	5	3.161	23/12/19	-3
MGS 07/24	3.214	0	3.217	24/12/19	0
MGS 03/25	3.229	7	3.276	23/12/19	-5
MGS 06/28	3.404	30	3.418	20/12/19	-1
MGS 08/29	3.323	18	3.359	24/12/19	-4
MGS 04/33	3.671	0	3.690	24/12/19	-2
MGS 07/34	3.632	10	3.663	20/12/19	-3
GII 07/22	3.141	4	3.123	03/12/19	2
GII 08/24	3.281	5	3.263	18/12/19	2
GII 10/24	3.245	60	3.246	26/12/19	0
GII 10/25	3.341	7	3.358	24/12/19	-2
GII 10/28	3.455	20	3.468	26/12/19	-1
GII 07/29	3.448	10	3.472	26/12/19	-2
GII 10/35	3.835	20	3.851	26/12/19	-2
GII 08/37	3.864	20	3.932	03/12/19	-7
		<u>248</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*	
Khazanah Nasional Berhad	08/23	GG	3.301	10	3.291	20/08/19	1	16
Lembaga Pembiayaan Perumahan Sektor Awam	09/36	GG	3.920	20	3.899	26/09/19	2	25
Danainfra Nasional Berhad	10/36	GG	3.942	10	4.359	05/04/19	-42	27
Danainfra Nasional Berhad	04/37	GG	3.949	30	4.011	06/12/19	-6	28
Danainfra Nasional Berhad	05/41	GG	4.069	10	4.109	04/12/19	-4	30
Puncak Wangi Sdn Berhad	11/20	AAA	4.073	5	4.085	26/12/19	-1	109
Starbright Capital Berhad	12/25	AAA	4.302	0	4.302	24/12/19	0	101
Starbright Capital Berhad	12/26	AAA	4.500	1	4.506	24/12/19	-1	116
Telekom Malaysia Berhad	10/28	AAA	3.760	10	3.777	12/12/19	-2	36
Tanjung Bin Power Sdn Berhad	08/20	AA2	3.289	20	3.342	06/12/19	-5	30
Perbadanan Kemajuan Negeri Selangor	08/21	AA3	3.583	3	3.596	26/12/19	-1	57
Country Garden Real Estate Sdn Berhad	02/23	AA3	6.347	2	6.455	18/12/19	-11	332
BGSM Management Sdn Berhad	09/23	AA3	3.782	10	3.808	09/12/19	-3	64
BGSM Management Sdn Berhad	12/23	AA3	3.797	10	3.808	17/12/19	-1	66
RHB Investment Bank Berhad	04/25	AA3	3.580	10	3.689	18/11/19	-11	39
RHB Bank Berhad	05/25	AA3	3.541	10	4.987	30/10/19	-145	35
CIMB Group Holdings Berhad	04/60	AA3	3.763	60	5.373	20/12/19	-161	0
Segi Astana Sdn Berhad	01/24	AA-	4.901	0	4.951	07/11/19	-5	176
UiTM Solar Power Sdn Berhad	04/31	AA-	5.028	5	5.030	26/12/19	0	165
Jimah East Power Sdn Berhad	06/32	AA-	4.331	1	4.347	04/12/19	-2	95
IJM Land Berhad	03/19	A2	4.678	10	4.679	26/12/19	0	91
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/29	A3	5.045	10	5.047	26/12/19	0	167
Quantum Solar Park (Semenanjung) Sdn Berhad	10/27	A+	5.119	5	5.121	26/12/19	0	174
Quantum Solar Park (Semenanjung) Sdn Berhad	04/28	A+	5.178	10	5.180	26/12/19	0	180
			<u>262</u>					

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

Market/Corporate News: What's Brewing

In a move to kickstart the innovative application of technology in the financial sector, Bank Negara Malaysia has issued the Exposure Draft on Licensing Framework for Digital Banks. The Exposure Draft outlines the proposed framework for the licensing of digital banks, that will offer banking products and services to address market gaps in the underserved and

unserved segments. In a press release yesterday, the central bank said up to five licences may be issued to qualified applicants to establish digital banks in Malaysia, to conduct either conventional or Islamic banking business. These digital banks are expected to provide access to and promote responsible usage of suitable and affordable financial solutions to financial consumers. "Taking into account that such digital banks have not operated in a full financial and economic cycle, the Bank has adopted a balanced approach to enable admission of digital banks with strong value propositions whilst safeguarding the integrity and stability of the financial system as well as depositors' interests. "To achieve these outcomes, an asset threshold of not more than RM2bil in the initial three to five years of operations will be applied. "This functions as a 'foundational phase' for the licensees to demonstrate their viability and sound operations, and for the Bank to observe performance and attendant risks, " said Bank Negara in the statement. Digital banks will be required to maintain minimum capital funds unimpaired by losses of RM100mil during the foundational phase, and RM300mil thereafter. Digital banks will also be required to comply with the requirements under the Financial Services Act 2013 (FSA) or Islamic Financial Services Act 2013 (IFSA). This includes relevant requirements such as standards on prudential, business conduct and consumer protection, as well as anti-money laundering and terrorism financing. During the foundational phase, licensed digital banks will be subjected to a more simplified regulatory requirement relating to capital adequacy, liquidity, stress testing and public disclosure requirements. The Exposure Draft is issued together with the Application Procedures for New Licences under FSA and IFSA, and Application Procedures for Acquisition of Interest in Shares and to be a Financial Holding Company, to provide clarity on procedures and criteria involved in the application process to be licensed under the FSA and IFSA. (Source: The Star Online)

Petroleum Nasional Bhd's (Petronas) subsidiary, Petronas Petr leo Brasil Ltda. (PPBL) today announced the completion of the transaction for the acquisition of 50 per cent equity in the Tartaruga Verde producing field (BM-C-36 Concession) and Module III of the Espadarte field (Espadarte Concession), both located in deep waters of the Campos Basin, offshore Brazil. PPBL signed a sales and purchase agreement with Petr leo Brasileiro S.A. (Petrobras), Brazil's petroleum multinational corporation on April 25, 2019. Petrobras, which is the operator, holds the remaining 50 per cent equity. Petronas said in a statement today the signing of the closing agreement to mark the completion of the acquisition was held in Rio de Janeiro, Brazil, on Dec 27, 2019. Petronas executive vice president and chief executive officer of upstream Adif Zulkifli said the completion of the acquisition of Tartaruga Verde and Module III of Espadarte, as well as the three exploration blocks won in the recent bid rounds in Brazil were a testament to Petronas' steady progress in expanding its oil business in South America. "We also look forward to this new partnership with Petrobras to meet Brazil's energy aspirations," he said. Aside from expanding its portfolio in South America, Petronas also signed six new production sharing contracts (PSC), comprising four in Malaysia and two in Gabon, in addition to the acquisitions of two offshore blocks in Egypt. This was in line with Petronas' three-pronged growth strategy to secure opportunities in prolific basins in expanding its core business for future cash generation, it said.. (Source: Bernama)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM, MARC

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