

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

US Treasuries ended stronger especially on the longer-end in light post-holiday trading. Overall benchmark yields closed within 0-6bps lower from the eve of New Year closing levels with the UST 2Y within 1bps higher at 1.58% whilst the much-watched 10Y declined 4bps at 1.88% levels; having earlier hit a 1-month high of 1.95% some two weeks back. The Fed's three (3) rate cuts and trade tensions between the US and China benefitted UST's generally for 2019 which saw benchmark 10Y and 30Y bonds post ~9.0% and 16% returns for 2019. The US and China are expected to sign their phase 1 trade agreement later this month with details still sketchy for now. Meanwhile the Treasury Department is set to announce January's auctions of 3Y, 10Y and 30Y bonds soon. Trading on Friday may react to reports on manufacturing, construction spending and also the latest Fed minutes.

MGS/GII

- Local govies continued to be well-bid on the first trading day of 2020 on solid secondary market volume of RM4.15b. Investor interest was predominantly seen in the short off-the-run 20's, benchmark 5Y MGS and also the 10Y GII bonds with overall benchmark MGS/GII yields closing mostly mixed between -3 to +2bps across the curve. Both the benchmark 5Y MGS 6/24 and 10Y MGS 8/29 edged within 1bps higher from prior day's close at 3.17% and 3.30% respectively. GII trades maintained at ~53% of overall trades. The deluge of negative-yielding global debt has seen foreign/offshore parties snap up EM sovereign debt as trade-sensitive nations such as Malaysia may benefit from easing global growth concerns next year on a steady MYR outlook. Likewise manufacturing data may also be on the mend.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk space started of the new year with a bang amid solid secondary market volume of RM716m. Overall investor interest was seen across the GG-AA part of the curve on 38 various bonds as overall yields closed mostly lower. The Govt-guaranteed bond space was active with DANA 5/23 and JKSB 5/25 closing 2bps lower compared to previous-done levels at 3.23% and 3.40% respectively whilst the longer end DANA 32-35's saw massive movements of between 11-37bps lower between 3.73-85%. The shorter-end AAA-rated PUTRAJAYA and TNB Northern 20's also saw strong demand with yields sharply lower at ~3.20% area. AA-rated IJM and BESRAYA 20's saw yields richer between 14-26bps; closing at 3.37% and 3.46% each. The banking space however was relatively quiet.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.58	0
5-yr UST	1.66	-2
10-yr UST	1.88	-4
30-yr UST	2.33	-6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.01	2	3.06	1
5-yr	3.17	1	3.20	1
7-yr	3.27	-3	3.31	2
10-yr	3.30	0	3.40	-2
15-yr	3.59	0	3.72	0
20-yr	3.76	1	3.82	-2
30-yr	4.07	-2	4.00	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.28	1
3-yr	3.31	3
5-yr	3.36	2
7-yr	3.38	2
10-yr	3.43	2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.601	645	2.755	31/12/2019	-15
MGS 10/20	2.793	325	2.839	31/12/2019	-5
MGS 02/21	2.977	82	3.004	27/12/2019	-3
MGS 07/21	2.990	22	3.011	31/12/2019	-2
MGS 09/21	3.023	33	3.004	31/12/2019	2
MGS 11/21	3.029	11	3.008	31/12/2019	2
MGS 03/22	3.005	13	2.983	27/12/2019	2
MGS 08/22	3.064	8	3.045	30/12/2019	2
MGS 09/22	3.060	142	3.070	30/12/2019	-1
MGS 03/23	3.081	101	3.131	31/12/2019	-5
MGS 04/23	3.111	8	3.114	31/12/2019	0
MGS 08/23	3.123	4	3.143	31/12/2019	-2
MGS 06/24	3.167	257	3.152	31/12/2019	1
MGS 07/24	3.190	9	3.162	31/12/2019	3
MGS 09/24	3.211	10	3.198	31/12/2019	1
MGS 03/25	3.229	2	3.239	30/12/2019	-1
MGS 09/25	3.181	43	3.219	31/12/2019	-4
MGS 04/26	3.263	1	3.291	30/12/2019	-3
MGS 07/26	3.267	1	3.301	30/12/2019	-3
MGS 11/26	3.307	3	3.329	31/12/2019	-2
MGS 05/27	3.307	1	3.395	12/12/2019	-9
MGS 06/28	3.360	1	3.356	31/12/2019	0
MGS 08/29	3.298	153	3.296	31/12/2019	0
