

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.57	-1
5-yr UST	1.66	-1
10-yr UST	1.88	0
30-yr UST	2.33	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.98	0	3.08	0
5-yr	3.17	-2	3.25	0
7-yr	3.30	-3	3.36	0
10-yr	3.30	-2	3.47	2
15-yr	3.60	-4	3.77	0
20-yr	3.74	0	3.84	-4
30-yr	4.09	-5	4.00	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.27	0
3-yr	3.29	0
5-yr	3.32	0
7-yr	3.36	0
10-yr	3.39	0

Source : Bloomberg

### Upcoming Government Bond Tender

Nil

## Fixed Income Daily Market Snapshot

### US Treasuries

- US treasuries pared early session losses following softer equities to end the day mixed with the yield curve steepening somewhat. The front end 2- and 5-year UST yields fell 1bps whilst the 30-year long bond edged up by 1bp. Meanwhile, the 10s ended little changed at 1.88%. Expect little move in the UST today in a shortened trading day ahead of the New Year holiday.

### MGS/GII

- Trading momentum in local govies bounced back above the RM1.0bn mark for the first time in a week, in what we believed to be due to year end/ quarter end closing. Total transactions in the secondary market surged to RM1.15bn yesterday with the MGS space regaining dominance with a 72% share of total trade as the GII deals retreated to 28%, from the preceding day's 60%. Overall benchmark yields were seen pulling back between 2-5bps with the exception of 10Y GII (+2bps). Trading interest were well spread across the curve right from the front end to the ultra long end for both off the run MGS and GII. Benchies that attracted substantial interests wre 7Y MGS 7/26 (RM132m) that traded 3bps inner at 3.30%, and 10Y GII 7/29 (RM61m) which was last dealt 2bps higher at 3.47%. Expect trading to remain subdued as the year draws to a close.

### Corp Bonds/Sukuk

- The corporate bonds/Sukuk space saw tepid trading with secondary market volume plunged to a mere RM92m yesterday. There were no GG papres dealt and AA-rated financial papers took center stage, led by PBB '7/29 that made a debut at 3.689%. AmBank '3/27 also saw RM20m done 7bps inner at 3.643% whilst First Resources '6/20 saw RM10m changed hands, last dealt at 3.499%. PLUB '1/36 were the only paper traded in the AAA-rated segment, at 4.06% with RM10m done.

## Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 03/20	2.739	1	2.787	27/12/19	-5
MGS 10/20	2.888	86	2.927	27/12/19	-4
MGS 07/21	2.995	150	3.024	26/12/19	-3
MGS 09/21	3.016	250	3.022	26/12/19	-1
MGS 11/21	3.004	16	3.000	26/12/19	0
MGS 08/22	3.045	1	3.070	27/12/19	-2
MGS 09/22	3.070	17	3.086	27/12/19	-2
MGS 03/23	3.105	7	3.103	26/12/19	0
MGS 06/24	3.165	5	3.190	24/12/19	-2
MGS 07/24	3.223	0	3.214	27/12/19	1
MGS 09/24	3.200	10	3.236	24/12/19	-4
MGS 03/25	3.239	20	3.229	27/12/19	1
MGS 09/25	3.241	1	3.267	23/12/19	-3
MGS 04/26	3.291	10	3.309	26/12/19	-2
MGS 07/26	3.301	132	3.336	26/12/19	-3
MGS 11/26	3.392	9	3.385	24/12/19	1
MGS 03/27	3.371	2	3.396	19/12/19	-2
MGS 11/27	3.367	2	3.402	24/12/19	-4
MGS 06/28	3.383	11	3.404	27/12/19	-2
MGS 08/29	3.304	1	3.323	27/12/19	-2
MGS 04/30	3.506	10	3.583	24/12/19	-8
MGS 06/31	3.597	20	3.639	23/12/19	-4
MGS 04/32	3.624	0	3.679	24/12/19	-5
MGS 04/33	3.678	10	3.671	27/12/19	1
MGS 11/33	3.663	0	3.690	24/12/19	-3
MGS 07/34	3.596	55	3.632	27/12/19	-4
MGS 04/37	3.733	1	3.785	23/12/19	-5
MGS 06/38	3.750	0	3.814	23/12/19	-6
MGS 09/43	4.051	0	4.064	23/12/19	-1
MGS 03/46	4.109	0	4.127	20/12/19	-2
MGS 07/48	4.093	4	4.146	24/12/19	-5
GII 05/20	2.903	10	2.972	24/12/19	-7
GII 05/23	3.072	20	3.109	26/12/19	-4
GII 07/23	3.150	67	3.215	23/12/19	-6
GII 11/23	3.176	100	3.193	24/12/19	-2
GII 08/24	3.245	2	3.281	27/12/19	-4
GII 08/25	3.293	10	3.377	13/12/19	-8
GII 07/27	3.445	1	3.465	24/12/19	-2
GII 10/28	3.449	10	3.455	27/12/19	-1
GII 07/29	3.472	61	3.448	27/12/19	2
GII 09/30	3.513	10	3.568	26/12/19	-6
GII 09/39	3.837	32	3.880	26/12/19	-4
		<u>1153</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*	
Projek Lebuhraya Usahasama Berhad	01/36	AAA	4.060	10	4.508	17/06/19	-45	39
Public Bank Berhad	07/29	AA1	3.689	50	-	-	-	31
CIMB Bank Berhad	08/26	AA+	5.153	0	5.149	20/11/19	0	182
First Resources Limited	06/20	AA2	3.499	10	3.486	17/12/19	1	51
CIMB Group Holdings Berhad	09/29	AA	3.841	2	3.959	07/11/19	-12	46
AmBank (M) Berhad	03/27	AA3	3.643	20	3.715	26/11/19	-7	31
			<u>92</u>					

