

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.44	3
5-yr UST	1.46	4
10-yr UST	1.65	5
30-yr UST	2.14	6

MGS			GII*	
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.84	2	2.87	1
5-yr	2.96	-1	2.98	-1
7-yr	3.03	-2	3.08	-1
10-yr	3.10	-1	3.19	0
15-yr	3.28	1	3.36	1
20-yr	3.43	1	3.48	-1
30-yr	3.77	1	3.78	1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.03	0
3-yr	3.02	-2
5-yr	3.10	0
7-yr	3.16	-1
10-yr	3.25	-2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries bear-steepened on Wednesday and extended prior day's pull-back following optimism that China's coronavirus epidemic will be under control as reports of new medical vaccines filtered through. Better economic data also bolstered risk appetite with January ADP employment, Markit services PMI and ISM non-manufacturing data beating estimates. Overall benchmark yields ended between 3-6bps higher with the UST 2Y rising to 1.44% and the much-watched UST 10Y up 5bps at 1.65% levels. Expect investors and traders to monitor the upcoming monthly jobs data this Friday. Nevertheless, these may be overshadowed by continuing updates on the flu contagion.

MGS/GII

- Local govies saw strong traction amid high secondary market volume of RM7.18b as Interest Rate Swap levels generally drifted lower yesterday. Interest was mainly seen in the off-the-run 20's, 23's and also 10Y MGS/GII bonds. Overall benchmark yields ended mostly mixed between -2 to +2bps. Both the benchmark 5Y MGS 6/24 and the 10Y MGS 8/29 edged another 1bps lower at 2.96% and 3.10% each. GII bonds eased to form about ~ 31% of overall trades. Meanwhile the MYR has weakened to a 5-week low on concerns over the slump in oil prices. Expect attention to shift to the upcoming December's industrial production and manufacturing numbers tomorrow.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk space saw strong appetite maintain on Wednesday amid higher secondary market volume of RM929m with ¾ of overall interest seen across the GG-segment. Overall yields ended mostly lower on higher number of bonds i.e. 34. The Govt-guaranteed KHAZANAH 9/22 saw RM210m in nominal trades; declining sharply by 44bps compared to previous-done levels at 3.02% whilst the 10/27 tranche however rose 3bps at 3.33%. DANA saw a slew of tranches between 2034-2041 trade also sharply lower on yields with the 3/34 tranche at 3.44% whilst the 5/41 tranche ended at 3.68%. The AAA-rated PLUS 21 closed 11bps lower at 3.22% whilst TNB 8/33 moved 4bps down to 3.51%. The AA-rated KKK 9/34 saw the bond closing 3bps lower at 3.74%. The banking space saw MAYBANK Perps 2117NC26 close 5bps lower at 3.75% whilst AmBank 27NC22 ended 3bps lower at 3.37%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.799	436	2.750	04/02/2020	5
MGS 07/20	2.812	12	2.814	30/01/2020	0
MGS 10/20	2.824	283	2.782	04/02/2020	4
MGS 02/21	2.791	35	2.806	03/02/2020	-2
MGS 07/21	2.786	20	2.789	04/02/2020	0
MGS 09/21	2.809	34	2.824	04/02/2020	-1
MGS 03/22	2.838	203	2.815	04/02/2020	2
MGS 08/22	2.863	4	2.865	04/02/2020	0
MGS 09/22	2.872	79	2.862	04/02/2020	1
MGS 03/23	2.878	390	2.859	04/02/2020	2
MGS 04/23	2.883	173	2.890	04/02/2020	-1
MGS 08/23	2.942	43	2.908	04/02/2020	3
MGS 06/24	2.959	77	2.972	04/02/2020	-1
MGS 07/24	2.994	8	2.970	04/02/2020	2
MGS 09/24	2.975	2	3.002	04/02/2020	-3
MGS 03/25	2.987	23	3.019	03/02/2020	-3
MGS 09/25	2.959	248	2.971	04/02/2020	-1
MGS 04/26	3.069	20	3.086	04/02/2020	-2
MGS 07/26	3.034	133	3.055	04/02/2020	-2
MGS 11/26	3.081	136	3.126	04/02/2020	-4
MGS 05/27	3.080	236	3.098	04/02/2020	-2
