

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	0
5-yr UST	0.34	0
10-yr UST	0.79	0
30-yr UST	1.59	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.84	-2	1.91	0
5-yr	2.17	5	2.15	2
7-yr	2.39	5	2.34	-2
10-yr	2.63	0	2.60	3
15-yr	3.01	0	3.12	1
20-yr	3.32	3	3.49	0
30-yr	3.72	-1	4.04	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.88	1
3-yr	1.95	0
5-yr	2.13	0
7-yr	2.33	1
10-yr	2.63	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries saw some stability on Thursday following prior day's pull-back amid renewed concerns over a new stimulus bill after House speaker Pelosi rejected attempts to pass a stand-alone bill to help support the ailing airline industry. The elevated levels of initial jobless claims for week ended 3rd Oct helped lend a bid to bonds. Overall benchmark yields ended mostly within 1bps lower from prior day's close with both the the UST 2Y and the much-watched 10Y yields at 0.15% and 0.79% each. Meanwhile, the \$23b UST 30Y bond auction saw below average demand; attracting a BTC ratio of only 2.29x (previous 10 auctions: 2.37x) and awarded at 1.578%. As the Fed policy remains in autopilot mode, attention is expected to be focused on the upcoming US elections instead. However, uncertainty around the Nov presidential election may cause some volatility in UST levels. Expect attention to shift to the key developments in Washington pertaining to the proposed stimulus bill.

MGS/GIII

- Local govies closed mostly mixed with the belly slightly pressured on Thursday amid a sustained secondary market volume of RM3.63b as investors were at odds about a potential rate cut going forward in view of the impact on the economy due to the resurgence of COVID-19 infections. As the cheer faded, brought on by the good news on the improvement in foreign holdings of overall MYR bonds to RM209.5b in Sep, overall benchmark yields closed mixed between -2 to +5bps across the curve. The benchmark 5Y MGS 9/25 spiked 5bps at 2.17% whilst the 10Y MGS 8/29 yields closed unchanged at 2.63%. Interest was mainly seen in the off-the-runs 20-21's, and 3Y, 10Y benchmark GII. GII bond trades eased slightly to form 32% of overall trades. Meanwhile, seasonal strength could fuel appetite for EM local-currency sovereigns. Separately, BNM is expected to decide on the interest rate outlook on the 3rd of November; a few days before the 2021 budget.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space yesterday saw traction maintain albeit slightly lower secondary market volume at RM430m with interest in lesser number of various bonds i.e. 20. However overall yields closed mixed again with interest seen across the GG-single-A part of the curve. Govt-guaranteed DANA 35-36's closed 0-3bps lower compared to previous-done levels between 3.28-40% on single trades. AAA-rated MERCEDEZ 9/23 made its debut trade at its coupon of 2.70% whilst SEB 11/33 declined 4bps at 3.33%. AA-rated space saw UEM Edgenta close 8bps lower at 2.80% whilst energy-related bond Southern Power 10/26 fell 53bps sharply at 2.93%. The banking space saw RM90m of AFFIN Islamic 28NC23 exchange hands, spiking 23bps instead at 3.64%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 10/20	1.796	739	1.797	07/10/2020	0
MGS 02/21	1.540	42	1.529	07/10/2020	1
MGS 07/21	1.550	347	1.587	07/10/2020	-4
MGS 09/21	1.600	312	1.600	07/10/2020	0
MGS 11/21	1.649	20	1.734	07/10/2020	-9
MGS 03/23	1.835	230	1.854	07/10/2020	-2
MGS 04/23	1.887	5	1.908	07/10/2020	-2
MGS 08/23	1.948	2	1.970	07/10/2020	-2
MGS 06/24	2.001	7	1.977	07/10/2020	2
MGS 07/24	2.029	1	2.029	07/10/2020	0
MGS 09/24	2.039	5	2.057	07/10/2020	-2
MGS 03/25	2.126	4	2.139	07/10/2020	-1
MGS 09/25	2.169	164	2.117	07/10/2020	5
MGS 04/26	2.293	4	2.321	06/10/2020	-3
MGS 07/26	2.316	4	2.324	07/10/2020	-1
MGS 11/26	2.378	25	2.377	07/10/2020	0
MGS 05/27	2.387	65	2.333	07/10/2020	5
MGS 11/27	2.412	8	2.434	07/10/2020	-2
MGS 09/28	2.537	1	2.592	06/10/2020	-6
MGS 08/29	2.629	199	2.630	07/10/2020	0
MGS 04/30	2.665	55	2.672	07/10/2020	-1
MGS 06/31	2.771	5	2.789	06/10/2020	-2
MGS 04/33	3.050	7	3.074	07/10/2020	-2
MGS 11/33	3.063	21	3.100	06/10/2020	-4
MGS 07/34	3.014	69	3.014	06/10/2020	0
MGS 04/37	3.319	22	3.344	06/10/2020	-2
MGS 06/38	3.420	54	3.454	07/10/2020	-3
MGS 05/40	3.317	33	3.287	07/10/2020	3
MGS 06/50	3.719	18	3.729	07/10/2020	-1
GII 03/21	1.671	120	1.679	07/10/2020	-1
GII 08/21	1.680	85	1.705	07/10/2020	-3
GII 04/22	1.751	80	1.749	07/10/2020	0
GII 05/23	1.907	290	1.911	07/10/2020	0
GII 07/23	1.939	20	1.966	07/10/2020	-3
GII 11/23	1.945	10	1.990	06/10/2020	-4
GII 10/24	2.148	30	2.128	07/10/2020	2
GII 03/26	2.241	12	2.215	07/10/2020	3
GII 09/26	2.354	130	2.356	07/10/2020	0
GII 09/27	2.343	35	2.361	07/10/2020	-2
GII 08/28	2.660	10	2.666	01/10/2020	-1
GII 10/28	2.610	15	2.609	07/10/2020	0
GII 12/28	2.601	40	2.627	15/09/2020	-3
GII 07/29	2.666	50	2.642	07/10/2020	2
GII 10/30	2.598	231	2.568	07/10/2020	3
GII 11/34	3.124	10	3.112	07/10/2020	1
		<u>3633</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*	
GovCo Holdings Berhad	02/21	GG	1.832	10	2.165	17/06/2020	-33	19
Prasarana Malaysia Berhad	08/21	GG	1.898	10	1.932	24/09/2020	-3	26
DanaInfra Nasional Berhad	04/35	GG	3.279	5	3.249	02/09/2020	3	26
DanaInfra Nasional Berhad	10/36	GG	3.399	5	3.400	07/10/2020	0	38
Cagamas Berhad	03/22	AAA	2.173	25	2.203	30/09/2020	-3	53
Mercedes-Benz Services Malaysia Sdn Berhad	09/23	AAA	2.700	25	-	-	-	85
TNB Northern Energy Berhad	11/25	AAA	2.542	2	3.117	23/06/2020	-58	41
Sarawak Energy Berhad	11/33	AAA	3.327	30	3.371	06/10/2020	-4	31
GENM Capital Berhad	03/22	AA1	3.121	10	3.499	24/07/2020	-38	148
AmBank Islamic Berhad	10/28	AA3	2.800	7	2.899	24/08/2020	-10	33
Affin Islamic Bank Berhad	10/28	A1	3.640	90	3.407	24/07/2020	23	117
MNRB Holdings Berhad	03/29	A1	3.916	10	3.918	07/10/2020	0	144
IJM Land Berhad	03/19	A2	4.986	1	4.985	07/10/2020	0	169
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/29	A3	3.584	20	3.606	28/09/2020	-2	101
Eco World International Berhad	05/23	-	6.182	1	5.983	07/10/2020	20	433
Mah Sing Group Berhad	04/17	-	5.471	2	4.636	05/10/2020	84	217
Tropicana Corporation Berhad	10/23	A+	4.916	43	5.450	07/10/2020	-53	307
Tropicana Corporation Berhad	10/25	A+	4.896	55	5.650	07/10/2020	-75	276
UEM Edgenta Berhad	04/22	AA-	2.795	50	2.873	14/08/2020	-8	102
Southern Power Generation Sdn Berhad	10/26	AA-	2.932	30	3.460	03/07/2020	-53	65
			<u>430</u>					

