

## Global Markets Research

### Fixed Income

#### UST

| Tenure    | Closing (%) | Chg (bps) |
|-----------|-------------|-----------|
| 2-yr UST  | 0.15        | 0         |
| 5-yr UST  | 0.36        | 0         |
| 10-yr UST | 0.84        | 0         |
| 30-yr UST | 1.57        | 0         |

#### MGS

| Tenure | Closing (%) | Chg (bps) | GII* | Closing (%) | Chg (bps) |
|--------|-------------|-----------|------|-------------|-----------|
| 3-yr   | 1.91        | 2         | 1.98 | 1.98        | 0         |
| 5-yr   | 2.20        | 3         | 2.38 | 2.38        | 7         |
| 7-yr   | 2.57        | 0         | 2.70 | 2.70        | 3         |
| 10-yr  | 2.75        | 4         | 2.79 | 2.79        | 9         |
| 15-yr  | 3.49        | 11        | 3.45 | 3.45        | 14        |
| 20-yr  | 3.74        | 4         | 3.83 | 3.83        | 28        |
| 30-yr  | 4.05        | -9        | 4.08 | 4.08        | 0         |

\* Market indicative levels

#### MYR IRS Levels

| IRS   | Closing (%) | Chg (bps) |
|-------|-------------|-----------|
| 1-yr  | 1.94        | 0         |
| 3-yr  | 2.08        | 2         |
| 5-yr  | 2.26        | 0         |
| 7-yr  | 2.42        | -2        |
| 10-yr | 2.65        | 0         |

Source : Bloomberg

### Upcoming Government Bond Tender

Nil

## Fixed Income Daily Market Snapshot

### US Treasuries

- US Treasuries ended little-changed on Monday; lacking price action into the month-end with warnings over renewed lock-downs due to the heightened COVID-19 cases supporting bids for bonds. The curve remained slightly steeper with the 2s10s spread at ~70bps as overall benchmark yields closed within 1bps from prior day's close across the curve. Both the UST 2Y and 10Y yields ended within 1bps of prior day's close at 0.15% and 0.84% respectively. Meanwhile, some investors are beginning to mull the possibility of bearish UST's for 2021 based on potential in a global upswing in economies and rising inflation expectations. Separately, overnight repos hit the highest in 2 weeks as funding markets dealt with month-end and digested the settlement of ~\$280b in treasury coupons. Expect some attention to shift to the upcoming release of ISM manufacturing data today.

### MGS/GII

- Local govies saw continued weakness on Monday in the absence of catalysts following earlier lukewarm sentiment arising from the tepid 15Y MGS auction exercise. Nevertheless, there was some relief over the cabinet's approval of the National Budget 2021 in Parliament. There is currently a 2<sup>nd</sup> round of debates with specific budget provisions up for approval for the various ministries concerned. The curve steepened and shifted higher again amid an increase in secondary market volume of RM2.46b. Overall benchmark yields ended between 0-28bps higher across the curve save for the long bond. The 5Y MGS 9/25 yields rose 3bps at 2.20% whilst the 10Y MGS 4/31 yields spiked 4bps at 2.75%. Interest was mainly seen in off-the-run 21's and also benchmark 7Y MGS and 15Y GII. GII bond trades fell further to form 13% of overall trades. Expect slight weakness to prevail with intermittent bargain-hunting activities going forward.

### Corp Bonds/Sukuk

- The Corporate Bond/Sukuk saw tepid investor interest amid secondary market volume of a mere RM205m with some interest seen along the AAA-AA part of the curve. Overall yields closed mostly higher overall in most of the 12 bond transactions. There were no govt-guaranteed bond trades on Monday. AAA-rated TELEKOM saw a slew of tranches exchange hands totaling RM100m; with the 24's rising 3-5bps compared to previous-done levels at 2.45% levels whilst the 10/28 tranche declined 9bps at 2.96%. The AA-space saw MMC Corp 27's edge 1bps higher between 3.81-86% area. Single A-rated SUNSURI 23 and 25 made their debut trades at 5.40% and 5.50%. Meanwhile, the banking space was relatively quiet.

