

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries fell as the curve shifted higher with traders assuming a risk-on mode amid optimistic outlook that Chinese officials will endeavor to boost the economy via additional stimulus. Signs of recovery in manufacturing also contributed to the sell-off on Tuesday. Overall benchmark yields ended between 6-7bps higher with the UST 2Y rising to 1.41% and the much-watched UST 10Y up 7bps at 1.60% levels. Meantime in a recent survey conducted, it was reported that 90% of respondents polled said that they expect US elections to have a significant impact on their market outlook. Expect investors and traders to firstly monitor ADP's private employment numbers tonight followed by the upcoming monthly jobs data this Friday. Nevertheless, these may be overshadowed by continuing updates on the flu contagion.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.41	6
5-yr UST	1.42	7
10-yr UST	1.60	7
30-yr UST	2.08	7

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.82	-19	2.85	-3
5-yr	2.97	-1	2.99	-2
7-yr	3.06	-1	3.08	-2
10-yr	3.12	-1	3.19	0
15-yr	3.27	2	3.35	0
20-yr	3.42	0	3.48	-1
30-yr	3.76	-2	3.77	2

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.03	-2
3-yr	3.04	2
5-yr	3.10	3
7-yr	3.17	4
10-yr	3.27	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GIII

- Local govies saw higher traction on upbeat secondary market volume of RM6.72b as most Interest Rate Swap tenures moved lower yesterday. Interest was mainly seen in the off-the-run 21's, 23's, 33's and also 10Y MGS/GII. Overall benchmark yields ended mostly lower by 0-3bps save for the ultra short-end MGS and 30Y GII post-auction. Both the benchmark 5Y MGS 6/24 and the 10Y MGS 8/29 ended within 1bps lower at 2.97% and 3.12% each. GII bonds maintained to form about ~44% of overall trades. The 30Y auction saw real money investors despite the rather large private placement portion; resulting in a decent BTC ratio of 2.328x; averaging 3.78%.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk space saw strong appetite maintain on Tuesday amid higher secondary market volume of RM999m with interest seen across the curve. Overall yields continued to march lower on higher number of bonds (30). The Govt-guaranteed bonds within the 2023 tenures saw tremendous interest with KHAZANAH, PTPTN, DANA and PRASA all being traded between 7-35bps lower compared to previous-done levels at 3.07% levels. The AAA-rated segment saw several power cum energy bonds i.e. BAKUN Hydro, SEB and TNB exchange hands between 1-10bps lower. AA-rated CELCOM 8/22 and UEM Sunrise 1/25 similarly closed sharply lower on yields at 3.35% and 3.60%. The banking space saw MAYBANK 25NC20 trade again; closing unchanged at 3.35% on ~RM40m in nominal amounts.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.750	154	2.803	03/02/2020	-5
MGS 10/20	2.782	197	2.802	03/02/2020	-2
MGS 07/21	2.789	356	2.813	03/02/2020	-2
MGS 09/21	2.824	6	2.812	03/02/2020	1
MGS 11/21	2.827	2	2.804	03/02/2020	2
MGS 03/22	2.815	97	2.835	03/02/2020	-2
MGS 08/22	2.865	1	2.868	03/02/2020	0
MGS 09/22	2.862	102	2.886	03/02/2020	-2
MGS 03/23	2.859	426	2.885	03/02/2020	-3
MGS 04/23	2.890	254	2.917	03/02/2020	-3
MGS 08/23	2.908	106	2.941	03/02/2020	-3
MGS 06/24	2.972	70	2.984	03/02/2020	-1
MGS 07/24	2.970	153	2.998	03/02/2020	-3
MGS 09/24	3.002	1	3.003	03/02/2020	0
MGS 03/25	3.009	10	3.019	03/02/2020	-1
MGS 09/25	2.971	174	2.989	03/02/2020	-2
MGS 04/26	3.086	21	3.101	03/02/2020	-2
MGS 07/26	3.055	40	3.062	03/02/2020	-1
MGS 11/26	3.126	1	3.137	03/02/2020	-1
MGS 05/27	3.098	165	3.094	03/02/2020	0
MGS 11/27	3.140	15	3.126	03/02/2020	1
MGS 06/28	3.143	1	3.150	03/02/2020	-1
MGS 08/29	3.115	372	3.123	03/02/2020	-1
