

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries closed weaker on Wednesday following softer-than-expected bidding metrics for the UST 10Y auction which was awarded at 0.951% on a mere BTC ratio of 2.33x (previous 6 auctions: 2.41x). The longer-ends were pressured as the curve steepened with overall benchmark yields closing between 0-3bps higher. The UST 2Y yield closed unchanged at 0.15% whilst the much-watched 10Y closed 3bps higher at 0.95%. Investors risk appetite is expected to take cue from the proposed additional fiscal stimulus by the newly-led Democratic government and also Brexit discussions. The new proposal by the White House for a COVID-19 stimulus bill that includes direct handouts to Americans (but removal of \$300-a-week jobless benefit totaling \$916b) was pushed back by House Speaker Pelosi who is expecting much better terms. Meanwhile expect attention to focus on the release of initial jobless claims for period ending 5<sup>th</sup> Dec and Nov inflation data.

##### MGS/GII

- On Wednesday, local govies saw slight weakness (but not a major bond sell-off) emanating from last Friday's downgrade of the nation's long-term issuer default rating from A- to BBB+/Stable. Overall benchmark yields closed lower between 0-3bps amid sustained secondary market volume of ~RM1.72b. The 5Y MGS 9/25 yields moved 3bps lower at 2.16% whilst the 10Y MGS 4/31 yields closed within 1bps higher at 2.75%. Some interest was mainly seen in the off-the-run 21's, 28's and benchmark 5Y MGS and 10Y GII. GII bond trades maintained to form ~38% of overall trades. Expect some attention to focus on the upcoming October industrial production numbers tomorrow.

##### Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space continued to notch strong momentum amid a tremendous rise in secondary market volume of RM774m with interest seen across the curve. Overall yields closed mostly mixed-to-higher in trades involving a recent high of 45 various bonds. Govt-guaranteed LPPSA and DANA 32's ended 0-1bps lower compared to previous-done levels between 4.80-82%. AAA-rated The short-tenured CAGAMAS 11/20 saw RM250m in nominal amounts exchange hands; closing unchanged at 4.00% whereas TNB Western saw its 2027 and 2029 tranches edge 0-2bps lower at 4.59% and 4.71% each. Energy-related BGSM 8/25 and SAMALAJU 12/24 however edged 1bps up instead at 4.84% and 4.61%. Meanwhile, the banking space saw MAYBANK 9/24 rally 17bps at 4.55%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	0
5-yr UST	0.41	2
10-yr UST	0.95	3
30-yr UST	1.69	3

MGS			GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)	
3-yr	1.92	0	2.00	0	
5-yr	2.16	-3	2.32	0	
7-yr	2.51	-1	2.58	-1	
10-yr	2.75	0	2.88	-2	
15-yr	3.25	-2	3.31	0	
20-yr	3.54	-1	3.63	1	
30-yr	4.01	0	4.05	0	

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.93	0
3-yr	2.08	0
5-yr	2.26	0
7-yr	2.42	0
10-yr	2.65	0