MGS 11/27	3.132	20	3.140	04/02/2020	-1
MGS 06/28	3.131	73	3.143	04/02/2020	-1
MGS 08/29	3.104	1015	3.115	04/02/2020	-1
MGS 06/31	3.289	6	3.281	04/02/2020	1
MGS 04/33	3.330	630	3.330	04/02/2020	0
MGS 11/33	3.345	10	3.321	04/02/2020	2
MGS 07/34	3.284	220	3.272	04/02/2020	1
MGS 05/35	3.386	140	3.368	04/02/2020	2
MGS 04/37	3.427	4	3.418	04/02/2020	1
MGS 06/38	3.477	60	3.485	04/02/2020	-1
MGS 05/40	3.433	1	3.420	31/01/2020	1
MGS 03/46	3.757	180	3.765	04/02/2020	-1
MGS 07/48	3.768	12	3.761	04/02/2020	1
GII 04/20	2.783	100	2.811	04/02/2020	-3
GII 05/20	2.767	90	2.772	04/02/2020	0
GII 03/21	2.795	51	2.806	04/02/2020	-1
GII 08/21	2.827	41	2.828	04/02/2020	0
GII 03/22	2.866	14	2.853	04/02/2020	1
GII 07/22	2.892	50	3.200	21/11/2019	-31
GII 10/23	2.950	46	2.965	23/01/2020	-1
GII 11/23	2.937	70	2.950	04/02/2020	-1
GII 08/24	3.006	5	3.047	29/01/2020	-4
GII 10/24	2.984	150	2.991	04/02/2020	-1
GII 08/25	3.023	150	3.029	04/02/2020	-1
GII 03/26	3.078	80	3.084	04/02/2020	-1
GII 09/26	3.113	250	3.135	03/02/2020	-2
GII 06/27	3.169	10	3.162	04/02/2020	1
GII 10/28	3.208	10	3.205	04/02/2020	0
GII 07/29	3.189	606	3.190	04/02/2020	0
GII 06/33	3.355	170	3.359	04/02/2020	0
GII 08/33	3.370	60	3.372	03/02/2020	0
GII 11/34	3.356	70	3.348	04/02/2020	1
GII 09/39	3.476	40	3.483	04/02/2020	-1
GII 05/47	3.802	150	3.796	31/01/2020	1
		<u>7179</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*
Khazanah Nasional Berhad	09/22	GG	3.022	210	3.461	07/19	-44	17
Khazanah Nasional Berhad	08/23	GG	3.042	50	3.069	02/20	-3	12
Danalnfra Nasional Berhad	10/23	GG	3.036	150	3.108	01/20	-7	11
Khazanah Nasional Berhad	10/27	GG	3.329	50	3.299	02/20	3	22
Lembaga Pembiayaan Perumahan Sektor Awarr	10/28	GG	3.320	10	3.450	01/20	-13	19
Prasarana Malaysia Berhad	09/29	GG	3.320	5	3.500	01/20	-18	21
Danalnfra Nasional Berhad	05/32	GG	3.400	60	3.729	01/20	-33	29
Prasarana Malaysia Berhad	12/33	GG	3.420	70	3.619	01/20	-20	14
Prasarana Malaysia Berhad	03/34	GG	3.480	5	3.699	01/20	-22	20
Danalnfra Nasional Berhad	03/34	GG	3.440	15	3.739	01/20	-30	16
Danalnfra Nasional Berhad	11/34	GG	3.450	30	3.450	02/20	0	17
Danalnfra Nasional Berhad	05/37	GG	3.550	15	4.022	11/19	-47	27
Danalnfra Nasional Berhad	04/39	GG	3.631	15	3.778	01/20	-15	20
Danalnfra Nasional Berhad	11/39	GG	3.650	20	4.469	04/19	-82	22
Danalnfra Nasional Berhad	05/41	GG	3.681	20	3.829	01/20	-15	25
Projek Lebuhraya Usahasama Berhad	01/21	AAA	3.217	70	3.329	10/19	-11	42
Gulf Investment Corporation G.S.C	03/21	AAA	3.754	3	3.826	01/20	-7	95
Aman Sukuk Berhad	04/22	AAA	3.251	10	3.263	01/20	-1	42
Pengurusan Air SPV Berhad	06/29	AAA	3.600	5	3.669	01/20	-7	47
Pengurusan Air SPV Berhad	10/29	AAA	3.450	5	3.460	01/20	-1	34
Bank Pembangunan Malaysia Berhad	03/32	AAA	3.711	20	3.715	02/20	0	60
Tenaga Nasional Berhad	08/33	AAA	3.509	10	3.548	01/20	-4	23
Tenaga Nasional Berhad	08/38	AAA	3.749	1	3.749	02/20	0	32
YTL Power International Berhad	05/27	AA1	3.769	10	3.768	01/20	0	68
Kuala Lumpur Kepong Berhad	09/34	AA1	3.739	10	3.768	02/20	-3	46
BEWG (M) Sdn Berhad	07/20	AA	3.574	10	3.765	09/19	-19	77
RHB Bank Berhad	05/25	AA3	3.397	1	3.541	12/19	-14	44
AmBank (M) Berhad	03/27	AA3	3.373	10	3.401	01/20	-3	29
Malayan Banking Berhad	02/17	AA3	3.750	10	3.800	01/20	-5	32
Sports Toto Malaysia Sdn Berhad	06/20	AA-	3.908	10	4.184	11/19	-28	111
Malakoff Power Berhad	12/20	AA-	3.235	8	3.312	01/20	-8	44
Alliance Bank Malaysia Berhad	10/25	A2	3.662	10	4.090	02/20	-43	63
DRB-Hicom Berhad	12/29	A+	4.903	1	4.899	01/20	0	179
Eco World International Berhad	04/23	-	5.349	1	5.398	01/20	-5	249
				<u>929</u>				

