

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries lacked direction with the long-end ending slightly weaker post-3Y auction results. Overall benchmark yields closed between 0-2bps higher compared to prior day's close with both the UST 2Y and 10Y ending within 1bps from prior day's close at 1.54% and 1.82% respectively. The \$38b 3Y auction saw slightly weaker bidding metrics with BTC ratio @ 2.45x (previous 10 auctions: 2.49x). Upbeat economic data on ISM non-manufacturing index for December and narrower trade deficit in November failed to impact UST's. Traders and investors preferred to monitor uncertainty over rising tensions between US and Iran whilst the US-China trade pact phase 1 is expected to be signed later this month. The US auction continues this week with \$24b 10-year reopening on Wednesday followed by \$16b 30-year reopening on Thursday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.54	0
5-yr UST	1.61	1
10-yr UST	1.82	1
30-yr UST	2.31	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.97	-1	3.07	1
5-yr	3.16	0	3.19	2
7-yr	3.28	3	3.29	1
10-yr	3.27	0	3.36	1
15-yr	3.51	0	3.55	2
20-yr	3.62	-6	3.70	0
30-yr	3.93	-2	4.01	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.28	0
3-yr	3.27	0
5-yr	3.28	0
7-yr	3.34	1
10-yr	3.40	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GIII

