

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.13	0
5-yr UST	0.28	2
10-yr UST	0.68	3
30-yr UST	1.46	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.99	-4	2.04	0
5-yr	2.25	-15	2.21	-2
7-yr	2.43	-3	2.35	-5
10-yr	2.67	-3	2.63	7
15-yr	3.02	-11	3.15	-12
20-yr	3.33	-8	3.56	-5
30-yr	3.81	3	4.05	-8

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.92	0
3-yr	2.01	0
5-yr	2.21	1
7-yr	2.36	0
10-yr	2.64	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended weaker on Wednesday following the release of upbeat economic data; including private payroll processor ADP's improved numbers for September and also the jump in pending home sales for August. The curve bear-steepened as overall benchmark yields ended between 0-4bps from prior day's close with the longer-ends pressured. The UST 2Y closed almost unchanged at 0.13% whilst the much-watched 10Y rose 3bps at 0.68%. UST weakness were also seen due to Treasury Secretary Mnuchin's optimism of further COVID-19 fiscal stimulus before Election day in November. We note that bond gains have levelled-off of late as the Fed is expected to stay pat on interest rates until 2023. Expect some attention to shift tonight to reports on weekly jobless claims, inflation and manufacturing activity; ahead of tomorrow's all-important jobs data for September.

MGS/GIII

- Local govies rebounded and ended stronger on Wednesday following several sessions of weakness with bargain-hunters actively seeking beaten-down govies across the curve; spurred by the latest solid 5Y MGS auction exercise. Overall benchmark yields ended mostly 0-15bps lower save for the 30Y MGS and 10Y GII. amid a huge rise in secondary market volume at RM7.8b. The benchmark 5Y MGS 9/25 rallied 15bps at 2.25% whilst the 10Y MGS 8/29 yields moved 3bps lower at 2.67%. Interest was mainly seen in the off-the-runs 21's and also benchmark 5Y MGS. GII bond trades rose to form 15% of overall trades. Meanwhile HIS Markit's September manufacturing PMI has contracted for the 2nd consecutive month. There are no further economic data releases for the week.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw solid interest amid a spike in secondary market volume of RM1.04b yesterday in 42 various bonds as overall yields closed mostly mixed again across the GG-AA part of the curve. Both the long-end govt-guaranteed DANA and PRASA 39's rose 5bps compared to previous-done levels between 3.65-66% whilst MRL 7/35 spiked 18bps at 340%. AAA-rated SEB saw RM250m in nominal amounts traded with the 6/21 tranche closing unchanged whilst the 1/22 tranche closed 9bps higher. SEB 8/35 ended 7bps higher as well at 3.49%. the 2032 tranche fell 20bps at 3.28%. AA-rated KLK 9/34 traded again closing unchanged at 3.63% whereas YTL Power 5/27 edged 1bps up at 3.40%. The banking space saw MAYBANK 2117NC26 perps rally 5bps at 3.24%.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	10/20	2.054	52	1.702	29/09/2020	35
MGS	02/21	1.747	11	1.711	29/09/2020	4
MGS	07/21	1.763	1475	1.722	29/09/2020	4
MGS	09/21	1.766	579	1.764	29/09/2020	0
MGS	11/21	1.741	110	1.749	29/09/2020	-1
MGS	03/22	1.809	3	1.798	29/09/2020	1
MGS	08/22	1.875	636	1.869	29/09/2020	1
MGS	09/22	1.861	481	1.868	29/09/2020	-1
MGS	03/23	1.994	239	2.030	29/09/2020	-4
MGS	04/23	2.006	27	2.038	29/09/2020	-3
MGS	08/23	2.011	12	2.073	29/09/2020	-6
MGS	06/24	2.145	92	2.219	29/09/2020	-7
MGS	07/24	2.171	56	2.237	29/09/2020	-7
MGS	09/24	2.175	286	2.219	29/09/2020	-4
MGS	03/25	2.258	1	2.287	29/09/2020	-3
MGS	09/25	2.242	1008	2.395	29/09/2020	-15
MGS	04/26	2.389	13	2.422	29/09/2020	-3
MGS	07/26	2.330	82	2.416	29/09/2020	-9
MGS	11/26	2.392	20	2.424	29/09/2020	-3
MGS	05/27	2.426	228	2.453	29/09/2020	-3
MGS	11/27	2.475	90	2.526	29/09/2020	-5
MGS	06/28	2.579	4	2.597	29/09/2020	-2
MGS	09/28	2.679	114	2.691	29/09/2020	-1
MGS	08/29	2.683	473	2.703	29/09/2020	-2
MGS	04/30	2.786	27	2.814	29/09/2020	-3
MGS	06/31	2.851	27	2.871	29/09/2020	-2
MGS	04/32	3.061	70	3.031	29/09/2020	3
MGS	04/33	3.135	1	3.130	29/09/2020	0
MGS	11/33	3.133	2	3.167	29/09/2020	-3
MGS	07/34	3.024	52	3.130	29/09/2020	-11