MGS 06/31	3.548	31	3.559	31/12/2019	-1
MGS 04/32	3.587	2	3.624	30/12/2019	-4
MGS 04/33	3.632	3	3.678	30/12/2019	-5
MGS 11/33	3.658	2	3.663	30/12/2019	0
MGS 07/34	3.592	23	3.596	30/12/2019	0
MGS 05/35	3.713	20	3.729	31/12/2019	-2
MGS 04/37	3.715	3	3.733	31/12/2019	-2
MGS 06/38	3.738	2	3.758	31/12/2019	-2
MGS 05/40	3.755	1	3.743	16/12/2019	1
MGS 07/48	4.069	1	4.085	31/12/2019	-2
GII 04/20	2.846	60	2.978	24/12/2019	-13
GII 05/20	2.910	340	2.903	30/12/2019	1
GII 03/21	3.010	120	3.013	31/12/2019	0
GII 04/21	3.018	130	3.133	31/12/2019	-12
GII 05/23	3.040	22	3.056	31/12/2019	-2
GII 10/23	3.146	120	3.202	13/12/2019	-6
GII 10/24	3.199	60	3.193	31/12/2019	1
GII 08/25	3.292	10	3.321	31/12/2019	-3
GII 10/25	3.309	30	3.341	27/12/2019	-3
GII 03/26	3.314	10	3.297	31/12/2019	2
GII 09/26	3.342	110	3.410	23/12/2019	-7
GII 07/27	3.381	10	3.397	31/12/2019	-2
GII 08/28	3.415	70	3.494	04/12/2019	-8
GII 10/28	3.413	166	3.442	31/12/2019	-3
GII 07/29	3.401	560	3.417	31/12/2019	-2
GII 09/30	3.534	30	3.513	30/12/2019	2
GII 06/33	3.679	30	3.679	31/12/2019	0
GII 08/33	3.689	70	3.771	24/12/2019	-8
GII 11/34	3.718	80	3.723	31/12/2019	0
GII 08/37	3.842	130	3.864	27/12/2019	-2
GII 09/39	3.816	30	3.833	31/12/2019	-2
		<u>4148</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*
Danainfra Nasional Berhad	05/23	GG	3.229	120	3.253	31/12/2019	-2	22
Jambatan Kedua Sdn Berhad	05/25	GG	3.400	10	3.422	21/08/2019	-2	22
Jambatan Kedua Sdn Berhad	07/26	GG	3.469	5	3.432	19/08/2019	4	17
Bakun Hydro Power Generation Sdn Berhad (fk)	08/28	GG	3.571	10	3.638	20/11/2019	-7	23
Bakun Hydro Power Generation Sdn Berhad (fk)	10/28	GG	3.570	40	3.628	17/10/2019	-6	23
Danainfra Nasional Berhad	10/28	GG	3.589	25	3.663	12/12/2019	-7	25
Prasarana Malaysia Berhad	02/31	GG	3.708	30	3.808	08/11/2019	-10	40
Danainfra Nasional Berhad	05/32	GG	3.729	45	3.859	13/12/2019	-13	42
MKD Kencana Sdn Berhad	10/32	GG	3.751	50	3.830	20/12/2019	-8	15
Danainfra Nasional Berhad	02/33	GG	3.759	20	3.901	08/11/2019	-14	16
Danainfra Nasional Berhad	10/33	GG	3.802	50	3.885	12/12/2019	-8	20
Danainfra Nasional Berhad	02/34	GG	3.799	40	4.170	04/06/2019	-37	20
Perbadanan Tabung Pendidikan Tinggi Nasiona	02/34	GG	3.841	20	3.919	05/12/2019	-8	24
Prasarana Malaysia Berhad	03/34	GG	3.840	10	3.849	29/10/2019	-1	24
Danainfra Nasional Berhad	04/35	GG	3.851	5	3.959	15/11/2019	-11	25
Danainfra Nasional Berhad	04/48	GG	4.258	4	4.269	10/12/2019	-1	50
Putrajaya Holdings Sdn Berhad	05/20	AAA	3.198	5	4.124	20/03/2018	-93	25
TNB Northern Energy Berhad	05/20	AAA	3.197	5	3.815	12/04/2019	-62	24
GENM Capital Berhad	03/22	AAA	3.634	20	4.001	05/11/2019	-37	63
Gulf Investment Corporation G.S.C	06/22	AAA	3.951	5	4.175	12/11/2019	-22	94
Manjung Island Energy Berhad	11/22	AAA	3.455	5	3.559	15/07/2019	-10	44
Rantau Abang Capital Berhad	05/31	AAA	3.829	5	3.859	10/12/2019	-3	52
Sarawak Energy Berhad	04/36	AAA	4.071	10	4.067	27/11/2019	0	47
Tenaga Nasional Berhad	08/38	AAA	4.130	17	4.139	17/12/2019	-1	38
Encorp Systembilt Sdn Berhad	11/21	AA1	3.415	20	3.440	26/12/2019	-2	41
YTL Power International Berhad	05/27	AA1	4.096	4	4.098	23/12/2019	0	80
Celcom Networks Sdn Berhad	10/21	AA+	3.472	10	3.863	23/07/2019	-39	47
Gamuda Berhad	03/20	AA3	3.391	5	3.532	11/09/2019	-14	44
IJM Corporation Berhad	04/20	AA3	3.371	55	3.509	12/11/2019	-14	42
Besraya (M) Sdn Berhad	07/20	AA3	3.461	20	3.719	26/09/2019	-26	51
Bumitama Agri Ltd	07/24	AA3	3.788	10	3.828	23/12/2019	-4	61
Bumitama Agri Ltd	07/26	AA3	3.898	10	3.938	23/12/2019	-4	60
UEM Sunrise Berhad	04/20	AA-	3.336	5	3.371	30/09/2019	-4	38
Northport (Malaysia) Berhad	12/24	AA-	4.268	5	4.838	15/02/2019	-57	109
MMC Corporation Berhad	03/28	AA-	4.914	4	5.243	20/12/2019	-33	158
Jimah East Power Sdn Berhad	06/32	AA-	4.331	2	4.331	27/12/2019	0	102
UMW Holdings Berhad	04/18	A1	4.836	1	5.151	23/12/2019	-32	108
Northport (Malaysia) Berhad	12/22	AA-	4.088	10	4.206	30/10/2019	-12	107
				<u>716</u>				

