

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries ended weaker last Friday following the mixed jobs reports for November which revealed lower numbers compared to estimates whilst average hourly earnings rose more than expected instead. The longer-ends were pressured as the curve bear-steepened as overall benchmark yields ended between 0-8bps across the curve from prior day's closing. The UST 2Y yield was unchanged at 0.15% whilst the much-watched 10Y spiked 6bps at 0.97%. Expectations are being bolstered for additional fiscal stimulus by the newly-led Democratic government. Along with the recent NFP undershoot, the trade deficit widened less than expected whilst the factory report beat forecasts. No data is scheduled for release today.

##### MGS/GII

- On Friday, local govies sustained buying momentum and strength on especially in the mid-longer tenures amid a higher secondary market volume of RM2.49b. Overall benchmark saw yields close mostly lower again between 0-12bps across the curve save for the 5Y MGS/GII and 10Y GII. The 5Y MGS 9/25 yields rose 3bps at 2.17% whilst the 10Y MGS 4/31 yields edged 1bps lower at 2.69%. Interest was mainly seen in the benchmark 7Y, 15Y and 20Y MGS. GII bond trades rose to form 22% of overall trades. Nevertheless some pressure on bonds are expected with the latest downgrade by Fitch Ratings of the nation's long-term foreign-currency issuer default rating from A- to BBB+/Stable last Friday. Expect attention to shift to the penultimate auction exercise for the year involving the 10Y GII today. Meanwhile there is no major economic data for the day save for the release of foreign reserves as at 30<sup>th</sup> Nov.

##### Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw lukewarm interest amid a sustained secondary market volume of a mere RM234m. Interest was mainly seen along the GG followed by the GG-AA space as overall yields however closed mostly mixed-to-higher in trades involving 16 various bonds. Govt-guaranteed DANA and PRASA 23's saw yields spike 10-11bps compared to previous-done levels at 2.14% levels. The longer-tenured PRASA 3/40 and DANA 11/47 rose 41bps and 15bps respectively at 3.91% and 4.23%. AAA-rated TELEKOM 5/22 rose 8bps whilst the 6/22 tranche edged 2bps higher at 2.23% AA-rated CELCOM 8/24 too saw yields move 5bps up at 2.73%. Meanwhile, the banking space saw CIMB Group Holdings 6/22 buck the trend by rallying 16bps 2.48%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	0
5-yr UST	0.42	2
10-yr UST	0.97	6
30-yr UST	1.74	8

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.89	0	1.95	-4
5-yr	2.17	3	2.29	1
7-yr	2.49	-1	2.56	-2
10-yr	2.69	-1	2.79	5
15-yr	3.24	-7	3.34	-6
20-yr	3.54	-2	3.63	-12
30-yr	3.99	-1	4.07	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.93	0
3-yr	2.07	0
5-yr	2.26	0
7-yr	2.42	0
10-yr	2.65	0