MGS	05/35	3.301	16	3.260	29/09/2020	4
MGS	04/37	3.390	26	3.389	29/09/2020	0
MGS	06/38	3.500	33	3.482	29/09/2020	2
MGS	05/40	3.324	163	3.409	29/09/2020	-9
MGS	09/43	3.941	1	3.935	29/09/2020	1
MGS	03/46	3.878	10	3.881	29/09/2020	0
MGS	07/48	3.943	34	3.952	29/09/2020	-1
MGS	06/50	3.810	61	3.783	29/09/2020	3
GII	03/21	1.724	30	1.691	15/09/2020	3
GII	03/22	1.815	1	1.814	25/09/2020	0
GII	04/22	1.810	10	1.842	24/09/2020	-3
GII	07/22	1.886	1	1.884	29/09/2020	0
GII	05/23	2.036	80	2.037	29/09/2020	0
GII	11/23	2.062	17	2.059	29/09/2020	0
GII	10/24	2.210	141	2.226	29/09/2020	-2
GII	08/25	2.296	7	2.298	24/09/2020	0
GII	10/25	2.339	1	2.380	28/09/2020	-4
GII	03/26	2.324	140	2.342	29/09/2020	-2
GII	09/26	2.395	30	2.466	29/09/2020	-7
GII	06/27	2.458	22	2.420	24/09/2020	4
GII	07/27	2.425	10	2.479	25/09/2020	-5
GII	09/27	2.347	60	2.399	29/09/2020	-5
GII	10/28	2.660	80	2.719	29/09/2020	-6
GII	07/29	2.698	154	2.741	24/09/2020	-4
GII	09/30	2.792	10	2.792	28/09/2020	0
GII	10/30	2.631	80	2.564	23/09/2020	7
GII	11/34	3.212	170	3.275	29/09/2020	-6
GII	09/39	3.560	125	3.612	29/09/2020	-5
GII	11/49	4.050	30	4.133	29/09/2020	-8
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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*
Pengurusan Air SPV Berhad	02/21	GG	2.000	10	1.986	18/09/2020	1	25
DanaInfra Nasional Berhad	11/21	GG	2.000	5	4.179	23/05/2018	-218	25
Prasarana Malaysia Berhad	12/21	GG	2.000	10	3.399	04/07/2019	-140	25
DanaInfra Nasional Berhad	05/22	GG	1.960	45	2.015	24/09/2020	-6	11
DanaInfra Nasional Berhad	11/22	GG	2.006	5	1.986	24/09/2020	2	15
DanaInfra Nasional Berhad	10/31	GG	3.010	20	2.930	04/09/2020	8	35
Malaysia Rail Link Sdn Berhad	07/35	GG	3.401	20	3.224	30/07/2020	18	33
DanaInfra Nasional Berhad	07/39	GG	3.653	10	3.600	18/09/2020	5	28
Prasarana Malaysia Berhad	08/39	GG	3.663	10	3.609	21/07/2020	5	29
Cagamas Berhad	03/21	AAA	2.070	195	2.071	28/09/2020	0	32
Sarawak Energy Berhad	06/21	AAA	2.230	90	2.227	29/09/2020	0	48
Sarawak Energy Berhad	01/22	AAA	2.310	130	2.220	29/09/2020	9	56
Bank Pembangunan Malaysia Berhad	03/22	AAA	2.296	10	2.299	29/09/2020	0	54
Cagamas Berhad	03/22	AAA	2.200	35	2.208	22/09/2020	-1	45
Cagamas Berhad	05/22	AAA	2.200	15	2.679	18/06/2020	-48	35
Aman Sukuk Berhad	04/27	AAA	2.880	100	2.881	21/09/2020	0	45
Pengurusan Air SPV Berhad	06/27	AAA	2.798	35	2.719	02/09/2020	8	37
Aman Sukuk Berhad	07/27	AAA	2.900	10	3.259	24/06/2020	-36	47
Projek Lebuhraya Usahasama Berhad	01/31	AAA	3.210	10	3.207	29/09/2020	0	55
Danga Capital Berhad	09/33	AAA	3.350	1	3.174	27/08/2020	18	28
Sarawak Energy Berhad	08/35	AAA	3.492	30	3.424	27/07/2020	7	43
Tenaga Nasional Berhad	08/37	AAA	3.600	20	3.567	22/09/2020	3	53
Tenaga Nasional Berhad	08/40	AAA	3.792	10	3.639	14/09/2020	15	41
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/21	AA1	2.630	10	3.746	30/08/2019	-112	88
GENM Capital Berhad	07/23	AA1	4.880	1	3.000	07/08/2020	188	289
YTL Power International Berhad	05/27	AA1	3.400	20	3.390	21/09/2020	1	97
Kuala Lumpur Kepong Berhad	09/34	AA1	3.628	15	3.624	29/09/2020	0	56
CIMB Bank Berhad	12/25	AA+	2.180	20	2.319	21/08/2020	-14	-7
Penang Port Sdn Berhad	12/29	AA	3.290	10	3.689	16/06/2020	-40	67
Sinar Kamiri Sdn Berhad	01/24	AA-	3.793	20	4.283	18/02/2020	-49	180
Gamuda Land (T12) Sdn Berhad	08/27	AA3	3.645	10	3.745	12/08/2020	-10	121
Gamuda Berhad	06/30	AA3	3.660	20	3.649	02/09/2020	1	100
Malayan Banking Berhad	02/17	AA3	3.240	20	3.286	14/09/2020	-5	-14
Projek Lebuhraya Usahasama Berhad	01/27	AA-	2.870	10	2.869	29/09/2020	0	50
Southern Power Generation Sdn Berhad	04/33	AA-	3.550	10	3.449	12/08/2020	10	48
Southern Power Generation Sdn Berhad	10/33	AA-	3.599	10	3.459	05/08/2020	14	53
Southern Power Generation Sdn Berhad	10/35	AA-	3.859	10	4.039	20/07/2020	-18	79
CIMB Group Holdings Berhad	05/16	A1	3.440	10	3.825	29/09/2020	-39	6
CIMB Group Holdings Berhad	05/16	A1	3.300	7	3.249	28/09/2020	5	-8
CIMB Group Holdings Berhad	05/16	A1	3.440	3	3.396	28/09/2020	4	6
CIMB Group Holdings Berhad	05/16	A1	3.010	2	2.854	29/09/2020	16	-37
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	3.700	10	3.600	23/09/2020	10	104
				<u>1044</u>				

