

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended stronger on Monday despite paring gains following strong October ISM manufacturing data. Some risk-aversion ahead of the US election was noted as overall benchmark yields ended between 1-4bps lower compared to prior session's close; save for the short-end. The curve flattened with the UST 2Y closing within 1bps higher at 0.16% and the much-watched UST 10Y rallied, pushing yields down 3bps at 0.85%. Meanwhile, the US Treasury is expected to announce its refunding announcement this week which includes the sizes of next week's coupon auctions and preview of auction sizes for the November to January window. Issuance sizes are expected to drop drastically in view of the non-materialization of the much-talked about fiscal stimulus bill. Expect attention to shift to the commencement of the US elections beginning tonight followed by the FOMC meeting and NFP jobs data.

MGS/GIII

- Local govies succumbed to profit-taking on Monday amid a slightly lower secondary market volume of RM2.98b as overall benchmark yields ended mostly mixed-to-higher between -3 to +3bps across the curve. The benchmark 5Y MGS 9/25 yields rose 2bps at 2.03%; just off the recent low of 2.00% whilst the 10Y MGS 4/31 yields edged 1bps up at 2.63%. Interest was seen in off-the-run 21's, 29's and also benchmark 5Y GII. GII bond trades jumped to form 31% of overall trades. Investors are believed to await the government's upcoming presentation of the National Budget 2021 on Friday, 6th of November. Meanwhile we note the current differing market views over the outcome of the OPR decision by BNM today despite our house view of a potential 25bps cut considering the recent economic risks due to the elevated COVID-19 infections across several key states in Malaysia.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk sector saw sharp fall in interest yesterday amid a plunge in secondary market volume of RM144m with interest mainly seen across the GG-AA part of the curve as overall yields closed mostly mixed-to-higher in only 21 various bonds. The long-end Govt-guaranteed DANA 5/32 closed unchanged compared to previous-done levels at 3.14% whilst the 3/34 tranche spiked 10bps instead at 3.29%. AAA-rated TELEKOM 28's saw some activity with yields closing mixed between 2.77-81% area. The AA-space saw UEM EDGENTS 4/22 end unchanged at 2.80% whereas GAMUDA Land T12 saw both its 2025 and 2027 tranches close between -1 to +1bps at 3.47% and 3.65% respectively. Nevertheless, the banking space was relatively quiet.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.16	1
5-yr UST	0.37	-1
10-yr UST	0.85	-3
30-yr UST	1.62	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.76	1	1.82	3
5-yr	2.03	2	2.19	2
7-yr	2.35	1	2.35	-2
10-yr	2.63	1	2.60	2
15-yr	3.07	-3	3.21	0
20-yr	3.45	0	3.51	-2
30-yr	3.82	-3	4.04	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.83	0
3-yr	1.89	-1
5-yr	2.06	0
7-yr	2.25	0
10-yr	2.48	-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 07/21	1.500	47	1.509	30/10/2020	-1
MGS 09/21	1.531	102	1.538	30/10/2020	-1
MGS 11/21	1.488	280	1.502	30/10/2020	-1
MGS 03/22	1.573	36	1.663	30/10/2020	-9
MGS 08/22	1.664	31	1.651	30/10/2020	1
MGS 09/22	1.616	82	1.681	30/10/2020	-6
MGS 03/23	1.746	163	1.745	30/10/2020	0
MGS 04/23	1.770	2	1.768	30/10/2020	0