Source : Bloomberg

#### Upcoming Government Bond Tender

Re-opening of RM4.0b 10Y GII 10/30 on Monday,  
7<sup>th</sup> Dec 2020

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	02/21	1.594	8	1.649	02/12/2020	-5
MGS	07/21	1.604	15	1.610	03/12/2020	-1
MGS	03/22	1.684	5	1.779	03/12/2020	-10
MGS	08/22	1.728	28	1.837	03/12/2020	-11
MGS	03/23	1.884	18	1.888	03/12/2020	0
MGS	04/23	1.889	2	1.890	03/12/2020	0
MGS	08/23	1.944	4	1.944	03/12/2020	0
MGS	06/24	2.056	5	2.052	03/12/2020	0
MGS	07/24	2.072	34	2.066	03/12/2020	1
MGS	03/25	2.143	1	2.120	02/12/2020	2
MGS	09/25	2.169	22	2.141	03/12/2020	3
MGS	07/26	2.363	41	2.377	03/12/2020	-1
MGS	11/26	2.349	28	2.350	03/12/2020	0
MGS	03/27	2.538	2	2.511	01/12/2020	3
MGS	05/27	2.493	295	2.499	03/12/2020	-1
MGS	11/27	2.550	1	2.540	03/12/2020	1
MGS	06/28	2.641	9	2.613	03/12/2020	3
MGS	08/29	2.776	55	2.827	03/12/2020	-5
MGS	04/31	2.686	39	2.699	03/12/2020	-1
MGS	06/31	2.904	36	2.928	03/12/2020	-2
MGS	04/33	3.241	20	3.327	03/12/2020	-9
MGS	07/34	3.237	732	3.312	03/12/2020	-7
MGS	05/35	3.350	24	3.375	03/12/2020	-2
MGS	06/38	3.613	40	3.623	03/12/2020	-1
MGS	05/40	3.535	218	3.556	03/12/2020	-2
MGS	09/43	3.896	78	4.002	02/12/2020	-11
MGS	03/46	3.978	14	4.037	03/12/2020	-6
MGS	07/48	4.050	113	4.099	03/12/2020	-5
MGS	06/50	3.993	50	4.004	03/12/2020	-1
GII	03/21	1.783	3	1.760	03/12/2020	2
GII	08/21	1.641	1	1.760	03/12/2020	-12
GII	11/23	2.346	1	1.982	03/12/2020	36
GII	05/24	2.050	1	2.144	01/12/2020	-9
GII	08/25	2.196	40	2.132	25/11/2020	6
GII	10/25	2.207	40	2.280	03/12/2020	-7
GII	03/26	2.292	71	2.279	03/12/2020	1
GII	07/27	2.606	45	2.636	03/12/2020	-3
GII	09/27	2.561	126	2.577	03/12/2020	-2
GII	10/28	2.753	1	2.754	02/12/2020	0
GII	12/28	2.724	1	2.743	03/12/2020	-2
GII	07/29	2.809	125	2.826	03/12/2020	-2
GII	10/30	2.793	1	2.742	03/12/2020	5
GII	11/34	3.335	71	3.392	02/12/2020	-6
GII	09/39	3.634	6	3.757	02/12/2020	-12
GII	11/49	4.070	20	4.074	02/12/2020	0
			<u>2486</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	1.949	20	1.910	20/11/2020	4	18
Danainfra Nasional Berhad	05/23	GG	2.143	50	2.032	13/10/2020	11	37
Pengurusan Air SPV Berhad	06/23	GG	2.142	15	2.793	23/04/2020	-65	25
Prasarana Malaysia Berhad	09/23	GG	2.142	25	2.042	15/09/2020	10	25
Small Medium Enterprise Development Bank Malaysia	03/24	GG	2.238	2	2.478	08/07/2020	-24	34
Danainfra Nasional Berhad	05/32	GG	3.390	15	3.379	02/12/2020	1	69
Danainfra Nasional Berhad	10/33	GG	3.540	10	3.071	04/08/2020	47	27
Prasarana Malaysia Berhad	03/40	GG	3.912	10	3.505	09/09/2020	41	35
Danainfra Nasional Berhad	11/47	GG	4.231	10	4.080	28/09/2020	15	66
Telekom Malaysia Berhad	05/22	AAA	2.229	10	2.145	28/10/2020	8	55
Telekom Malaysia Berhad	06/22	AAA	2.231	10	2.206	02/12/2020	2	46
Danum Capital Berhad	02/35	AAA	3.751	15	3.520	05/11/2020	23	48
CIMB Group Holdings Berhad	06/22	AA1	2.483	30	2.645	22/07/2020	-16	71
Celcom Networks Sdn Berhad	08/24	AA+	2.731	10	2.685	28/10/2020	5	65
MNRB Holdings Berhad	03/29	A1	4.367	1	3.916	08/10/2020	45	177
Tropicana Corporation Berhad	06/23	A+	5.052	2	5.049	03/12/2020	0	316
			<u>234</u>					