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

Market/Corporate News: What's Brewing

Sunway Construction Group Bhd's (SunCon) unit Sunway Construction Sdn Bhd (SCSB) has been awarded two projects from indirect subsidiaries of its major shareholder Sunway Bhd, it announced in a bourse filing today. The two projects are in relation to its Sunway Velocity Two integrated development in Cheras here and the expansion of Sunway Medical Centre at its flagship Bandar Sunway township in Selangor. "The total new projects secured by SunCon Group this year including the abovementioned projects amounted to RM1.983 billion," it said. The first project was awarded by Sunway's indirect subsidiary Sunway Velocity Two Sdn Bhd and involves the construction of two 39-storey blocks of serviced apartments, two storeys of business premises, eight floors of podium carpark and one level of basement carpark. The contract is worth RM253.56 million and is expected to start this November, with completion scheduled in September 2023. Meanwhile, the second project was awarded by Sunway Medical Centre Sdn Bhd (SMCSB), and entails the construction of the medical centre's fourth phase, which comprises two medical centres of 15 storeys and 10 storeys each, a nine-storey private medical centre, a 16-storey hotel suite, and nine floors of elevated parking. SunCon noted that out of the total contract sum of RM612.31 million, RM450 million has been accounted for in the existing order book of SunCon as SCSB had started work upon receipt of the letter of intent from SMCSB dated July 1, 2018. The group expects to conclude the project in August 2022. According to SunCon, the new projects are expected to contribute positively to its earnings for the financial year ending Dec 31, 2020 onwards.. (Source: *The EdgeMarkets*)

FGV Holdings Bhd (FGV) said that all issues raised (in an investigation into allegations it uses forced labour, the US Customs and Border Protection (CBP)) have been the subject of public discourse since 2015 and it has taken several steps to correct the situation. Yesterday, the United States banned imports of palm oil from FGV following an investigation into allegations it uses forced labour. In a statement today, FGV said its efforts are well documented and available in the public domain. “FGV is disappointed that such decision has been made when FGV has been taking concrete steps over the past several years in demonstrating its commitment to respect human rights and to uphold labour standards,” it said. FGV said various efforts have been carried out in honouring such commitment, including strengthening its procedures and processes in the recruitment of migrant workers. FGV said it has also adopted its Guidelines and Procedures for the Responsible Recruitment of Migrant Workers in 2019 in accordance with international standards. The company said it is committed to paying official costs associated with the recruitment of migrant workers, which include airfare and costs for work permit, visa, medical check-up and insurance, adding that it has also revised its contract with recruitment agencies to require them to ensure that no fees are charged on the workers. FGV stressed it is not involved in any recruitment or employment of refugees. “Effective 2020, FGV recruits its migrant workers mainly from India and Indonesia through legal channels and processes recognised and approved by the authorities of Malaysia and the source countries,” it said. FGV said it does not practice the retention of its workers’ passports and has installed a total of 32,250 safety boxes throughout all its 68 complexes, as an option for migrant workers to keep their passports safely. Meanwhile, in fulfilling the rights of workers to adequate housing, FGV said that over the past three years, it has invested approximately RM350 million to upgrade housing facilities for its workers by constructing new residences in our plantations all over the country. “Since August 2019, FGV been communicating with CBP through our legal counsel and have submitted evidence of compliance of labour standards as committed by FGV. “It will continue to engage with CBP to clear FGV’s name, and is determined to see through commitment to respect human rights and uphold labour standards,” it said.. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Konsortium KAJV Sdn Bhd's (KAJV)	RM1.0 billion Sukuk Wakalah Programme	AA-IS/Stable	Affirmed
SEP Resources (M) Sdn Bhd	RM150 mil Islamic MTN (2019/2030)	AA1/Stable	Reaffirmed

Source: RAM, MARC

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