MGS 08/23	1.802	29	1.769	30/10/2020	3
MGS 06/24	1.922	2	1.908	30/10/2020	1
MGS 07/24	1.921	7	1.929	30/10/2020	-1
MGS 09/24	1.946	7	1.935	30/10/2020	1
MGS 03/25	2.017	11	2.026	30/10/2020	-1
MGS 09/25	2.030	131	2.003	30/10/2020	3
MGS 04/26	2.183	7	2.188	30/10/2020	-1
MGS 07/26	2.208	37	2.189	30/10/2020	2
MGS 11/26	2.296	38	2.261	30/10/2020	3
MGS 03/27	2.318	1	2.359	20/10/2020	-4
MGS 05/27	2.349	75	2.339	30/10/2020	1
MGS 11/27	2.425	61	2.415	30/10/2020	1
MGS 06/28	2.534	4	2.520	30/10/2020	1
MGS 08/29	2.658	245	2.657	30/10/2020	0
MGS 04/30	2.708	20	2.736	30/10/2020	-3
MGS 04/31	2.632	79	2.618	30/10/2020	1
MGS 06/31	2.817	4	2.807	30/10/2020	1
MGS 04/33	3.136	82	3.126	30/10/2020	1
MGS 11/33	3.132	3	3.126	30/10/2020	1
MGS 07/34	3.072	267	3.103	30/10/2020	-3
MGS 05/35	3.334	7	3.334	30/10/2020	0
MGS 04/37	3.349	31	3.366	30/10/2020	-2
MGS 06/38	3.530	21	3.568	28/10/2020	-4
MGS 05/40	3.449	85	3.446	30/10/2020	0
MGS 09/43	3.889	1	3.803	30/10/2020	9
MGS 03/46	3.901	6	3.865	30/10/2020	4
MGS 07/48	3.965	5	3.992	30/10/2020	-3
MGS 06/50	3.821	50	3.851	30/10/2020	-3
GII 03/22	1.652	41	1.542	30/10/2020	11
GII 04/22	1.651	38	1.658	30/10/2020	-1
GII 07/22	1.679	110	1.775	09/10/2020	-10
GII 05/23	1.821	148	1.792	30/10/2020	3
GII 07/23	1.846	9	1.839	26/10/2020	1
GII 10/23	1.834	36	2.034	18/09/2020	-20
GII 11/23	1.849	30	1.809	30/10/2020	4
GII 10/24	1.911	10	1.937	30/10/2020	-3
GII 10/25	2.167	1	2.075	22/10/2020	9
GII 03/26	2.187	139	2.169	30/10/2020	2
GII 07/27	2.378	51	2.366	30/10/2020	1
GII 09/27	2.350	119	2.372	30/10/2020	-2
GII 10/28	2.657	85	2.670	30/10/2020	-1
GII 07/29	2.749	17	2.761	30/10/2020	-1
GII 10/30	2.604	4	2.589	30/10/2020	2
GII 06/33	3.237	10	3.212	26/10/2020	2
GII 11/34	3.210	70	3.212	30/10/2020	0
GII 09/39	3.508	2	3.525	30/10/2020	-2
GII 11/49	4.038	2	4.038	30/10/2020	0
		<u>2982</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*	
Perbadanan Tabung Pendidikan Tinggi Nasional	06/22	GG	1.843	20	1.969	24/09/2020	-13	17
DanaInfra Nasional Berhad	11/28	GG	2.731	10	3.170	25/06/2020	-44	24
DanaInfra Nasional Berhad	05/32	GG	3.141	5	3.140	30/10/2020	0	50
DanaInfra Nasional Berhad	03/34	GG	3.288	15	3.189	15/10/2020	10	20
Telekom Malaysia Berhad	05/28	AAA	2.771	10	3.379	28/04/2020	-61	28
Telekom Malaysia Berhad	10/28	AAA	2.808	10	2.796	20/10/2020	1	32
Tenaga Nasional Berhad	08/35	AAA	3.434	2	3.379	09/10/2020	6	35
Sabah Development Bank Berhad	04/24	AA1	4.051	1	3.909	27/10/2020	14	229
GENM Capital Berhad	07/28	AA1	4.000	1	3.532	06/08/2020	47	151
Fortune Premiere Sdn Berhad	09/26	AA	3.212	20	3.259	25/08/2020	-5	97
UEM Edgenta Berhad	04/22	AA-	2.795	10	2.795	08/10/2020	0	125
Perbadanan Kemajuan Pertanian Negeri Pahang (fka L	10/23	AA3	3.760	5	-	-	-	200
Perbadanan Kemajuan Pertanian Negeri Pahang (fka L	10/24	AA3	3.911	5	3.920	30/10/2020	-1	198
Gamuda Land (T12) Sdn Berhad	08/25	AA3	3.465	4	3.457	24/09/2020	1	143
Perbadanan Kemajuan Pertanian Negeri Pahang (fka L	10/25	AA3	4.061	5	4.068	30/10/2020	-1	202
Gamuda Land (T12) Sdn Berhad	08/27	AA3	3.649	10	3.645	30/09/2020	0	129
Gamuda Berhad	06/30	AA3	3.651	2	3.659	30/09/2020	-1	101
UEM Sunrise Berhad	09/23	AA-	3.851	4	-	-	-	209
Pelabuhan Tanjung Pelepas Sdn Berhad	06/30	AA-	3.340	2	3.360	25/09/2020	-2	70
TG Excellence Berhad	02/20	AA-	3.501	4	3.501	30/10/2020	0	4
Cypark Renewable Energy Sdn Berhad	09/20	-	6.396	1	6.491	08/09/2020	-9	293
				<u>144</u>				