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

### Market/Corporate News: What's Brewing

Tenaga Nasional Bhd subsidiary Jimah East Power Sdn Bhd's (JEP) second of two coal-fired power plants started operations on Dec 27. The power giant said on Monday with the powering up of the 1,000 megawatt (MW) plant, it has raised Peninsular Malaysia's power supply to 25,981 MW. The plants, owned and run by its 70% owned-JEP, utilise ultra-supercritical technology (USC), an efficient coal-burning technology with 40% efficiency as against conventional coal-fired power plant which has a 36% efficiency. TNB said the development of Jimah East Power in Port Dickson, Negeri Sembilan took 49 months since construction started in 2015. The first 1,000 MW power plant achieved its commercial operation date (COD) on Aug 22, 2019. Apart from JEP, TNB's two other coal-fired plants using USC are Manjung 4 and Manjung 5 in its Sultan Azlan Shah Power Station in Lumut, Perak. TNB owns a 70% stake in JEP while Mitsui & Co Ltd and The Chugoku Electric Power Co Ltd hold 15% each. (Source: *The Star Online*)

Oil prices rose on Monday to three-month highs, lifted by optimism over an expected China-U.S. trade deal and upbeat industrial data, while traders kept a close watch on the Middle East following U.S. air strikes in Iraq and Syria. International benchmark Brent reached \$68.99 a barrel, while U.S. crude futures hit \$62.34 a barrel, both the highest since Sept. 17. For the year, Brent has risen around 27% in 2019, and the U.S. benchmark is up about 36%. Brent crude futures rose 28 cents to settle at \$68.44 a barrel. West Texas Intermediate (WTI) crude futures fell 4 cents to settle at \$61.68 a barrel. White House trade adviser Peter Navarro told Fox News in an interview that the U.S.-China Phase 1 trade deal would likely be signed in the next week. He cited but did not confirm a report that Chinese Vice Premier Liu He would visit this week to sign the deal. "Washington has sent an invitation and Beijing has accepted it," the South China Morning Post quoted a source as saying. The trade war between the world's two largest economies has hurt market sentiment around the world. "U.S.-China trade optimism continues to spur demand for risky assets such as oil, other industrial commodities, equities," Jim Ritterbusch, president of trading advisory firm Ritterbusch and Associates, said in a note. In China, factory activity likely expanded again in December, although markets await details on the trade truce, a Reuters poll showed. Elsewhere, investors are closely watching events in the Middle East after the United States carried out air strikes on Sunday against the Kataib Hezbollah militia group, while protesters in Iraq on Saturday briefly forced the closure of its southern Nassiriya oilfield. Operations resumed on Monday. Libyan state oil firm NOC said it was considering closure of its western Zawiya port and evacuating staff from the refinery because of clashes nearby. Looking ahead to 2020, some analysts cited abundant global crude stocks as a major obstacle to efforts to rein in output by the Organization of the Petroleum Exporting Countries and its allies such as Russia. "Even as OPEC and its non-OPEC partners endeavor to make additional supply cuts in Q1 2020, we are not convinced this will be sufficient to avert large global inventory," said Harry Tchilinguirian, global oil strategist at BNP Paribas. "We remain of the opinion that oil fundamentals continue to present downside risk." Money managers raised net long U.S. crude futures and options positions in the week to Dec. 24, the U.S. Commodity Futures Trading Commission (CFTC) said on Monday. The speculator group raised its combined futures and options position in New York and London by 17,051 contracts to 312,375 during the period. (Source: *The Star Online/ Reuters*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
TNB Western Energy Berhad	Sukuk of up to RM4.0 billion	AAA <sub>IS</sub> /Stable	Affirmed

Source: RAM, MARC

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