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

Market/Corporate News: What's Brewing

Energy shipper MISC BHD has secured a long-term charter contract from Petroleo Brasileiro SA (Petrobras) to own and operate three new Suezmax-size shuttle tankers in Brazilian and international waters. The contract is valued at US\$525.6mil (RM2.16bil) and is expected to commence in 2022. "These new vessels will be in addition to the six (four currently under construction) specialist DP2 Suezmax-size shuttle tankers on time charter to Petrobras for operation in the Brazilian Basin," MISC said in a filing with Bursa Malaysia. The charter contract was awarded to MISC's wholly owned unit, AET Tanker Holdings Sdn Bhd. AET is the petroleum shipping unit of MISC and specialises in the global ocean transport of petroleum. Petrobras is headquartered in Rio de Janeiro, Brazil, and is an international energy company and present in the oil exploration and production, refining, natural gas, electric energy, logistics, trade, distribution, petrochemicals, fertilisers, and biofuel segments. This is the second major contract win by MISC in Brazil this year. On Jan 6, MISC announced that AET was awarded long-term contracts worth US\$245mil for three new Suezmax class dynamic positioning shuttle tankers by Brazil Shipping I Ltd – a Shell Group entity. The new Suezmax class vessels is expected to enter operations in 2022. (Source: The Star)

Paramount Corporation Bhd has purchased a 49 percent equity interest in a Bangkok-based property development company for THB 60,270,000 (approximately RM8.44 million), marking its entry into Thai property development. Paramount Group chief executive officer Jeffrey Chew said the company had on Jan 22 signed a share purchase agreement with Navarang Asset Company Ltd (Navarang Asset) to acquire a 49 percent equity stake in Navarang Charoennakorn Company Ltd (Navarang Charoennakorn). A ceremony held in Bangkok today to formalise the business partnership was attended by Paramount Property

CEO Beh Chun Chong, Navarang Asset CEO Apipu Phromyothi and chief operating officer Onkarit Phromyothi. Under the agreement, Paramount Global Sdn Bhd (wholly-owned by Paramount) will own 49 percent of Navarang Charoennakorn while Navarang Asset will own the remaining 51 percent, Paramount said in a statement today. "This is Paramount's first venture into property development outside Malaysia. We are glad to be in Thailand through our partner Navarang Asset, a respected developer with an excellent track record in premium residential and commercial projects," Chew said. Chew added Navarang Charoennakorn would launch Na Reva, a 29-storey premium condominium project, with a GDV of THB1.3 billion (about RM172 million) on the banks of Chao Phraya River, on Feb 13. Chew said the project is an attractive option for Malaysians looking at investing in properties overseas as condominiums in Bangkok have continued to show a good yield. "With Paramount as a stakeholder in this project, we expect Malaysian investors to have greater confidence in considering this option," he said.