MGS 06/31	3.281	73	3.285	03/02/2020	0
MGS 04/32	3.323	3	3.311	31/01/2020	1
MGS 04/33	3.330	370	3.316	03/02/2020	1
MGS 11/33	3.321	18	3.320	03/02/2020	0
MGS 07/34	3.272	204	3.252	03/02/2020	2
MGS 05/35	3.368	65	3.331	31/01/2020	4
MGS 04/37	3.418	6	3.379	31/01/2020	4
MGS 06/38	3.485	13	3.476	31/01/2020	1
MGS 09/43	3.726	13	3.721	03/02/2020	0
MGS 03/46	3.765	21	3.795	03/02/2020	-3
MGS 07/48	3.761	245	3.785	03/02/2020	-2
GII 04/20	2.811	53	2.796	03/02/2020	2
GII 05/20	2.772	300	2.799	30/01/2020	-3
GII 08/20	2.800	320	2.827	24/01/2020	-3
GII 03/21	2.806	100	2.804	31/01/2020	0
GII 04/21	2.796	1	3.063	08/01/2020	-27
GII 08/21	2.828	20	2.897	31/01/2020	-7
GII 03/22	2.853	172	2.883	03/02/2020	-3
GII 04/22	2.863	60	2.894	31/01/2020	-3
GII 05/23	2.889	167	2.909	30/01/2020	-2
GII 07/23	2.919	120	2.957	03/02/2020	-4
GII 11/23	2.950	300	2.964	03/02/2020	-1
GII 10/24	2.991	130	3.010	03/02/2020	-2
GII 08/25	3.029	100	3.049	03/02/2020	-2
GII 10/25	3.063	100	3.085	03/02/2020	-2
GII 03/26	3.084	100	3.105	03/02/2020	-2
GII 06/27	3.162	20	3.185	03/02/2020	-2
GII 08/28	3.215	20	3.365	22/01/2020	-15
GII 10/28	3.205	140	3.212	31/01/2020	-1
GII 07/29	3.190	383	3.191	03/02/2020	0
GII 06/33	3.359	195	3.363	03/02/2020	0
GII 11/34	3.348	80	3.348	03/02/2020	0
GII 10/35	3.431	1	3.424	31/01/2020	1
GII 09/39	3.483	20	3.492	03/02/2020	-1
GII 11/49	3.767	63	3.743	31/01/2020	2
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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*
Khazanah Nasional Berhad	02/21	GG	2.986	35	3.213	16/10/2019	-23	19
Khazanah Nasional Berhad	03/21	GG	2.988	15	3.280	08/11/2019	-29	19
Khazanah Nasional Berhad	08/23	GG	3.069	80	3.140	22/01/2020	-7	14
Perbadanan Tabung Pendidikan Tinggi Nasional	08/23	GG	3.069	100	3.354	21/11/2019	-29	14
DanaInfra Nasional Berhad	08/23	GG	3.071	60	3.422	11/11/2019	-35	14
Prasarana Malaysia Berhad	09/23	GG	3.071	20	3.321	25/09/2019	-25	14
Prasarana Malaysia Berhad	12/23	GG	3.069	30	3.419	15/11/2019	-35	14
DanaInfra Nasional Berhad	04/25	GG	3.179	40	3.511	07/08/2019	-33	22
Lembaga Pembiayaan Perumahan Sektor Awam	04/27	GG	3.270	30	3.289	28/01/2020	-2	18
Khazanah Nasional Berhad	10/27	GG	3.299	25	3.316	30/01/2020	-2	18
DanaInfra Nasional Berhad	07/34	GG	3.440	15	3.571	22/01/2020	-13	17
DanaInfra Nasional Berhad	11/34	GG	3.450	20	3.630	17/01/2020	-18	18
Perbadanan Tabung Pendidikan Tinggi Nasional	12/34	GG	3.469	40	4.520	20/03/2019	-105	20
Perbadanan Tabung Pendidikan Tinggi Nasional	07/41	GG	3.731	40	4.088	05/12/2019	-36	31
Bakun Hydro Power Generation Sdn Berhad (fka)	08/20	AAA	3.222	140	3.244	22/01/2020	-2	42
Bakun Hydro Power Generation Sdn Berhad (fka)	08/22	AAA	3.321	70	3.417	21/08/2019	-10	46
Genting RMTN Berhad	11/29	AAA	3.869	30	3.897	03/02/2020	-3	74
Bank Pembangunan Malaysia Berhad	03/32	AAA	3.715	10	3.739	03/02/2020	-2	59
Sarawak Energy Berhad	12/32	AAA	3.600	40	3.609	28/01/2020	-1	33
Tenaga Nasional Berhad	08/38	AAA	3.749	20	3.789	29/01/2020	-4	33
Malayan Banking Berhad	10/25	AA1	3.345	40	3.344	03/02/2020	0	31
Celcom Networks Sdn Berhad	08/22	AA+	3.345	20	3.563	15/11/2019	-22	48
Danajamin Nasional Berhad	10/27	AA+	3.635	10	3.835	20/12/2019	-20	52
UMW Holdings Berhad	06/22	AA2	3.414	6	3.546	29/08/2019	-13	57
Tanjung Bin Power Sdn Berhad	08/28	AA2	3.829	10	3.968	20/01/2020	-14	69
Exsim Capital Resources Berhad	01/22	AA3	3.990	5	3.997	29/01/2020	-1	115
UEM Sunrise Berhad	10/25	AA-	3.600	20	3.769	14/01/2020	-17	56
CIMB Group Holdings Berhad	05/16	A1	4.276	1	4.375	20/01/2020	-10	85
UMW Holdings Berhad	04/18	A1	4.317	10	4.319	03/02/2020	0	89
IJM Land Berhad	03/19	A2	4.467	10	4.488	23/01/2020	-2	104
DRB-Hicom Berhad	12/26	A+	4.398	8	4.547	06/01/2020	-15	130
				<u>999</u>				