## Daily Trades : Government Bond

| Securities |  | Closing | Vol         | Previous | Previous                   | Chg  |
|------------|--|---------|-------------|----------|----------------------------|------|
|            |  | YTM     | (RM mil)    | YTM      | Trade Date<br>(dd/mm/yyyy) | (bp) |
| MGS 07/21  |  | 1.630   | 358         | 1.601    | 27/11/2020                 | 3    |
| MGS 09/21  |  | 1.602   | 116         | 1.551    | 27/11/2020                 | 5    |
| MGS 11/21  |  | 1.654   | 191         | 1.605    | 27/11/2020                 | 5    |
| MGS 03/22  |  | 1.797   | 62          | 1.696    | 27/11/2020                 | 10   |
| MGS 08/22  |  | 1.805   | 22          | 1.674    | 26/11/2020                 | 13   |
| MGS 09/22  |  | 1.828   | 26          | 1.742    | 27/11/2020                 | 9    |
| MGS 03/23  |  | 1.906   | 114         | 1.884    | 27/11/2020                 | 2    |
| MGS 04/23  |  | 1.976   | 122         | 1.905    | 26/11/2020                 | 7    |
| MGS 08/23  |  | 1.960   | 35          | 1.917    | 26/11/2020                 | 4    |
| MGS 06/24  |  | 2.068   | 2           | 2.034    | 27/11/2020                 | 3    |
| MGS 07/24  |  | 2.104   | 11          | 2.118    | 27/11/2020                 | -1   |
| MGS 03/25  |  | 2.409   | 7           | 2.115    | 27/11/2020                 | 29   |
| MGS 09/25  |  | 2.195   | 65          | 2.163    | 27/11/2020                 | 3    |
| MGS 04/26  |  | 2.367   | 3           | 2.225    | 25/11/2020                 | 14   |
| MGS 07/26  |  | 2.505   | 99          | 2.434    | 27/11/2020                 | 7    |
| MGS 11/26  |  | 2.499   | 9           | 2.418    | 27/11/2020                 | 8    |
| MGS 03/27  |  | 2.517   | 3           | 2.420    | 25/11/2020                 | 10   |
| MGS 05/27  |  | 2.568   | 100         | 2.571    | 27/11/2020                 | 0    |
| MGS 11/27  |  | 2.602   | 79          | 2.610    | 27/11/2020                 | -1   |
| MGS 06/28  |  | 2.731   | 13          | 2.672    | 26/11/2020                 | 6    |
| MGS 08/29  |  | 2.879   | 80          | 2.866    | 27/11/2020                 | 1    |
| MGS 04/30  |  | 2.878   | 13          | 2.847    | 27/11/2020                 | 3    |
| MGS 04/31  |  | 2.755   | 53          | 2.710    | 27/11/2020                 | 4    |
| MGS 06/31  |  | 3.011   | 1           | 2.917    | 27/11/2020                 | 9    |
| MGS 04/33  |  | 3.348   | 4           | 3.270    | 27/11/2020                 | 8    |
| MGS 11/33  |  | 3.392   | 9           | 3.279    | 27/11/2020                 | 11   |
| MGS 07/34  |  | 3.493   | 237         | 3.380    | 27/11/2020                 | 11   |
| MGS 04/37  |  | 3.600   | 57          | 3.471    | 27/11/2020                 | 13   |
| MGS 06/38  |  | 3.684   | 8           | 3.587    | 26/11/2020                 | 10   |
| MGS 05/40  |  | 3.742   | 136         | 3.706    | 27/11/2020                 | 4    |
| MGS 07/48  |  | 4.144   | 9           | 4.072    | 25/11/2020                 | 7    |
| MGS 06/50  |  | 4.045   | 92          | 4.136    | 27/11/2020                 | -9   |
| GII 03/21  |  | 1.542   | 6           | 1.381    | 27/11/2020                 | 16   |
| GII 03/22  |  | 1.812   | 4           | 1.750    | 26/11/2020                 | 6    |
| GII 04/22  |  | 1.744   | 11          | 1.736    | 25/11/2020                 | 1    |
| GII 07/23  |  | 1.989   | 9           | 1.917    | 25/11/2020                 | 7    |
| GII 10/24  |  | 2.111   | 2           | 2.088    | 26/11/2020                 | 2    |
| GII 10/25  |  | 2.348   | 65          | 2.173    | 05/11/2020                 | 18   |
| GII 03/26  |  | 2.381   | 69          | 2.316    | 27/11/2020                 | 6    |
| GII 07/27  |  | 2.719   | 17          | 2.536    | 23/11/2020                 | 18   |
| GII 09/27  |  | 2.701   | 45          | 2.666    | 27/11/2020                 | 4    |
| GII 08/28  |  | 2.850   | 10          | 2.727    | 20/11/2020                 | 12   |
| GII 10/28  |  | 2.847   | 11          | 2.809    | 27/11/2020                 | 4    |
| GII 07/29  |  | 2.875   | 9           | 2.863    | 27/11/2020                 | 1    |
| GII 10/30  |  | 2.788   | 24          | 2.698    | 27/11/2020                 | 9    |
| GII 06/33  |  | 3.402   | 10          | 3.196    | 20/11/2020                 | 21   |
| GII 11/34  |  | 3.452   | 16          | 3.310    | 27/11/2020                 | 14   |
| GII 09/39  |  | 3.828   | 21          | 3.553    | 26/11/2020                 | 28   |
|            |  |         | <u>2462</u> |          |                            |      |

