

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries closed mixed on Wednesday with the longer-ends slightly pressured on signs that Congress will reach a consensus on the much-talked about pandemic relief stimulus following President-elect Biden's endorsement. The curve steepened again as overall benchmark yields ended between -1 to +2bps across the curve from prior day's closing. The UST 2Y yields edged 1bps lower at 0.16% whilst the much-watched 10Y saw yields inch up instead by 1bps at 0.94%. Meanwhile, despite few clues on policy changes by the Fed from the minutes of its 4th-5th November meeting; some investors believe that adjustments to the Fed's bond-buying program will be announced eventually. Expect focus to shift to the upcoming release of data that includes the initial jobless claims and also PMI services numbers tonight.

MGS/GII

- On Wednesday, local govies saw the 2nd consecutive day of strength on bargain-hunting activities by investors and traders amid an improved secondary market volume of RM2.61b. Overall benchmark rallied pushing yields lower mostly between 1-6bps across the curve save for the odd-lot trade on the 10Y GII. The 5Y MGS 9/25 yields closed 2bps lower at 2.14% whilst the 10Y MGS 4/31 yields edged 1bps lower at 2.73%. Interest was mainly seen in benchmark 3Y and 5Y MGS/GII. GII bond trades rose to form 32% of overall trades. Meanwhile no major economic data is on the deck for the remainder of the week.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk came alive with pent-up interest seen across the curve amid a spike in secondary market volume of RM1.01b. Notable trades were seen across the curve with overall yields closing mostly mixed in what was seen as one of the livelier sessions in recent weeks involving 29 various bonds. Govt-guaranteed PTPTN 24's saw tremendous interest with the 3/24 tranche edging 1bps lower at 2.22% compared to previous-done levels whilst the 12/24 tranche declined sharply by 52bps at 2.29%. AAA-rated SEB 26-27's closed between 1-8bps higher between 2.73-82% area whilst the longer-end PLUS 31 spiked 19bps at 3.40%. AA-rated CYPARK saw a slew of tranches totaling RM50m exchange hands. The 2034 tranche edged 1bps lower at 4.37% whilst the 2035 and 2038 tranches rose 4bps each to 4.47% and 4.94% respectively. CYPARK 6/37 notched 8bps higher at 4.65%. Meanwhile, the banking space saw A1-rated CIMB Group Holdings 2116NC25 perps trade again; closing 26bps up at 3.60% whilst AFFIN Islamic 28NC23 edged 2bps lower at 3.65%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.16	-1
5-yr UST	0.42	0
10-yr UST	0.94	1
30-yr UST	1.69	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.90	-4	1.97	-4
5-yr	2.14	-2	2.30	-3
7-yr	2.53	-4	2.55	-6
10-yr	2.73	-1	2.75	3
15-yr	3.38	-2	3.39	-6
20-yr	3.63	-5	3.76	-2
30-yr	4.07	-3	4.07	-3

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.94	0
3-yr	2.09	0
5-yr	2.25	0
7-yr	2.42	0
10-yr	2.65	0