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

Market/Corporate News: What's Brewing

Tropicana Corp Bhd has issued RM318 million in Islamic bonds from its RM1.5 billion Sukuk Wakalah Programme to repay existing financing or borrowings. The proceeds will also be used to defray fees, costs and expenses in relation to the sukuk programme and for capital expenditure and investments. The issuance, which has been assigned a credit rating of A+IS with a stable outlook by Malaysian Rating Corp Bhd, has tenors of three and five years with a senior ranking and security cover of 1.5 times. HSBC Amanah Malaysia Bhd is the sole principal adviser and lead arranger for the sukuk programme. "CIMB Investment Bank Bhd, Hong Leong Investment Bank Bhd, HSBC Amanah and Maybank Investment Bank Bhd are the joint lead managers for the sukuk issuance," said the property developer in a filing with the bourse. This marks the third tranche of sukuk issued out of the RM1.5 billion programme, after a RM589 million issuance in June and a RM100 million issuance in September. (Source: *The EdgeMarkets*)

Malaysia's AirAsia Group Bhd is looking to slash dozens of planes from its fleet by returning aircraft to lessors, Group Chief Executive Tony Fernandes said on Thursday. "We are not going to buy new planes and we are going to return as many as we can. I estimate by the end of next year we'll be flying 180 planes," Fernandes told reporters. The group currently has 245 aircraft. He said the group is already looking at returning 22 planes from this year. Fernandes said AirAsia remains in talks with planemaker Airbus about reducing pending orders. "I don't see us getting into a position where we want to buy planes for a number of years. And even if we want to buy planes, there will probably be a lot of cheap secondhand planes," Fernandes said. The budget carrier, like other airlines, has been hit hard by travel restrictions due to the pandemic. This week it shut its Japan operations and its long-haul arm AirAsia X Bhd announced plans to restructure US\$15.3 billion of debt. AirAsia is also looking to raise around US\$600 million in capital this year, and has considered fundraising to fund expansion of its digital arm. Fernandes said the group has recently been approached by a US firm offering to lend that business up to US\$1 billion. "I've been saying our data is very valuable. An American firm has come forward and said, you know, we would lend to you based on your data," Fernandes said, declining to elaborate. The group has long talked about leveraging its large user data base to expand its business. AirAsia Digital, its newly rebranded digital arm, houses businesses such as travel and lifestyle platform airasia.com which it launched on Thursday. Its other businesses include fintech unit BigPay, logistics unit Teleport, fast food business Santan and agriculture e-commerce platform OurFarm. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Penang Port Sdn Bhd	Medium-Term Notes Issuance Programme of up to RM1.0 billion	AA-IS/Stable	Assigned
TRIpIc Medical Sdn Bhd	RM639 mil Senior Sukuk Murabahah (the Senior Sukuk)	AA1/From Stable to Negative	Revised

Source: RAM, MARC

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