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

Market/Corporate News: What's Brewing

A Malaysian-Taiwanese joint-venture firm, owned 70% by Gamuda Bhd, has bagged a RM932.5 million contract to construct a seawall and a dike project. In a bourse filing, Gamuda said the five-year contract was awarded by Port of Keelung, Taiwan International Ports Corp Ltd, a Taiwan state-owned ports operation company. The remaining 30% stake in the JV firm is held by Taiwanese civil construction company Dong-Pi Construction Co Ltd. The firm is to construct a 4,014-metre long seawall for a reclamation project in the logistics storage area of Taipei port, and dismantle 945 metres of existing seawall structures. In addition, the firm will conduct Southport shore protection works. The contract, which starts this month, is expected to be completed by January 2025. "The works is expected to contribute positively to the revenue and earnings of the group for the financial year ending 31 July 2020," Gamuda said. This is not the first time Gamuda and Dong-Pi have worked together. Their joint-venture company was also deployed for the construction of a marine bridge for the third liquefied natural gas-receiving terminal in Guan Tang, Taoyuan in Taiwan. (Source: *The Edgemarkets*)

The ringgit, one of 2019's Asian forex laggards, surprised many traders near the finish line with strong gains in the past week. The currency can continue to do well in 2020. Palm oil trades near 35-month highs, while crude oil prices are above US\$60 a barrel, helping

improve the terms of trade for the rare energy-exporting nation in Asia. The government has proposed to resume infrastructure projects and implement a bigger budget deficit target for 2020. The better outlook for this year was also supported by yesterday's release of Malaysia's manufacturing PMI print that climbed to 50 for December. On the technical front, last week's collapse in US dollar/ringgit put the pair on the brink of a death cross for the first time since March 2019. That indicates the potential for a further breakout rally for the ringgit. (Source: *The Star/Bloomberg*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Citibank Berhad	Financial Institution rating.	AAA/Stable/P1	Reaffirmed

Source: RAM, MARC

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