- Local govies continued to see strong investor participation amid steady secondary market volume of RM4.46b with interest predominantly seen in the short off-the-run 21-22's, 27's and also benchmark 10Y MGS/GII bonds. MGS yields closed mostly mixed between -6 to +3bps whilst GII's ended weaker between 0-2bps across the curve with both the benchmark 5Y MGS 6/24 and 10Y MGS 8/29 closing unchanged 3.16% and 3.27% respectively. GII trades dropped to form ~ 47% of overall trades. The first inaugural auction for both the year and new decade for the re-opening of 7Y MGS 5/27 saw solid bidding metrics with a BTC ratio of 2.498x; averaging 3.281%. Expect decent activity to ensue in the local govies space as trade-sensitive nations such as Malaysia may benefit from easing global growth concerns next year.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk space continued to witness strong participation with secondary market volume higher at RM644m with overall investor interest sprawled across the GG to single-A part of the curve on 34 various bonds as overall yields grinded lower. The long-end DANAINFRA 40-48's closed mixed between -16 to +7bps compared to previous-done level between 3.92-4.13% levels. AAA-rated GENM Capital 7/23 and SEB 7/29 declined by 4bps at 3.77% and 3.68% respectively. AA-rated BUMITAMA Agri 7/24 and 7/26 edged 1bps at 3.78% and 3.89% each whilst DUKE 8/29 spiked 14bps at 4.45%. The banking space saw ALLIANCE 25NC20 end sharply higher on yields at 3.84%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.703	21	2.668	06/01/2020	3
MGS 10/20	2.830	121	2.793	06/01/2020	4
MGS 02/21	2.965	7	2.995	06/01/2020	-3
MGS 07/21	2.971	143	3.000	06/01/2020	-3
MGS 09/21	3.025	8	3.026	06/01/2020	0
MGS 11/21	3.028	176	3.012	06/01/2020	2
MGS 03/22	2.969	12	2.977	06/01/2020	-1
MGS 08/22	3.047	43	3.053	06/01/2020	-1
MGS 09/22	3.023	147	3.060	06/01/2020	-4
MGS 03/23	3.083	6	3.074	06/01/2020	1
MGS 04/23	3.099	4	3.127	06/01/2020	-3
MGS 08/23	3.138	14	3.138	06/01/2020	0
MGS 06/24	3.161	114	3.163	06/01/2020	0
MGS 07/24	3.165	15	3.171	06/01/2020	-1
MGS 09/24	3.174	7	3.163	06/01/2020	1
MGS 03/25	3.206	5	3.227	03/01/2020	-2
MGS 09/25	3.198	133	3.216	06/01/2020	-2
MGS 04/26	3.235	1	3.224	06/01/2020	1
MGS 07/26	3.281	98	3.254	06/01/2020	3
MGS 09/26	3.289	5	3.350	25/11/2019	-6
MGS 11/26	3.271	52	3.296	06/01/2020	-2
MGS 05/27	3.290	556	3.250	06/01/2020	4
MGS 11/27	3.303	195	3.294	06/01/2020	1
MGS 06/28	3.302	55	3.309	06/01/2020	-1
MGS 08/29	3.274	123	3.274	06/01/2020	0
MGS 04/30	3.426	40	3.455	06/01/2020	-3
MGS 06/31	3.483	21	3.469	06/01/2020	1
MGS 04/33	3.530	1	3.632	02/01/2020	-10
MGS 07/34	3.509	30	3.505	06/01/2020	0
MGS 05/35	3.573	2	3.643	06/01/2020	-7
MGS 04/37	3.616	13	3.620	06/01/2020	0
MGS 06/38	3.620	60	3.634	06/01/2020	-1
MGS 05/40	3.620	78	3.679	06/01/2020	-6
MGS 09/43	3.925	5	3.937	06/01/2020	-1
MGS 03/46	3.980	29	3.981	06/01/2020	0
MGS 07/48	3.930	34	3.946	06/01/2020	-2
GII 04/20	2.885	82	3.010	20/12/2019	-13
GII 05/20	2.981	100	2.943	06/01/2020	4
GII 04/22	3.046	1	3.090	03/01/2020	-4
GII 07/22	3.074	11	3.141	27/12/2019	-7
GII 11/22	3.101	20	3.099	03/01/2020	0
GII 05/23	3.062	16	3.055	06/01/2020	1
GII 07/23	3.145	250	3.128	06/01/2020	2
GII 11/23	3.156	183	3.151	06/01/2020	1
GII 10/24	3.192	101	3.176	06/01/2020	2
GII 10/25	3.264	9	3.261	06/01/2020	0
GII 03/26	3.292	400	3.279	06/01/2020	1
GII 07/27	3.388	60	3.325	06/01/2020	6
GII 12/28	3.372	30	3.360	06/01/2020	1
GII 07/29	3.363	297	3.356	06/01/2020	1
GII 09/30	3.446	70	3.436	06/01/2020	1
GII 06/33	3.541	105	3.546	06/01/2020	0
GII 08/33	3.561	130	3.574	06/01/2020	-1
GII 11/34	3.553	20	3.536	06/01/2020	2
GII 08/37	3.727	140	3.768	06/01/2020	-4
GII 05/47	4.027	48	4.022	06/01/2020	0
GII 11/49	4.013	17	4.014	06/01/2020	0
		<u>4461</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*
Pengurusan Air SPV Berhad	02/26	GG	3.420	10	3.559	24/09/2019	-14	18
Lembaga Pembiayaan Perumahan Sektor Awar	09/26	GG	3.418	20	3.540	05/12/2019	-12	15
Danainfra Nasional Berhad	07/27	GG	3.447	50	3.585	08/11/2019	-14	16
Prasarana Malaysia Berhad	09/27	GG	3.438	20	3.611	05/12/2019	-17	15
Turus Pesawat Sdn Berhad	11/27	GG	3.537	30	3.649	05/12/2019	-11	25
Lembaga Pembiayaan Perumahan Sektor Awar	04/28	GG	3.500	10	3.629	22/11/2019	-13	21
Prasarana Malaysia Berhad	09/28	GG	3.481	60	3.648	20/11/2019	-17	18
GovCo Holdings Berhad	06/31	GG	3.639	20	3.821	04/12/2019	-18	34
Prasarana Malaysia Berhad	12/33	GG	3.719	20	4.199	04/04/2019	-48	19
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	3.740	70	3.841	02/01/2020	-10	21
Danainfra Nasional Berhad	03/34	GG	3.739	15	3.832	26/12/2019	-9	21
Danainfra Nasional Berhad	04/40	GG	3.919	20	4.079	16/12/2019	-16	29
Danainfra Nasional Berhad	11/42	GG	4.009	5	3.939	07/10/2019	7	38
Danainfra Nasional Berhad	04/43	GG	4.019	5	4.160	18/12/2019	-14	39
Danainfra Nasional Berhad	04/45	GG	4.069	5	4.020	20/09/2019	5	44
Danainfra Nasional Berhad	04/48	GG	4.130	25	4.260	03/01/2020	-13	50
Malaysia Airports Capital Berhad	12/22	AAA	3.472	30	3.528	26/11/2019	-6	47
GENM Capital Berhad	07/23	AAA	3.768	40	3.806	24/12/2019	-4	65
Sarawak Energy Berhad	07/29	AAA	3.679	10	3.718	07/10/2019	-4	38
YTL Corporation Berhad	11/36	AA1	4.318	30	4.368	18/11/2019	-5	79
Krung Thai Bank Public Company Limited	07/25	AA2	3.806	10	4.843	24/12/2019	-104	64
MMC Corporation Berhad	11/20	AA-	3.765	20	3.796	17/12/2019	-3	81
BGSM Management Sdn Berhad	09/21	AA3	3.527	10	4.427	29/10/2018	-90	53
Bumitama Agri Ltd	07/24	AA3	3.775	25	3.788	02/01/2020	-1	61
Bumitama Agri Ltd	07/26	AA3	3.889	20	3.898	02/01/2020	-1	62
UEM Sunrise Berhad	04/20	AA-	3.307	10	3.336	02/01/2020	-3	36
Grand Sepadu (NK) Sdn Berhad	06/27	AA-	4.134	2	5.006	29/03/2017	-87	87
MMC Corporation Berhad	03/28	AA-	4.911	1	4.908	03/01/2020	0	163
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/29	AA-	4.450	10	4.309	03/09/2019	14	115
Special Power Vehicle Berhad	11/21	A1	3.917	10	3.980	09/12/2019	-6	92
CIMB Group Holdings Berhad	05/16	A1	4.292	1	4.315	06/01/2020	-2	67
Alliance Bank Malaysia Berhad	10/25	A2	3.839	20	3.350	28/11/2019	49	60
Bank Muamalat Malaysia Berhad	11/21	A	4.094	10	4.100	10/12/2019	-1	110
Eco World International Berhad	10/21	-	5.786	1	5.778	13/12/2019	1	279
				<u>644</u>				