Less than a week after Malaysia said it would not discount the likelihood of hastening a stimulus package to bolster the economy amid fierce headwinds, the ministry of finance (MoF) is now preparing the booster shot to overcome the economic impact of the rampaging Wuhan virus. The stimulus package will be announced at a suitable date that will be fixed, said Finance Minister Lim Guan Eng yesterday in a statement announcing that MoF has been tasked by the cabinet to plan the package. "MoF is very concerned with the outbreak of the 2019 novel coronavirus (Wuhan virus) which has affected the economy in general, and especially the tourism industry. "The ministry will organise a discussion with the ministry of economic affairs, ministry of tourism, arts and culture, and the ministry of international trade and industry, as well as industry players and related services companies to obtain the input in its planning of the economic stimulus package," he said. Yesterday, Malaysian health authorities confirmed new virus infection on two Malaysians who were flown back from Wuhan, China, on Tuesday, bringing the total confirmed cases in the country to 12 — nine Chinese citizens and three Malaysians. At press time, the virus has killed 494 people and infected some 24,625 people globally since the start of the outbreak at end-December. All but two of the fatalities happened in China, where there were 24,391 confirmed infections. There were reportedly 965 cured cases. As the number of infections rises, equity markets across the globe tumble. The Shanghai Composite Index took the most hit, having lost 7.61% since end-December. Other regional markets badly hit include the Philippine Stock Exchange Index, which has sunk 5.92%, and the Jakarta Stock Exchange Composite Index, which has fallen 5.1%, and the Hong Kong Hang Seng, down 4.98%. The FBM KLCI was not spared as it fell to 1,521.95 points on Feb 3, its lowest level since January 2011, before recovering some lost ground to settle at 1,536.79 yesterday. Year-to-date, it has declined 3.27%. Last week, analysts said in a note that Malaysia's economy could be hit harder by the Wuhan virus outbreak compared with the severe acute respiratory syndrome (SARS) outbreak in 2003, should concerns about the latest coronavirus infection persist as long as it did during the SARS episode. This, it said, is because China's share of tourism receipts has more than quadrupled to 19% in 2019 from a mere 4% in 2003, when the SARS outbreak took place in February to July that year. Another analyst, however, maintained its 2020 gross domestic product (GDP) growth forecast for Malaysia at 4.3%, based on its analysis of SARS's limited impact on Malaysia's GDP, together with Bank Negara Malaysia's recent 25-basis-point "preemptive" rate cut and the potential pump priming by the government. "...we think these upside risks serve as a fair balance," the analyst wrote in a note yesterday. "We believe fear of the virus is currently more sentiment-driven as it still has a lower mortality rate compared to SARS." Nevertheless, if the current condition worsens, the virus has the potential to shave off up to 0.2% from the country's GDP growth, with most of the impact to be seen in the first and second quarters of this year. Impact of the Wuhan outbreak is likely to be the most felt in Malaysia's tourism industry, he added. "We think the impact is likely to be most pronounced in the airlines, hotel, as well as physical retail sectors. Historically, the accommodation and restaurants, wholesale and retail, and transport and storage sectors were negative at the peak of [the] SARS outbreak although GDP growth remained resilient," he added. "An unexpected drop in tourist arrivals could affect Visit Malaysia Year 2020. The government's target for tourist arrivals is 30 million (2018: 25.8 million), with 3.2 million targeted arrivals from China. These targets are likely to be revised lower," the economist said. The

tourism industry contributed 15.2% to GDP in 2018, he added. China has been Malaysia's largest trading partner for the past 11 years and accounted for 17.2% or RM315.19 billion of Malaysia's total trade last year, according to data from the Malaysia External Trade Development Corp. The country is both Malaysia's largest import source and export destination. Chinese imports accounted for 20.7% or RM175.59 billion of Malaysia's total imports last year, while exports to China amounted to RM139.61 billion or 14.2% of Malaysia's total exports. Besides Malaysia, China, whose economy now accounts for about 17% of global GDP, is also the largest trading partner to most of its neighbours. And "those most dependent stand to be hit hardest" by the virus outbreak, according to Bloomberg. Hong Kong's already struggling economy faces a 1.7% downdraft in the first quarter, according to the news agency, while South Korea and Vietnam — which benefit from Chinese tourism and embedded supply chains — could see a 0.4% drag on near-term growth. It also noted that Australia and Brazil, both commodity exporters to China, may see growth at 0.3% below what it would have been without the virus. (Source: *The Edgemarkets*)

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

Source: RAM, MARC

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