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 02/21	1.650	17	1.594	04/12/2020	6
MGS 07/21	1.600	130	1.604	07/12/2020	0
MGS 09/21	1.555	1	1.682	08/12/2020	-13
MGS 11/21	1.641	5	1.714	08/12/2020	-7
MGS 03/22	1.764	92	1.780	08/12/2020	-2
MGS 09/22	1.800	24	1.774	08/12/2020	3
MGS 03/23	1.921	53	1.920	08/12/2020	0
MGS 08/23	1.950	7	1.968	07/12/2020	-2
MGS 07/24	2.077	20	2.087	08/12/2020	-1
MGS 03/25	2.116	11	2.156	08/12/2020	-4
MGS 09/25	2.155	244	2.183	08/12/2020	-3
MGS 04/26	2.311	5	2.305	03/12/2020	1
MGS 07/26	2.331	29	2.371	08/12/2020	-4
MGS 03/27	2.420	7	2.503	08/12/2020	-8
MGS 05/27	2.509	45	2.520	08/12/2020	-1
MGS 11/27	2.567	2	2.587	08/12/2020	-2
MGS 08/29	2.807	53	2.799	08/12/2020	1
MGS 04/30	2.841	4	2.831	08/12/2020	1
MGS 04/31	2.746	69	2.744	08/12/2020	0
MGS 06/31	2.945	5	2.946	08/12/2020	0
MGS 04/33	3.274	64	3.274	08/12/2020	0
MGS 11/33	3.302	5	3.301	08/12/2020	0
MGS 07/34	3.254	26	3.277	08/12/2020	-2
MGS 04/37	3.532	4	3.495	08/12/2020	4
MGS 06/38	3.612	43	3.640	08/12/2020	-3
MGS 09/43	3.890	5	3.890	08/12/2020	0
MGS 03/46	3.991	15	3.920	08/12/2020	7
MGS 07/48	4.033	67	3.990	08/12/2020	4
MGS 06/50	4.007	2	4.007	08/12/2020	0
GII 03/22	1.762	70	1.729	03/12/2020	3
GII 05/24	2.102	52	2.103	08/12/2020	0
GII 08/24	2.100	20	2.144	07/12/2020	-4
GII 10/24	2.093	4	2.151	08/12/2020	-6
GII 09/26	2.452	120	2.435	08/12/2020	2
GII 08/28	2.826	50	2.754	08/12/2020	7
GII 10/28	2.827	160	2.829	07/12/2020	0
GII 10/30	2.879	150	2.895	08/12/2020	-2
GII 08/33	3.383	10	3.222	26/10/2020	16
GII 11/34	3.305	30	3.309	07/12/2020	0
GII 09/39	3.631	2	3.624	08/12/2020	1
GII 11/49	4.048	1	4.050	07/12/2020	0
		<u>1724</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*
Prasarana Malaysia Berhad	12/22	GG	1.955	230			196	16
Danainfra Nasional Berhad	02/23	GG	2.084	10	2.421	07/07/2020	-34	29
Danainfra Nasional Berhad	03/24	GG	2.219	10	2.197	02/12/2020	2	31
Prasarana Malaysia Berhad	10/28	GG	2.919	10	2.781	22/10/2020	14	28
Danainfra Nasional Berhad	11/28	GG	2.928	20	2.841	25/11/2020	9	29
Prasarana Malaysia Berhad	02/30	GG	3.078	10	2.949	19/11/2020	13	35
Prasarana Malaysia Berhad	03/30	GG	3.089	10	2.891	04/11/2020	20	36
Danainfra Nasional Berhad	05/47	GG	4.279	20	4.029	25/06/2020	25	72
Danainfra Nasional Berhad	11/49	GG	4.349	20	3.899	04/09/2020	45	79
Aman Sukuk Berhad	04/24	AAA	2.495	20	2.496	25/11/2020	0	58
Bakun Hydro Power Generation Sdn Berhad (fka Sarav	08/25	AAA	2.763	20	2.689	24/11/2020	7	60
Bakun Hydro Power Generation Sdn Berhad (fka Sarav	08/27	AAA	3.009	30	2.818	09/09/2020	19	48
Danum Capital Berhad	02/35	AAA	3.771	10	3.749	07/12/2020	2	50
Sabah Development Bank Berhad	02/26	AA1	3.262	20	3.208	01/10/2020	5	110
Sabah Development Bank Berhad	04/26	AA1	3.279	20	3.997	26/11/2020	-72	112
Celcom Networks Sdn Berhad	08/27	AA+	3.117	10	3.019	28/10/2020	10	59
Tanjung Bin Power Sdn Berhad	08/23	AA2	2.868	10	4.528	12/10/2017	-166	95
Tanjung Bin Power Sdn Berhad	08/25	AA2	3.049	30	3.028	02/12/2020	2	89
Tanjung Bin Power Sdn Berhad	08/26	AA2	3.149	10	3.119	23/10/2020	3	77
Tanjung Bin Power Sdn Berhad	08/27	AA2	3.269	10	3.229	28/09/2020	4	74
CIMB Group Holdings Berhad	03/28	AA	2.806	3	2.678	28/10/2020	13	28
CIMB Group Holdings Berhad	09/29	AA	2.909	3	2.806	28/10/2020	10	18
Press Metal Aluminium Holdings Berhad	08/25	AA3	4.018	1	3.999	10/11/2020	2	185
Mumtaz Rakyat Sukuk Berhad	06/26	AA3	2.574	1	2.561	27/10/2020	1	20
AmBank (M) Berhad	03/28	AA3	2.809	2	3.758	12/09/2019	-95	28
AmBank (M) Berhad	11/28	AA3	2.990	2	3.067	07/08/2020	-8	35
Edra Energy Sdn Berhad	01/32	AA3	3.979	10	3.981	08/12/2020	0	124
Edra Energy Sdn Berhad	07/32	AA3	4.009	10	4.011	08/12/2020	0	127
Edra Energy Sdn Berhad	01/33	AA3	4.039	20	3.918	16/11/2020	12	130
Cypark Ref Sdn Berhad	06/36	AA3	4.580	5	4.580	08/12/2020	0	131
Cypark Ref Sdn Berhad	06/39	AA3	4.859	15	4.860	08/12/2020	0	130
Sports Toto Malaysia Sdn Berhad	06/22	AA-	3.486	2	3.477	23/10/2020	1	169
Konsortium KAJV Sdn Bhd	05/23	AA-	4.085	20	4.080	23/10/2020	0	229
UEM Sunrise Berhad	03/24	AA-	3.967	20	3.606	25/09/2020	36	205
UEM Sunrise Berhad	10/25	AA-	4.092	20	4.028	20/11/2020	6	193
MMC Corporation Berhad	11/25	AA-	3.709	10	3.659	25/11/2020	5	155
Malaysian Resources Corporation Berhad	08/27	AA-	4.068	20	3.974	27/11/2020	9	154
MMC Corporation Berhad	03/28	AA-	3.979	10	3.909	27/11/2020	7	145
UiTM Solar Power Sdn Berhad	04/31	AA-	4.549	5	4.551	08/12/2020	0	181
Tan Chong Motor Holdings Berhad	11/21	A1	3.825	1	3.824	03/12/2020	0	212
Affin Islamic Bank Berhad	10/28	A1	3.662	40	3.649	02/12/2020	1	103
Eco World International Berhad	05/23	-	5.945	1	6.541	08/12/2020	-60	415
Tropicana Corporation Berhad	09/19	-	5.595	1	6.058	02/12/2020	-46	203
Quantum Solar Park (Semenanjung) Sdn Berhad	04/28	A+	4.619	5	4.621	08/12/2020	0	209
DRB-Hicom Berhad	12/29	A+	4.880	20	4.881	08/12/2020	0	216
				774				

