

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	-2
5-yr UST	0.32	-7
10-yr UST	0.76	-14
30-yr UST	1.54	-14

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.87	11	1.95	3
5-yr	2.20	5	2.31	8
7-yr	2.49	14	2.39	-8
10-yr	2.69	-1	2.65	5
15-yr	3.12	0	3.27	2
20-yr	3.50	0	3.57	1
30-yr	3.87	-6	4.06	-2

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.88	0
3-yr	1.96	3
5-yr	2.13	-2
7-yr	2.29	0
10-yr	2.52	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries rallied on Wednesday despite the “blue wave” scenario unwrapping itself as polls appeared to indicate a potential Biden election victory whilst the Democrats were unable to sweep the Congress and the White House for now. Overall benchmark yields fell sharply between 2-14bps as the divided Congress dimmed expectations for massive stimulus as shorts covered oversold conditions. The curve bull-flattened with the UST 2Y edging 2bps lower at 0.15% and the much-watched UST 10Y rallying 14bps at 0.76%. Both the 2s10s and 5s30s spread tightened between 7-11bps. Meanwhile the Treasury has announced that it will issue \$122b of notes and bonds at next-week’s quarterly refunding auctions; the 3rd straight quarterly record. It will also increase the sales of 20Y bonds along with the 2-7Y maturities. Overall borrowings are estimated at \$617b for 4Q2020 with an estimated increase of up to \$1.13 trillion in 1Q2021. Expect some attention to focus on the initial jobless claims tonight for period ended 31st Oct and the FOMC rate decision.

MGS/GII

- Local govies continued to generally succumb further on Wednesday following earlier decision by BNM to maintain the benchmark OPR at the existing record low of 1.75%. Secondary market volume fell to RM1.6b as overall benchmark yields ended mostly between 0-14bps higher across the curve save for the 7Y GII and long bonds. The benchmark 5Y MGS 9/25 yields spiked again albeit by 5bps at 2.20% whilst the 10Y MGS 4/31 yields edged 1bps lower instead at 2.69%. Interest was seen in off-the-run 21’s, 26’s and also the benchmark 5Y MGS/GII. GII bond trades eased slightly to form 28% of overall trades. IRS levels were stable in most tenors compared to prior session with only the 3Y and 5Y tenors closing mixed on levels. Expect attention to focus on the government’s upcoming presentation of the National Budget 2021 tomorrow. The data front remains light this week with foreign reserves as at 30th Oct to be released this Friday.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk sector continued to see tepid activity yesterday amid secondary market volume of only RM114m with some interest seen along the GG, AA and also single-A part of the curve as overall yields closed mostly mixed-to-higher in about 18 various bonds. Govt-guaranteed PRASA dominated the space the 2030 tranches spiking 19-20bps compared to previous-done levels between 2.89-95% whilst the 8/26 tranche fell 5bps instead at 2.45%. AA-rated AZRB 12/24 edged 1bps at 3.91%. The banking space saw AFFIN 27NC22 bonds close mixed on yields between 3.36-44% whilst several odd-lot trades continued to be seen on CIMB Group Holdings papers.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.649	10	1.639	03/11/2020	1
MGS 09/21	1.701	23	1.631	03/11/2020	7
MGS 11/21	1.721	265	1.740	03/11/2020	-2
MGS 03/22	1.750	3	1.750	03/11/2020	0
MGS 03/23	1.865	126	1.746	02/11/2020	12
MGS 04/23	1.947	51	1.770	02/11/2020	18
MGS 08/23	1.974	15	1.803	03/11/2020	17
MGS 06/24	2.013	33	1.922	02/11/2020	9
MGS 07/24	2.082	40	1.914	03/11/2020	17
MGS 09/24	2.088	31	1.959	03/11/2020	13
MGS 03/25	2.172	22	2.038	03/11/2020	13
MGS 09/25	2.195	162	2.147	03/11/2020	5
MGS 04/26	2.256	3	2.186	03/11/2020	7
MGS 07/26	2.357	15	2.217	03/11/2020	14
MGS 11/26	2.447	162	2.227	03/11/2020	22
MGS 03/27	2.446	3	2.318	02/11/2020	13
MGS 05/27	2.491	76	2.350	03/11/2020	14
MGS 06/28	2.610	10	2.508	03/11/2020	10
MGS 08/29	2.722	33	2.762	03/11/2020	-4
MGS 04/30	2.811	27	2.744	03/11/2020	7
MGS 04/31	2.687	20	2.698	03/11/2020	-1
MGS 11/33	3.144	1	3.156	03/11/2020	-1
MGS 07/34	3.115	23	3.120	03/11/2020	0
MGS 06/38	3.580	1	3.550	03/11/2020	3
MGS 09/43	3.875	1	3.900	03/11/2020	-2
MGS 07/48	3.960	1	3.969	03/11/2020	-1
GII 08/21	1.720	50	1.650	03/11/2020	7
GII 05/23	1.948	130	1.916	03/11/2020	3
GII 03/26	2.309	184	2.234	03/11/2020	8
GII 09/27	2.394	5	2.471	03/11/2020	-8
GII 10/28	2.728	30	2.715	03/11/2020	1
GII 10/30	2.654	9	2.604	02/11/2020	5
GII 11/34	3.271	30	3.254	03/11/2020	2
GII 09/39	3.565	10	3.552	03/11/2020	1
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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*
Prasarana Malaysia Berhad	08/26	GG	2.454	5	2.500	28/07/2020	9
Prasarana Malaysia Berhad	03/30	GG	2.891	10	2.688	25/08/2020	22
Prasarana Malaysia Berhad	12/30	GG	2.948	10	2.760	04/08/2020	25
Prasarana Malaysia Berhad	08/39	GG	3.681	5	3.659	30/09/2020	19
Prasarana Malaysia Berhad	02/41	GG	3.750	5	3.539	03/09/2020	25
DanaInfra Nasional Berhad	05/46	GG	3.959	10	3.920	13/10/2020	4
DanaInfra Nasional Berhad	02/49	GG	4.148	5	3.921	28/07/2020	65
Putrajaya Bina Sdn Berhad	09/24	AAA	2.524	10	2.517	27/10/2020	1
Edra Solar Sdn Berhad	10/24	AA2	3.143	5	4.245	11/10/2019	-110
AZRB Capital Sdn Berhad	12/24	AA-	3.913	10	3.918	27/10/2020	-1
TG Excellence Berhad	02/20	AA-	3.500	1	3.500	03/11/2020	0
CIMB Group Holdings Berhad	12/25	AA	2.859	1	3.681	22/10/2020	-82
CIMB Group Holdings Berhad	11/27	AA	2.642	2	2.646	30/10/2020	0
Affin Bank Berhad	02/27	A1	3.363	10	3.085	28/10/2020	28
Affin Bank Berhad	09/27	A1	3.437	10	3.443	20/10/2020	-1
Affin Islamic Bank Berhad	10/28	A1	3.743	10	3.759	22/10/2020	-2
CIMB Group Holdings Berhad	05/16	A1	3.092	2	3.456	26/10/2020	-36
CIMB Group Holdings Berhad	05/16	A1	3.455	4	3.448	03/11/2020	1
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

