

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	-1
5-yr UST	0.39	-3
10-yr UST	0.92	-4
30-yr UST	1.68	-5

MGS			GII*	
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.92	3	1.99	4
5-yr	2.16	-1	2.35	5
7-yr	2.49	-1	2.55	-1
10-yr	2.69	1	2.92	12
15-yr	3.28	4	3.31	-3
20-yr	3.55	1	3.63	0
30-yr	3.98	-1	4.05	-2

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.93	0
3-yr	2.07	0
5-yr	2.27	2
7-yr	2.42	0
10-yr	2.65	0

Source : Bloomberg

### Upcoming Government Bond Tender

Nil

## Fixed Income Daily Market Snapshot

### US Treasuries

- US Treasuries saw bids emerging and holding out well on Monday; reversing prior day's weakness as some attention was diverted instead to news pertaining to the UK's negotiations with EU. Traditional havens like gold and UST's benefitted from some pull-back from risk assets. The longer-ends were richer as the curve flattened with overall benchmark yields closing lower between 1-5bps across. The UST 2Y yield edged 1bps lower at 0.14% whilst the much-watched 10Y rallied 4bps at 0.92%. Expectations are being bolstered for additional fiscal stimulus by the newly-led Democratic government. Separately, the COVID-19 pandemic continues to ravage across the US with California reporting a 70% increase in hospitalizations. Meanwhile the data front is light for today.

### MGS/GII

- On Monday, local govovies surprisingly saw investors somewhat shrug off the recent downgrade of the nation's long-term issuer default rating from A- to BBB+/Stable as some cheer emerged on the continued rise in foreign holdings of MYR debt for the 7<sup>th</sup> month in-a-row. Foreign holdings in MYR govovies saw an increase of RM2.7b to RM198.4b; representing 23.9% of total outstanding. Overall benchmark yields closed mixed between -3 to +12bps amid a higher secondary market volume of RM2.27b. The 5Y MGS 9/25 yields edged 1bps lower at 2.16% whilst the 10Y MGS 4/31 yield closed 1bs up instead at 2.69%. Interest was mainly seen in the off-the-run 21's along with benchmark 3Y MGS and also the 10Y, 20Y GII. GII bond trades spiked to form 60% of overall trades. The penultimate auction for the year involving the 10Y GII 10/30 surprisingly saw solid bidding metrics; awarded at 2.986% on a BTC ratio of 2.619x. Some pressure on bonds may be expected with the ongoing digestion of latest report by Fitch Ratings last Friday.

### Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw slight improvement in interest amid secondary market volume of RM341m. Interest was mainly seen along the AAA-AA space as overall yields however closed mostly higher in trades involving 16 various bonds. Govt-guaranteed PTPTN 24's rose 2-15bps compared to previous-done levels at 2.23% levels. AAA-rated DANUM 2/35 settled unchanged at 3.75% whilst the long-end TNB 8/40 moved 4bps higher at 3.92%. AA-rated FORTUNE Premier saw a slew of 2023-2026 tranches cross hands 3-4 bps higher as well between 2.88-3.29% area. Energy-related bonds EDRA37's too siked 10-11bps between 4.37-4.42%. Meanwhile, the banking space was relatively quiet.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.604	77	1.604	04/12/2020	0
MGS 09/21	1.672	203	1.552	03/12/2020	12
MGS 11/21	1.700	3	1.689	03/12/2020	1
MGS 03/22	1.801	2	1.684	04/12/2020	12
MGS 09/22	1.750	11	1.773	04/12/2020	-2
MGS 03/23	1.920	6	1.884	04/12/2020	4
MGS 04/23	1.950	80	1.889	04/12/2020	6
MGS 08/23	1.968	7	1.944	04/12/2020	2
MGS 07/24	2.108	6	2.072	04/12/2020	4
MGS 03/25	2.156	4	2.143	04/12/2020	1
MGS 09/25	2.157	76	2.169	04/12/2020	-1
MGS 07/26	2.360	2	2.363	04/12/2020	0
MGS 03/27	2.553	3	2.538	04/12/2020	2
MGS 05/27	2.485	59	2.493	04/12/2020	-1
MGS 08/29	2.801	18	2.776	04/12/2020	3
MGS 04/31	2.693	5	2.686	04/12/2020	1
MGS 06/31	2.957	4	2.904	04/12/2020	5
MGS 04/33	3.346	4	3.241	04/12/2020	11
MGS 07/34	3.281	226	3.237	04/12/2020	4
MGS 04/37	3.507	5	3.450	03/12/2020	6
MGS 06/38	3.672	33	3.613	04/12/2020	6
MGS 05/40	3.549	35	3.535	04/12/2020	1
MGS 09/43	4.033	1	3.896	04/12/2020	14
MGS 06/50	3.978	19	3.993	04/12/2020	-1
GII 05/23	1.985	275	1.946	04/12/2020	4
GII 10/23	2.040	10	1.834	02/11/2020	21
GII 08/24	2.144	20	2.066	24/11/2020	8
GII 10/24	2.157	61	2.099	03/12/2020	6
GII 03/26	2.345	20	2.292	04/12/2020	5
GII 09/27	2.553	18	2.561	04/12/2020	-1
GII 10/28	2.829	40	2.753	04/12/2020	8
GII 10/30	2.917	833	2.793	04/12/2020	12
GII 06/33	3.395	3	3.448	01/12/2020	-5
GII 11/34	3.309	80	3.335	04/12/2020	-3
GII 11/49	4.050	20	4.070	04/12/2020	-2
		<u>2270</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	03/24	GG	2.232	30	2.215	02/12/2020	2	33
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	2.231	10	2.086	26/10/2020	15	33
Putrajaya Bina Sdn Berhad	09/26	AAA	2.809	20	2.762	27/10/2020	5	44
Pengerang LNG (Two) Sdn Berhad	10/26	AAA	2.798	5	-	-	-	43
Danum Capital Berhad	02/35	AAA	3.749	5	3.751	04/12/2020	0	46
Tenaga Nasional Berhad	08/40	AAA	3.920	15	3.881	27/11/2020	4	34
Fortune Premiere Sdn Berhad	03/23	AA	2.878	13	2.847	30/11/2020	3	109
Fortune Premiere Sdn Berhad	09/23	AA	2.948	14	2.918	07/09/2020	3	104
Fortune Premiere Sdn Berhad	10/25	AA	3.200	45	3.167	24/11/2020	3	102
Fortune Premiere Sdn Berhad	09/26	AA	3.289	18	3.249	20/11/2020	4	92
AmBank Islamic Berhad	12/30	AA3	3.130	65	-	-	-	40
TG Excellence Berhad	02/20	AA-	3.701	2	3.652	04/12/2020	5	12
Edra Energy Sdn Berhad	01/37	AA3	4.368	20	4.260	28/09/2020	11	108
Edra Energy Sdn Berhad	07/37	AA3	4.420	20	4.320	16/11/2020	10	113
Alliance Bank Malaysia Berhad	10/35	A2	3.728	0	3.777	03/12/2020	-5	44
KYS Assets Sdn Berhad	06/21	-	6.614	60	-	-	-	491
				<u>341</u>				

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

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

**A total of RM21.8 million in funding has been approved for 30 companies through the National Technology and Innovation Sandbox (NTIS) programme.** The programme, steered by the Ministry of Science, Technology and Innovation (MOSTI) and backed by the Malaysian Global Innovation & Creativity Centre (MaGIC), Malaysian Technology Development Corporation (MTDC), MIMOS Bhd and Technology Park Malaysia (TPM), is an initiative under the National Economic Recovery Plan (PENJANA) introduced in June 2020. In a statement today, MTDC said 1,763 companies have registered with NTIS since its launch in June 2020. It has received 48 applications for evaluation for the Sandbox Fund. "Besides helping to generate the national economy, NTIS also plays a role in helping to launch new technology application in various sectors, particularly with regard to combating the Covid-19 outbreak," it said. MTDC as main funding partner of the initiative, will provide the platform including funding for products/technologies/services created through R&D or local innovation, from the prototype to the commercialisation stage. "The target of this funding programme is to provide financial access for SME/startup companies to develop and conduct validation processes for their products/technologies/services in a controlled environment (sandbox). "Through NTIS, technology start-up companies can receive RM100 million in funding assistance," it said. MTDC offers four funding schemes — Single Site Sandbox, Multisite Sandbox, Commercialisation Sandbox and Corporate Sandbox.. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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