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 02/21	1.649	10	1.579	27/11/2020	7
MGS 07/21	1.654	51	1.585	01/12/2020	7
MGS 09/21	1.671	4	1.601	01/12/2020	7
MGS 11/21	1.700	58	1.680	01/12/2020	2
MGS 03/22	1.714	6	1.707	01/12/2020	1
MGS 08/22	1.800	3	1.739	01/12/2020	6
MGS 09/22	1.801	6	1.779	01/12/2020	2
MGS 03/23	1.901	137	1.940	01/12/2020	-4
MGS 04/23	1.948	30	1.954	01/12/2020	-1
MGS 08/23	1.962	34	1.988	01/12/2020	-3
MGS 06/24	2.060	20	2.074	01/12/2020	-1
MGS 07/24	2.103	5	2.089	01/12/2020	1
MGS 09/24	2.118	50	2.116	01/12/2020	0
MGS 03/25	2.120	13	2.215	01/12/2020	-9
MGS 09/25	2.142	245	2.162	01/12/2020	-2
MGS 04/26	2.380	7	2.394	01/12/2020	-1
MGS 07/26	2.362	58	2.482	01/12/2020	-12
MGS 09/26	2.483	10	2.377	18/11/2020	11
MGS 11/26	2.436	28	2.485	01/12/2020	-5
MGS 05/27	2.531	130	2.568	01/12/2020	-4
MGS 11/27	2.573	81	2.609	01/12/2020	-4
MGS 06/28	2.726	1	2.721	01/12/2020	0
MGS 08/28	2.758	10	2.850	30/11/2020	-9
MGS 09/28	2.737	11	2.801	01/12/2020	-6
MGS 08/29	2.833	158	2.863	01/12/2020	-3
MGS 04/30	2.839	6	2.862	01/12/2020	-2
MGS 04/31	2.727	68	2.732	01/12/2020	-1
MGS 06/31	2.943	3	2.974	01/12/2020	-3
MGS 04/33	3.347	20	3.327	01/12/2020	2
MGS 11/33	3.421	7	3.472	01/12/2020	-5
MGS 07/34	3.384	351	3.402	01/12/2020	-2
MGS 05/35	3.461	6	3.543	01/12/2020	-8
MGS 04/37	3.561	18	3.582	01/12/2020	-2
MGS 05/40	3.627	53	3.674	01/12/2020	-5
MGS 09/43	4.002	15	4.025	01/12/2020	-2
MGS 03/46	4.037	1	4.064	01/12/2020	-3
MGS 07/48	4.088	2	4.133	01/12/2020	-4
MGS 06/50	4.071	57	4.097	01/12/2020	-3
GII 03/21	1.701	20	1.542	30/11/2020	16
GII 07/22	1.800	2	1.863	01/12/2020	-6
GII 05/23	1.973	80	2.008	01/12/2020	-3
GII 11/23	2.024	9	1.921	25/11/2020	10
GII 10/25	2.348	2	2.348	30/11/2020	0
GII 03/26	2.298	351	2.330	01/12/2020	-3
GII 07/27	2.635	7	2.719	01/12/2020	-8
GII 09/27	2.554	125	2.617	01/12/2020	-6
GII 10/28	2.754	21	2.847	30/11/2020	-9
GII 12/28	2.838	2	2.798	27/11/2020	4
GII 07/29	2.831	164	2.888	01/12/2020	-6
GII 10/30	2.754	12	2.721	01/12/2020	3
GII 11/34	3.392	35	3.452	01/12/2020	-6
GII 09/39	3.757	5	3.775	01/12/2020	-2
GII 05/47	4.086	1	4.090	03/11/2020	0
GII 11/49	4.074	1	4.107	01/12/2020	-3
		<u>2610</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*
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	2.215	50	2.222	19/08/2020	-1	31
Danainfra Nasional Berhad	03/24	GG	2.197	10	2.150	24/11/2020	5	30
Perbadanan Tabung Pendidikan Tinggi Nasional	12/24	GG	2.294	60	2.810	22/06/2020	-52	21
Danainfra Nasional Berhad	05/32	GG	3.379	20	3.250	26/11/2020	13	64
Bakun Hydro Power Generation Sdn Berhad (fka Sarav	08/21	AAA	2.238	30	2.201	23/10/2020	4	57
Telekom Malaysia Berhad	06/22	AAA	2.206	70	2.213	30/11/2020	-1	45
Bakun Hydro Power Generation Sdn Berhad (fka Sarav	08/24	AAA	2.607	40	2.633	22/07/2020	-3	52
Sarawak Energy Berhad	06/26	AAA	2.727	10	2.719	21/10/2020	1	32
Bakun Hydro Power Generation Sdn Berhad (fka Sarav	08/26	AAA	2.880	45	2.861	01/12/2020	2	47
Sarawak Energy Berhad	01/27	AAA	2.818	10	2.734	30/10/2020	8	41
Bank Pembangunan Malaysia Berhad	10/27	AAA	3.078	10	2.999	23/10/2020	8	53
Aman Sukuk Berhad	05/30	AAA	3.179	10	3.409	11/06/2020	-23	44
Danum Capital Berhad	05/30	AAA	3.169	20	3.114	24/11/2020	6	43
Projek Lebuhraya Usahasama Berhad	01/31	AAA	3.400	20	3.208	30/09/2020	19	66
Bakun Hydro Power Generation Sdn Berhad (fka Sarav	08/31	AAA	3.430	90	3.209	01/09/2020	22	69
Abu Dhabi National Energy Company PJSC	03/22	AA1	3.188	75	2.910	25/11/2020	28	152
Sabah Credit Corporation	05/22	AA1	2.608	10	2.637	26/08/2020	-3	94
Sabah Development Bank Berhad	04/24	AA1	3.794	2	3.799	01/12/2020	0	189
Tanjung Bin Power Sdn Berhad	08/25	AA2	3.028	20	3.460	12/06/2020	-43	87
Anih Berhad	11/21	AA	2.524	10	2.611	01/10/2020	-9	86
Dynasty Harmony Sdn Berhad	12/29	AA3	4.980	20	5.319	19/06/2020	-34	224
Dynasty Harmony Sdn Berhad	06/30	AA3	5.030	10	5.729	02/12/2019	-70	229
Dynasty Harmony Sdn Berhad	06/31	AA3	5.140	10	5.072	25/09/2020	7	240
Cypark Ref Sdn Berhad	06/34	AA3	4.372	5	4.385	13/10/2020	-1	98
Cypark Ref Sdn Berhad	06/35	AA3	4.469	10	4.428	21/10/2020	4	108
Cypark Ref Sdn Berhad	06/37	AA3	4.648	5	4.570	26/11/2020	8	126
Cypark Ref Sdn Berhad	06/40	AA3	4.943	30	4.898	26/11/2020	4	130
Affin Islamic Bank Berhad	10/28	A1	3.649	20	3.667	17/11/2020	-2	100
CIMB Group Holdings Berhad	05/16	A1	3.600	290	3.340	01/12/2020	26	-4
				<u>1012</u>				