## Daily Trades : Corp Bonds/ Sukuk

| Securities                  |       | Rating | Closing | Vol        | Previous | Previous                   | Chg  | Spread          |
|-----------------------------|-------|--------|---------|------------|----------|----------------------------|------|-----------------|
|                             |       |        | YTM     | (RM mil)   | YTM      | Trade Date<br>(dd/mm/yyyy) | (bp) | Against<br>MGS* |
| Telekom Malaysia Berhad     | 06/22 | AAA    | 2.213   | 10         | 2.786    | 24/06/2020                 | -57  | 45              |
| Cagamas Berhad              | 10/23 | AAA    | 2.097   | 10         | -        | -                          | -    | 19              |
| Telekom Malaysia Berhad     | 10/24 | AAA    | 2.448   | 40         | 2.397    | 03/09/2020                 | 5    | 35              |
| Telekom Malaysia Berhad     | 12/24 | AAA    | 2.449   | 10         | 2.416    | 03/09/2020                 | 3    | 35              |
| Telekom Malaysia Berhad     | 10/28 | AAA    | 2.960   | 50         | 3.050    | 11/11/2020                 | -9   | 30              |
| Fortune Premiere Sdn Berhad | 03/23 | AA     | 2.847   | 1          | 2.840    | 30/10/2020                 | 1    | 109             |
| Kimanis Power Sdn Berhad    | 08/26 | AA-    | 3.237   | 20         | 3.442    | 14/07/2020                 | -21  | 81              |
| MMC Corporation Berhad      | 04/27 | AA-    | 3.808   | 20         | 3.799    | 27/11/2020                 | 1    | 138             |
| MMC Corporation Berhad      | 11/27 | AA-    | 3.859   | 20         | 3.852    | 25/11/2020                 | 1    | 128             |
| Bank Islam Malaysia Berhad  | 12/25 | A1     | 2.513   | 8          | 2.514    | 15/10/2020                 | 0    | 32              |
| Sunsuria Berhad             | 12/23 | A+     | 5.400   | 1          | -        | -                          | -    | 349             |
| Sunsuria Berhad             | 12/25 | A+     | 5.500   | 15         | -        | -                          | -    | 330             |
|                             |       |        |         | <u>205</u> |          |                            |      |                 |

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

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

**Malaysia Building Society Bhd (MBSB) has returned to the black in the third quarter ended Sept 30, 2020 (3QFY20), with a net profit of RM258.4 million, compared with a net loss of RM12.51 million in the preceding quarter, due to a reduction in funding cost.** Revenue, however, fell 13.63% to RM765.57 million from RM886.35 million in 2QFY19, the group's filing with Bursa Malaysia showed. On a year-on-year basis, the group's net profit was up 51.76% over the RM170.16 million reported for 3QFY19, while revenue rose 1.86% from RM751.63 million. MBSB did not declare any dividend in the quarter. The group said the better net profit margin can be attributed to a drop in funding cost by RM61.35 million (2QFY20) and by RM106.78 million (3QFY19), which was partially due to the withdrawal of higher term deposit costs, as well as the impact from the Overnight Policy Rate reduction. For the nine months ended Sept 30, the group's net profit fell 52.12% to RM172.48 million, from RM360.21 million a year earlier. Revenue for the period was up 7.43% to RM2.39 billion, from RM2.23 billion previously. MBSB said its performance for FY20 is affected by the Covid-19 outbreak in the country and the impact of the moratorium granted to eligible customers. "The group acknowledges the cautious sentiment by both retail and corporate segments, due to some economic uncertainties still looming. "Nevertheless, these sentiments may improve as we are encouraged by the expectations of progress on the economic recovery, coupled with the implementation of Budget 2021 that shall provide a major relief to B40 and M40 segments," said MBSB president and CEO Datuk Seri Ahmad Zaini Othman. "With the availability of vaccines next year, this is also a huge positive to market sentiment. In the meantime, we continue to support our customers who are experiencing financial setbacks due to the pandemic and as at 30 Sept 2020, we have assisted over seven thousand applicants with various assistance programs," he added. (Source: *The EdgeMarkets*)