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

### Market/Corporate News: What's Brewing

**The Employees Provident Fund's (EPF) investments have proven to be resilient so far despite the unique challenges faced by the market during the economic slowdown.** The retirement fund said guided by its Strategic Asset Allocation (SAA), it has always been diversifying its investments across domestic and global markets, with the consideration of its need to have sufficient cash flow at all times, including extreme times like this pandemic. "Fundamentally, the EPF is a long-term investor and every investment decision made will continue to take into account its responsibility to sustain members' funds even in unprecedented situations like this pandemic," it said in a statement today in relation to i-Sinar's impact on its financial health. The EPF said at present, guided by i-Sinar's existing structure, all of its actions will ensure there is no impact to the domestic market. On how i-Sinar withdrawal would affect members' future retirement, the EPF said while it understands the need for members to withdraw from their savings to survive these difficult times, it hopes members can plan ahead on how much is needed so that they can fulfil today's needs while minimising the impact on their future retirement. The fund also encourages members to seek its Retirement Advisory Services officers for assistance in guiding their finances and rebuilding their nest egg for retirement. On the replenishment method for i-Sinar, the EPF said for members under i-Sinar, all future contributions will be channelled to Account 1 until the amount taken out is replenished. Once the amount taken out is replenished, contributions will revert to the original ratio of 70:30 in Account 1 and Account 2, it said. The EPF also assured that action will be taken against non-cooperative employers to ensure that members' i-Sinar application process is smooth. (Source: *The EdgeMarkets*)

**Based on corporate announcements and news flow, companies in focus may include: Gamuda Bhd, Genting Malaysia Bhd, MyEG Services Bhd, Widad Group Bhd, Top Glove Corp Bhd and Yong Tai Bhd.** Gamuda Bhd's subsidiary Gamuda Water Sdn Bhd's vehicle Glacier Assets Bhd has proposed to issue RM630 million worth of senior notes, which will be backed by receivables due from Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (SPLASH), according to RAM Rating Services Bhd. RAM said Glacier was set up by Gamuda Water to monetise the balance of receivables due under the termination and settlement agreement between Pengurusan Air Selangor Sdn Bhd (Air Selangor), SPLASH and Gamuda Water. RAM has assigned a preliminary rating of AAA/Stable to the RM630 million senior notes, which will be issued under Glacier's RM800 million asset-backed medium-term notes facility. Genting Malaysia Bhd's (GenM) Resorts World Casino New York City (RWNY), New York's largest taxpayer, said it has generated more than US\$3 billion for New York Lottery's education fund since opening in 2011. Genting Americas East president Bob DeSalvio said Resorts World is proud to continue to provide critical support, so that children across New York would have access to higher-quality education. MyEG Services Bhd (MyEG) has secured a three-year extension for the e-government services it provides, from May 23, 2020 to May 22, 2023. It said the extension is in the best interest of the company, and is expected to contribute positively to earnings and net assets per share of the company for the financial year ending Dec 31, 2020 and thereafter. MyEG holds a concession agreement with the government for the electronic delivery of driver and vehicle registration, licensing and summons services, and utility bill payments (e-services). Widad Group Bhd's wholly-owned subsidiary Widad Builders Sdn Bhd (WBSB) has secured from the Marine Department Malaysia, a RM21.38 million contract involving the management and maintenance of the Kuala Perlis, Kuala Kedah and Langkawi's Kuah passenger jetty and terminal for five years. Widad said the contract period commences from Jan 1, 2021 to Dec 31, 2025. The Employees Provident Fund (EPF) today reported the sale of another 7.36 million shares in Top Glove Corp Bhd. The shares were disposed of on Dec 1 via four transactions, without disclosing the prices. Following the latest disposals, the EPF is now left with 458.8 million shares or a 5.72% stake in the glove manufacturer. Yong Tai Bhd has entered

into a heads of agreement with China-based Shenzhen Kangtai Biological Products Co Ltd (SZKT) for a proposed collaboration on the development and exclusive commercialisation of the latter's inactivated Covid-19 vaccine in Malaysia. SZKT is currently developing a Covid-19 inactivated vaccine (vero cells) against the coronavirus. Under this collaboration, Yong Tai will be SZKT's partner in Malaysia to conduct Phase III clinical trials and exclusive commercialisation of the vaccine. Upon the successful conclusion of the Phase III clinical trial or emergency usage approval being obtained in Malaysia, whichever is earlier, Yong Tai said the parties plan to cooperate on a vaccine procurement programme of 100 million doses of the vaccine over a five-year period, of which the committed quantity for the first three years shall be not less than 20 million doses per annum. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Indera Persada Sdn Bhd	RM280 mil Fixed Rate Serial Bonds (2013/2028)	AA1/Stable	Reaffirmed

Source: RAM, MARC

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