MAA Group Bhd swung back into the black in the third quarter ended Sept 30, 2020 (3QFY20) posting a net profit of RM22.76 million from a net loss of RM3.3 million in 3QFY19. In a bourse filing, the group explained its quarterly net profit was mainly led by its general insurance business which reported a profit before tax of RM9.9 million versus a loss before tax (LBT) of RM192,000 a year ago. MAA posted earnings per share of 8.35 sen versus a loss per share of 1.21 sen. The group saw higher earnings across all its segments, reversing the losses seen in its general insurance, investment holdings and other segments in the corresponding quarter last year. Revenue-wise, the group saw its latest top-line income rise by 24.26% y-o-y to RM59.78 million from RM48.11 million last year. This was due to higher gross earned premiums by its subsidiary MAA General Assurance Philippines Inc, investment income and other operating revenue from its non-insurance business. On a quarter-on-quarter (q-o-q) basis, it saw net profit decline to RM22.76 million from RM23.17 million, despite revenue increasing to RM59.78 million from RM50.16 million in the immediate preceding quarter. Earnings per share dipped from 8.48 sen in 2QFY20 as a result. The lower net profit was due to higher realised loss of RM10.7 million from the disposal of assets from the RM14.7 million gains seen in 2QFY20, and higher net claims of RM7.6 million from RM4.3 million in 2QFY20. For the nine months ended Sept 30, 2020 (9MFY20), the group was in the black with a net profit of RM15.43 million from a net loss of RM4.96 million in the corresponding nine months last year. 9MFY20 net profit was up by 17.12% at RM164.27 million, from RM140.26 million, bringing earnings per share to 5.7 sen from a loss per share of 1.81 sen a year ago. "The COVID-19 pandemic has caused major disruption to the global economies including Malaysia. Businesses worldwide are currently facing a very challenging time and having to manage uncertainties that have arisen resulting from the outbreak of COVID-19. "As at the date of this announcement, there are on-going proactive measures introduced by each company in the Group. The Group will also continue to improve its management efficiency and intensify cost optimization efforts to ensure business sustainability," it noted on its prospects. (Source: *The EdgeMarkets*)

Debt rating agency Moody's Investors Service on Wednesday said that uncertainty over the outcome of the US presidential election is "unlikely to have significant credit effects" even as votes continued to be counted in key states. In a research note sent by a spokeswoman, Moody's wrote that "While the lack of an immediate conclusion to the election process may increase financial market volatility, our assumption is that US institutions will eventually resolve the delays in vote counting and any subsequent disputes over the results in a manner that is consistent with the established frameworks around the rule of law without causing any meaningful, enduring credit impact." Moody's and another agency had said they would monitor if a contested result would have implications for the country's nearly top-notch debt rating. As of late morning on Wednesday a very close US presidential election hung in the balance, with a handful of closely contested states set to decide the outcome in the coming hours or days, even as President Donald Trump falsely claimed victory and made unsubstantiated allegations of electoral fraud. Democratic challenger Joe Biden had opened up narrow leads in the key battlegrounds of Wisconsin and Michigan, according to Edison Research. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Edra Solar Sdn Bhd	RM245 mil ASEAN Sustainability SRI Sukuk	AA2/Stable	Reaffirmed
Lebuhraya Kajang-Seremban Sdn Bhd (LEKAS)	RM633 mil Junior Sukuk Istisna' (2007/2025)	C2/Stable	Reaffirmed
Export-Import Bank of Malaysia Berhad (MEXIM)	Financial Institution rating	gA2/Stable/gP1, seaAAA/Stable/seaP1 and AAA/Stable/P1	Reaffirmed
Bermaz Auto Berhad	Proposed RM500 mil Islamic Commercial Papers Programme (2020/2027)	P1	Assigned
	RM500 mil Islamic Medium-Term Notes Programme.	AA3/Stable	Assigned
IGB REIT Capital Sdn Bhd	RM1.2 bil First Tranche MTN	AAA/Stable	Reaffirmed
Tan Chong Motor Holdings Berhad	Corporate Credit rating	Outlook From Stable to Negative	Revised
	RM1.50 billion Medium-Term Notes (MTN) Programme (2014/2034)	A1/P1/Stable to A1/P1/Negative	Revised

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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