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

Market/Corporate News: What's Brewing

Petroleum Nasional Bhd (Petronas) will pay RM34 billion in dividend to the Federal Government this year, although the national oil company posted losses in the second quarter of 2020, said Minister in the Prime Minister's Department (Economy) Datuk Seri Mustapa Mohamed. He said Petronas had paid out RM488 billion in dividends to the government since its establishment in 1974. "In 2019, the total amount of dividend paid out by Petronas was RM54 billion including a special dividend of RM30 billion," he said in a written reply in the Dewan Rakyat today. Mustapa was replying to a question from Pang Hok Liong (PH-Labis) who wanted to know whether Petronas would definitely pay dividends to the government this year after it recorded a loss of RM21 billion in the second quarter ended June 30, 2020. Pang also asked on the impact of the losses, as well as implications on the country's economy in general and specifically on the economic plans under the 12th Malaysia Plan (12MP). On this, Mustapa said the 12MP which was initially scheduled to be tabled on Aug 6, 2020 had been postponed to early next year to enable the government to take into account the changes caused by the Covid-19 pandemic. "Considering that Covid-19 has brought about noticeable impact on the global economy, including Malaysia's, hence the economic analysis being adopted when preparing the policies, strategies and initiatives for 12MP needed to be reviewed especially on the country's economic growth projection. "Besides that, the delay was made so that more engagement sessions between all stakeholders can be held including with ministries and agencies, state governments as well as economic experts," he said. He further said that this move was taken to ensure the initiatives drafted under the 12MP were in line with the current aspirations and policies which became the core support for the government, besides making sure the 12MP was made based on more realistic economic and fiscal positions. (Source: *The EdgeMarkets*)

UEM Sunrise Bhd said today that it needs more time to decide on its proposed merger with Eco World Development Group Bhd (EcoWorld) due to the size and complexity of the exercise. It has requested an extension of time to respond on the proposal to Jan 2 next year, from the initial deadline of Oct 30. "Given the size and complexity of the proposed merger, the Board of UEM Sunrise is of the view that they require more time before deciding whether to proceed with negotiations on the proposed merger, and will revert with their decision by Jan 2, 2021," the group said in a filing with Bursa Malaysia. UEM Sunrise added that it will make requisite announcements to Bursa Malaysia for any material developments in relation to the proposed merger in due course. On Oct 5, UEM Group Bhd announced its proposal to merge its property development arm UEM Sunrise with EcoWorld, in a deal that will entail an exchange of securities, confirming a previous report by The Edge. UEM Group said it proposed the merger as it saw a "pressing need for industry players to consolidate resources and capabilities" to withstand the headwinds that property developers are currently facing. Under the deal, new shares in UEM Sunrise will be issued at a proposed 44.3 sen each to holders of EcoWorld shares — for all shares held in the latter at an exchange price of 46.9 sen. Upon completion of the proposed merger, EcoWorld will become a wholly-owned subsidiary of UEM Sunrise and be delisted. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Northern Gateway Infrastructure Sdn Bhd	RM340 mil MTN Programme (2017/2034)	AA1/Stable	Reaffirmed

Source: RAM, MARC

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