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

## Market/Corporate News: What's Brewing

**Shares of G Capital Bhd plunged this afternoon after Public Bank Bhd clarified that it was not involved in the former's joint venture to establish a new full-fledged commercial bank in Cambodia.** The counter closed 40 sen or 29.7% lower at 94 sen with 62.24 million shares traded. Its market capitalisation stood at RM285.17 million. The decline in the share price took place after the clarification was issued by Public Bank at around 3pm. The bank said that one of the parties involved in the venture, Datuk Phan Ying Tong, was acting in his own capacity as he has resigned from all of his positions in the bank. Yesterday, G Capital announced that it has entered into a Heads of Agreement with Phan and Cambodian firm E S Packaging Co Ltd to jointly undertake the venture to establish the new bank named Oriental Bank Plc. Public Bank had reported on its website previously that Phan had 39 years of service with the banking group. He had served among others as general manager, and later country head, of Cambodian Public Bank. His final position with the group was regional head of Indo-China operations. (Source: The EdgeMarkets)

**Kumpulan Powernet Bhd (KPower) has bagged a contract worth RM296 million for a mini-hydropower plant in Perak.** In a bourse filing, the group announced that its wholly-owned subsidiary KPower Engineering Sdn Bhd had received and accepted a letter of award yesterday from Kangsar Hidro Sdn Bhd to undertake the engineering, design, procurement, construction, commissioning and completion of a mini-hydropower plant with a total capacity of 27.3MW in Sungai Singor, Perak. Kangsar Hidro is a 15:85 joint venture entity between Perak state agency Yayasan Perak and Kangsar Capital Sdn Bhd. KPower is expected to complete the project within 48 months from the commencement date or by Dec 24, 2024, whichever is earlier. The scope of work includes a preliminary study, engineering, construction, supervision, testing, commission, reliability test, remedy of defects during the defect liability period and provision of all equipment, both permanent works and temporary works for the project. The contract win is expected to contribute positively to KPower's net assets, consolidated earnings and earnings per share for the financial year ending June 30, 2021 (FY21) to June 30, 2025 (FY25). It is worth noting that KPower deputy chairman, managing director and substantial shareholder Mustakim Mat Nun — who controls a 0.50% direct stake and 14.94% indirect interest in KPower via Grand Deal Vision Sdn Bhd — is the director and major shareholder of OHP Ventures Sdn Bhd, an indirect shareholder of Kangsar Hidro with an effective interest of 85%. OHP Ventures is the parent of Kangsar Capital. As such, he is deemed to be interested in the award, noted the Bursa announcement. Additionally, KPower's chief financial officer Amirul Afif Abd Aziz is also a director and major shareholder of OHP Ventures, an indirect shareholder of Kangsar Hidro with an effective interest of 85%, and is also deemed to be an interested party in KPower's contract win. The latest contract win constitutes a recurrent related party transaction (RRPT) given Mustakim and Amirul's stakes in OHP Ventures, stated the Bursa announcement. KPower had obtained shareholder approval to enter into the RRPT with OHP Capital and its subsidiaries (which include OHP Ventures, Kangsar Capital and Kangsar Hidro) for an aggregate value of RM250 million, at its annual general meeting (AGM) today. "As the revenue to be generated from the project is estimated to be spread out within 48 months from the commencement date of the project, the company expects that the revenue to be generated from the project during the period until the next AGM will be within the Existing RRPT Mandate," KPower noted. In a separate statement, KPower chairman Datuk Abdul Karim Abdullah said the contract win marks the group's concentrated efforts towards securing continuous projects for the group as it steps closer to its target of additional RM2 billion for its FY21 order book. To date, the group's order book in Malaysia, ASEAN countries and Nepal stands at RM1.4 billion. Mustakim said "Malaysia will always be an anchor" for the group. "This project will further solidify our position and strengthen our platform as we explore other opportunities. While hydro remains our strong point, we are actively venturing into other products and markets. "We are optimistic of the prospects of the group in view of the resilient outlook for the energy sector and the expected economic recovery. This presents us with innumerable opportunities to capture and simultaneously expand our growth in the energy sector," he said. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Konsortium ProHAWK Sdn Bhd	RM900 mil Islamic MTN Programme (2013/2033)	AA2/Stable	Reaffirmed

Source: RAM, MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.