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

Market/Corporate News: What's Brewing

Local property players are kicking off the year with higher, if not optimistic sales targets – an indication that the local property sector is bottoming out. Sunway Bhd, at a briefing here, said it is targeting sales of RM2bil for 2020, a 30% jump from the RM1.55bil it achieved last year. The company had initially set out to achieve RM1.3bil for 2019. Earlier this week, LBS BINA GROUP BHD had announced that it was targeting RM1.6bil in sales this year. The company targeted RM1.5bil for 2019 but achieved RM1.63bil. Both companies attributed a large portion of its stellar performance last year to the government's Home Ownership Campaign (HOC). It was kicked off in January last year to address the overhang conundrum in the country. The campaign, which was initially set for just six months, was extended to a year. A number of initiatives were announced during the period to encourage home-ownership including the exemption of stamp duties on residential units priced between RM300,000 and RM1mil. Yesterday, Housing and Local Government Minister Zuraida Kamaruddin said the HOC had exceeded the ministry's expectation, with a total of 31,415 units being sold under the campaign. She said total sales value generated under the HOC was RM19.8bil, significantly more than the initial target of between RM15bil and RM17bil. Meanwhile, the KL Property Index (made up of the listed shares of property companies), which hit a 10-year low in October, has risen more than 10%. At the briefing yesterday, Sunway property division managing director Sarena Cheah said there is still inherent demand for properties. "Looking at the location and product that we have, we're quite confident. It's important to understand the market and position ourselves accordingly. "Looking at the encouraging response that we had last year, there is still inherent

demand," she said. On Monday, LBS Bina group managing director Tan Sri Lim Hock San said 2020 is expected to be a "good yet challenging year," and would focus on landed residential units as opposed to highrise units. Cheah said Sunway would also be offering attractive financing schemes and promotions to boost its sales this year. She pointed out that all of the group's launches will be within integrated developments or transit-linked, in line with the continued resilient demand that the company is seeing from purchasers for properties that are connected. (Source: *The Star*)

The Ministry of Housing and Local Government is planning to mould Perbadanan PR1MA Malaysia (PR1MA) into a national housing corporation to ensure a centralised and standardised housing industry for easy monitoring and enforcement, among others. Its minister Zuraida Kamaruddin in brushing off the allegation that PR1MA would be dissolved soon said the government was looking at the way forward for the corporation where housing projects under the education and defence ministries, respectively as well as Felda's new generation would be placed under PR1MA. "The government hopes to move PR1MA in the like of Singapore's Housing Development Board (HDB)," she told a media conference on PR1MA updates at her office here today. Meanwhile, she said the ministry had resolved some of the PR1MA problems, including its overhang and unsold units. During the Home Ownership Campaign 2019 (HOC) held from March 1 to Dec 31, 2019, PR1MA had sold 9,306 units and garnered 19,170 bookings, she said. PR1MA was established under the previous government via PR1MA Act 2012 to plan, develop, construct and maintain high-quality housing with lifestyle concepts for middle-income households in key urban centres and is open to all Malaysians with a monthly household income between RM2,500 to RM15,000. When the Pakatan Harapan took over the federal government, it placed PR1MA under the Housing and Local Government Ministry.. (Source: *The Edgemarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Silver Sparrow Berhad	RM515 mil Guaranteed MTN Programme (2011/2021.)	(AAA/Stable/P1)	Reaffirmed
Indera Persada Sdn Bhd	RM280 mil Fixed Rate Serial Bonds (2013/2028)	AA1/Stable	Reaffirmed
Sumitomo Mitsui Banking Corporation Malaysia Berhad	Financial Institution ratings.	AA1/Stable/P1	Reaffirmed

Source: RAM, MARC

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