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

Market/Corporate News: What's Brewing

The proposed merger of UEM Sunrise Bhd and EcoWorld Development Group Bhd, which was put forth by UEM Group, does not require the approval of the Cabinet, said Minister of Finance Tengku Datuk Seri Zafrul Tengku Abdul Aziz.

Tengku Zafrul said the proposal was mooted based on the potential commercial benefit the merger could bring, and that it only requires the approval of the respective companies' boards of directors, as it is a matter relating to the operation of companies. The minister said this in a written parliamentary reply, dated Dec 1, to Kepong member of parliament (MP) Lim Lip Eng. Lim had asked the minister to state whether the proposed merger of UEM Sunrise with EcoWorld, through an exchange of shares and warrants, had been approved by the Cabinet. He also requested for a detailed explanation on how the proposal would benefit Khazanah Nasional Bhd as the parent of UEM Group. Balik Pulau MP Muhammad Bakhtiar Wan Chik and Damansara MP Tony Pua had also asked the minister last week on the rationale of the exercise and to state the benefits that would be enjoyed by Khazanah's subsidiary. At the time, Tengku Zafrul said the merger proposal was still in the early stages of discussion and would be subject to the implementation of a detailed study (due diligence) as well as the agreement of all shareholders of UEM Sunrise and EcoWorld, if both companies agreed to have further merger discussions. "Any decision related to this proposed merger is commercial in nature and it is the responsibility of the companies involved to ensure that this merger produces the best synergy by taking into account the interests of the shareholders of their respective companies," Tengku Zafrul reiterated in his latest reply. On Oct 5, UEM Group said it has proposed the merger of its property development arm UEM Sunrise with EcoWorld, via a swap of shares and warrants between the two companies. UEM Group said 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 proposed deal, UEM Sunrise will issue new shares at 44.3 sen each to holders of EcoWorld shares — for all the shares held in the latter — at an exchange price of 46.9 sen. "This will result in an exchange

ratio of approximately 1.0587 new UEM Sunrise shares for every one EcoWorld share held," UEM Group said then. It was reported yesterday that the Securities Commission Malaysia (SC) had approved UEM Sunrise's application for more time to announce any firm intention to make a takeover offer for EcoWorld. UEM Sunrise now has until Jan 31 next year to make its announcement on the matter, the group said in a filing with Bursa Malaysia. But the SC wants UEM Sunrise and EcoWorld to decide by Jan 2 whether to proceed with discussions on the proposed merger. If they wish to proceed, they must jointly submit an application, by Jan 15 at the latest, for a final extension of time based on a timeline agreed by their boards of directors. (Source: *The EdgeMarkets*)

Affin Bank Bhd is considering an initial public offering of its asset management unit that could raise about RM500 million, people familiar with the matter said.

The Malaysian lender is working with advisers on the potential listing for Affin Hwang Asset Management Bhd in Kuala Lumpur as soon as the second half of next year, the people said, asking not to be identified as the matter is private. Deliberations are at an early stage, and there's no certainty they will lead to a transaction, the people said. Representatives for Affin did not immediately respond to requests for comment. Affin Bank owns 63% of Affin Hwang Asset Management, according to its 2019 annual report. The investment manager also counts Japan's Nikko Asset Management International Ltd as a shareholder, the website of an affiliated unit shows. Affin Hwang is Malaysia's third largest money manager by assets, after Public Mutual Bhd and Principal Asset Management Bhd, according to data compiled by Bloomberg. It manages over RM60 billion worth of assets as of June 30, 2020, according to its official website. A successful listing would help boost Malaysia's first-time share sale market, which has raised US\$477 million in IPOs so far this year, already 4.5% above last year's total. Affin Hwang Asset Management contributed profit before tax of RM84.2 million to Affin in the nine-month period ended Sept 30, a 13.6% increase from RM74.1 million the same period a year ago, according to Affin's latest financial statement. The company attributed the increase mainly to higher fee and commission income, the statement showed. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
AZRB Capital Sdn Bhd	RM535.0 million Islamic Medium-Term Notes (Sukuk Murabahah) with a stable outlook.	AA-IS/Stable	Af

Source: RAM, MARC

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