**Property developer Mah Sing Group Bhd's net profit rose 77.8% to RM27 million in its third quarter from RM15.19 million in the immediate preceding quarter, following the resumption of operations on the easing of movement restrictions to curb the spread of Covid-19.** Revenue for its latest reporting quarter ended Sept 30, 2020 (3QFY20) rose 30% to RM388.22 million from RM298.62 million in 2QFY20, its stock exchange filing today showed. Compared with a year ago, the group's net profit is down 46% from RM50.02 million in 3QFY19, while revenue has fallen 6.5% from RM415.47 million, as both its property and plastics businesses saw earnings decline, while its hotel segment sustained losses following the pandemic outbreak. On the year-on-year decline, Mah Sing said its property segment was impacted by the lingering effects of the Movement Control Order (MCO) that caused a temporary pause in economic activities, while its plastic manufacturing segment saw lower orders due to a partial lockdown in Indonesia that suspended automotive production in the republic. For the nine months ended Sept 30 (9MFY20), Mah Sing's net profit more than halved to RM72.26 million from RM155.35 million in 9MFY19, as revenue declined 21% to RM1.06 billion from RM1.35 billion. The group did not announce any dividends with its latest set of results. In a statement, Mah Sing said it has achieved property sales of about RM847.1 million for 9MFY20, or 70% of its 2020 sales target of RM1.1 billion, notwithstanding the challenging business and operating conditions following the pandemic outbreak this year. For the remainder of 2020, the group is planning to launch more projects in the affordable segment such as Carya in M Aruna, Rawang and Acacia link homes in Meridin East, Johor. The group remains focused and positive that its affordable range of property projects will continue to gain traction from buyers. As such, the group is confident of achieving its RM1.1 billion sales target by the end of this year, said Mah Sing's founder and group managing director Tan Sri Leong Hoy Kum. "The reintroduction of the Home Ownership Campaign and other property-friendly measures under the PENJANA stimulus package as well as the low interest rate environment are positive for the property market. The group should also benefit from the five-year stamp duty waiver for properties priced below RM500,000 for first homebuyers as introduced

in the Budget 2021," Leong said. Meanwhile, the group noted that its balance sheet remains healthy with cash and bank balances and investment in short-term funds of about RM1.13 billion, while its landbank stands at 1,996 acres, with remaining gross development value and unbilled sales totalling RM24.34 billion as at end-September. The group also updated that Mah Sing's entry into proposed glove manufacturing via Mah Sing Healthcare is "making strides to meet the targeted production date of April 2021, and to cater for the pent-up demand for gloves". "The first six production lines are expected to be ready for operation as early as 2Q2021, followed by another six production lines expected to be ready by 3Q2021. These 12 production lines are Phase 1 of Mah Sing's proposed diversification into gloves and has a maximum production capacity of up to 3.68 billion pieces of gloves per annum. "As the factory is expected to start its operation with six production lines as early as 2Q2021, the group is in a good position to take advantage of the high spot price of gloves. Thus, Mah Sing expects the glove manufacturing business to be able to generate sales for the group relatively quickly with the projected contribution estimated to come in as early as 2Q2021," it added.. (Source: *The EdgeMarkets*)

| Rating Action |                 |                |        |
|---------------|-----------------|----------------|--------|
| Isuser        | PDS Description | Rating/Outlook | Action |
| Nil           | Nil             | Nil            | Nil    |

Source: RAM, MARC

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