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

Market/Corporate News: What's Brewing

American insurance companies have invested a total of RM31bil in Malaysia including invested premiums and reinvested profits since 1970s, according to The American Malaysian Chamber of Commerce (AmCham). AmCham represents about 260 companies mostly American multinational corporations. AmCham executive director Siobhan Das said several of its insurance members had been long-term investors in Malaysia having been here for more than 40 years, and their business success were closely tied to the growth trajectory of the country. "Higher levels of insurance penetration over the coming years will be key to achieving the government's Shared Prosperity Vision 2030," she said in a statement in conjunction with the release of AMCHAM's economic impact survey that highlights contributions that American insurance companies are making to the Malaysian economy. The report pointed out of the RM31bil investment, about 36% are in bonds issued by the Malaysian government, while 19% are in Malaysian infrastructure investments and 7% in the local stock market. Additionally, AmCham's survey found that American insurance companies are playing a major role in increasing insurance coverage among Malaysian citizens, paying out claims worth RM1.73bil in Malaysia in 2018. Furthermore, American insurance companies are shown to be a valuable source of well-paid professional jobs with a total of almost 2,500 jobs spread across the entire country, with total gross salary payments to staff totaling RM 25mil in 2018 alone. In 2018, American insurance companies paid RM79mil in corporate income tax plus a further RM58mil in tax on salaries, EPF and Socso contributions. "Given the specific business model of the insurance industry, it can be easy to underestimate the major economic impact that the big insurance players can make to the national economy," Das said. She said Insurance penetration plays a key role in supporting national economic development, promoting growth by enabling risk-sharing, underpinning trade and investment transactions, and increasing the financial security of citizens. (Source: The Star)

Based on corporate announcements and news flow today, companies in focus may include: AirAsia Group Bhd, CAM Resources Bhd, Dayang Enterprise Holdings Bhd, Eversendai Corp Bhd, Genetec Technology Bhd, Serba Dinamik Holdings Bhd and Unisem (M) Bhd. AirAsia Group Bhd co-founders Tan Sri Tony Fernandes and Datuk Kamarudin Meranun have been urged by the Minority Shareholders Watch Group (MSWG) to step down from the company — not just relinquish their executive roles — pending investigations over Airbus SE bribe claims against two AirAsia executives. According to UK court documents, Airbus secured sale of its aircraft to AirAsia in 2005-2014 by bribing two AirAsia executives in the form of a US\$50 million sponsorship for a sports team owned by the two individuals. Reports alleged the team to be Caterham F1, previously owned by Fernandes and Kamarudin. Separately, the duo have issued a statement saying Caterham F1 had promoted AirAsia, AirAsia X Bhd and Airbus at the time, adding that the F1 outfit made no profit, while they were shareholders. CAM Resources Bhd said its 2MW biogas plant has commenced supply via feed-in-tariff (FIT) structure, beginning December last year. CAM built the plant for approximately RM19.8 million, on the back of a deal to supply power to the Malaysian grid under the FIT system for 16 years, commencing from May 24, 2019. Dayang Enterprise Holdings Bhd was awarded a three-year umbrella contract for the provision of modification works from CARIGALI-PTTEPI Operating Company Sdn Bhd (CPOC). The contract was awarded to Dayang's wholly-owned unit Dayang Enterprise Sdn Bhd, effective Jan 30, 2020. The contract comes with a two-year extension option. Eversendai Corp Bhd said it has secured six new projects worth RM323 million in Malaysia, India and Qatar. This brings its total orderbook to RM1.87 billion. Eversendai added there are “more interesting projects to come”, given its tenderbook presently exceeds RM10 billion. Genetec Technology Bhd said it has secured new orders worth RM38.5 million in January, from 12 customers. The tenure for each project normally ranges from three- to nine months, depending on the size of order and scope of work involved, it said. Serba Dinamik Holdings Bhd has secured 12 new contracts — half of which is worth a combined US\$78 million (approximately RM320.89 million), while the other half are on call-out basis. The six contracts worth US\$78 million comprise one contract in Oman for its wholly-owned unit Serba Dinamik International Ltd, and five contracts secured by 75%-owned indirect subsidiary PT Serba Dinamik Indonesia. The other six contracts were awarded to Serba Dinamik's wholly-owned Malaysian subsidiary Serba Dinamik Sdn Bhd (SDSB) — three of which come with the option for an one year extension. Unisem (M) Bhd has paused operations in Chengdu, China, under the instruction of local authorities to contain the Wuhan coronavirus outbreak. Its operations in Chengdu — comprising one packaging and testing facility and one wafer bumping facility, according to its annual report — is paused from Feb 2 to Feb 9.. (Source: The Edgemarkets)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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