

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries were well-bid through Thursday's session finding support from renewed lockdowns over rising COVID-19 cases which are seen impacting the labor market as evidenced by the recent weaker-than-expected initial and continuing jobless claims. That coupled with the strong bidding metrics for the \$24b 30Y auction (awarded at 1.665% on a BTC ratio of 2.48x) caused the curve to shift lower with overall benchmark yields easing between 0-2bps. The UST 2Y yield edged 1bps lower at 0.14% whilst the much-watched 10Y ended almost unchanged at 0.93%. Investors risk appetite is expected to be influenced by the proposed additional fiscal stimulus by the newly-led Democratic government, Brexit discussions and also the upcoming FOMC decision on QE extension (if any). Progress towards a stimulus bill have recently been hampered by differences over protecting employers from liability for COVID-19 infections.

##### MGS/GIII

- On Thursday, local govies saw resilience despite the Fitch's rating setback as mentioned in our previous daily reports. Overall benchmark yields closed mostly mixed-to-lower between -5 to +1bps amid a doubling of secondary market volume of ~RM3.33b. The 5Y MGS 9/25 yields edged 1bps lower at 2.14% whilst the 10Y MGS 4/31 yields closed unchanged on at 2.74% on an odd-lot trade. Interest was mainly seen in the off-the-run 21's, 28's and benchmark 3Y MGS/GII. GII bond trades maintained to form ~38% of overall trades. Expect the continuing search for yields and signs of recovery in the local economy to provide support for bonds. Meanwhile expect some attention to focus on the upcoming October industrial production numbers today.

##### Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw a pull-back in momentum amid a drop in secondary market volume to RM359m levels with interest seen across the GG-AA part of the curve. Overall yields closed mostly mixed-to-higher in trades involving 25 various bonds. Govt-guaranteed DANA 26's spiked 19-27bps compared to previous-done levels between 2.52-62% levels whereas the 5/32 tranche notched RM100m in nominal amounts; edging 1bps lower at 3.40%. AAA-rated SEB 8/25 and 11/28 closed 5-6bps higher at 2.70% and 3.01% respectively. The AA-rated space saw energy-related SOUTHERN Power 4/22 and MALAKOFF Power rally sharply on yields at 2.55% and 2.89% each. UEM SUNRISE 22's however rose between 17-26bps to close within a range of 3.53-73%. Meanwhile, the banking space was relatively quiet with a few odd-lot trades seen MBB and MBSB papers.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	-1
5-yr UST	0.40	-1
10-yr UST	0.93	0
30-yr UST	1.68	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.91	-1	1.97	-3
5-yr	2.14	-1	2.30	-2
7-yr	2.52	1	2.60	1
10-yr	2.74	0	2.89	1
15-yr	3.26	1	3.31	0
20-yr	3.53	-1	3.60	-4
30-yr	3.96	-5	4.05	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.92	-1
3-yr	2.08	1
5-yr	2.26	0
7-yr	2.42	0
10-yr	2.64	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 07/21	1.701	555	1.600	09/12/2020	10
MGS 09/21	1.702	120	1.555	09/12/2020	15
MGS 11/21	1.700	345	1.641	09/12/2020	6
MGS 03/22	1.767	32	1.764	09/12/2020	0
MGS 08/22	1.818	8	1.810	08/12/2020	1
MGS 03/23	1.911	216	1.921	09/12/2020	-1
MGS 04/23	1.932	150	1.921	09/12/2020	1
MGS 08/23	1.948	3	1.950	09/12/2020	0
MGS 06/24	2.038	1	2.077	08/12/2020	-4
MGS 07/24	2.050	3	2.077	09/12/2020	-3
MGS 09/24	2.074	3	2.117	09/12/2020	-4
MGS 03/25	2.120	4	2.116	09/12/2020	0
MGS 09/25	2.144	87	2.155	09/12/2020	-1
MGS 04/26	2.259	2	2.311	09/12/2020	-5
MGS 07/26	2.332	67	2.331	09/12/2020	0
MGS 11/26	2.406	26	2.395	08/12/2020	1
MGS 03/27	2.387	20	2.420	09/12/2020	-3
MGS 05/27	2.519	12	2.509	09/12/2020	1
MGS 11/27	2.532	59	2.567	09/12/2020	-4
MGS 08/29	2.781	81	2.807	09/12/2020	-3
MGS 04/30	2.852	5	2.841	09/12/2020	1
MGS 04/31	2.744	1	2.746	09/12/2020	0
MGS 06/31	2.929	5	2.945	09/12/2020	-2
MGS 04/33	3.230	16	3.274	09/12/2020	-4
MGS 07/34	3.260	190	3.254	09/12/2020	1
MGS 05/35	3.292	10	3.350	04/12/2020	-6
MGS 04/37	3.462	5	3.532	09/12/2020	-7
MGS 05/40	3.527	13	3.542	09/12/2020	-1
MGS 09/43	3.867	1	3.890	09/12/2020	-2
MGS 03/46	3.955	1	3.991	09/12/2020	-4
MGS 07/48	3.994	1	4.033	09/12/2020	-4
MGS 06/50	3.956	4	4.007	09/12/2020	-5
GII 04/21	1.685	127	1.616	26/11/2020	7
GII 05/23	1.969	303	1.999	08/12/2020	-3
GII 07/23	2.012	25	2.047	01/12/2020	-4
GII 05/24	2.105	1	2.102	09/12/2020	0
GII 08/25	2.205	20	2.196	04/12/2020	1
GII 10/25	2.223	5	2.207	04/12/2020	2
GII 03/26	2.298	165	2.316	08/12/2020	-2
GII 09/26	2.441	90	2.452	09/12/2020	-1
GII 09/27	2.597	20	2.582	09/12/2020	2
GII 08/28	2.814	50	2.826	09/12/2020	-1
GII 10/28	2.832	285	2.827	09/12/2020	0
GII 10/30	2.892	120	2.879	09/12/2020	1
GII 08/33	3.365	10	3.383	09/12/2020	-2
GII 09/39	3.596	60	3.631	09/12/2020	-3
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## 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*
Danainfra Nasional Berhad	02/26	GG	2.518	20	2.329	14/09/2020	19	37
Danainfra Nasional Berhad	09/26	GG	2.618	20	2.349	25/08/2020	27	25
Danainfra Nasional Berhad	05/32	GG	3.397	100	3.390	04/12/2020	1	65
Lembaga Pembiayaan Perumahan Sektor Awam	04/47	GG	4.250	5	4.779	19/04/2019	-53	72
Prasarana Malaysia Berhad	09/47	GG	4.260	5	4.040	23/04/2020	22	73
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak Energy Berhad)	08/25	AAA	2.774	20	2.763	09/12/2020	1	62
Sarawak Energy Berhad	08/25	AAA	2.697	10	2.646	19/11/2020	5	55
Pengurusan Air SPV Berhad	10/26	AAA	2.847	10	2.769	11/11/2020	8	48
DiGi Telecommunications Sdn Berhad	04/27	AAA	2.889	1	2.762	10/11/2020	13	52
Pengurusan Air SPV Berhad	06/27	AAA	2.929	10	2.797	30/09/2020	13	56
Sarawak Energy Berhad	11/28	AAA	3.009	10	2.948	27/11/2020	6	37
DiGi Telecommunications Sdn Berhad	09/29	AAA	3.220	1	3.031	15/09/2020	19	49
Malayan Banking Berhad	01/29	AA1	2.829	1	2.750	16/10/2020	8	19
Malayan Banking Berhad	01/31	AA1	3.039	1	2.971	17/11/2020	7	29
Imtiaz Sukuk II Berhad	05/22	AA2	2.527	2	2.547	05/11/2020	-2	82
Bumitama Agri Ltd	07/24	AA3	3.065	10	3.019	07/09/2020	5	98
Bumitama Agri Ltd	07/26	AA3	3.297	10	3.229	20/11/2020	7	93
UEM Sunrise Berhad	04/22	AA-	3.534	20	3.368	27/08/2020	17	183
Southern Power Generation Sdn Berhad	04/22	AA-	2.552	5	3.246	17/03/2020	-69	84
UEM Sunrise Berhad	12/22	AA-	3.732	20	3.472	07/10/2020	26	193
Penang Port Sdn Berhad	12/26	AA-	3.171	1	3.048	22/09/2020	12	80
Penang Port Sdn Berhad	12/29	AA-	3.449	1	3.286	27/10/2020	16	72
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	4.114	6	3.933	27/11/2020	18	137
YNH Property Berhad	08/19	-	7.001	1	6.496	17/11/2020	51	348
Malakoff Power Berhad	12/23	AA-	2.886	70	3.279	23/06/2020	-39	97
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\*spread against nearest indicative tenured MGS (Source : BPAM)

## Market/Corporate News: What's Brewing

**UMW Holdings Bhd's automotive segment is on track to meet its full-year sales target supported by strong sales in November 2020 by both subsidiary UMW Toyota Motor Sdn Bhd (UMWT) and associate company Perusahaan Otomobil Kedua Sdn Bhd (Perodua).** In a statement today, the group said the automotive segment had steadily recovered from the adverse impact of the Covid-19 containment measures earlier this year with demand boosted by the sales tax exemption incentive announced by the government, effective from June 15 to Dec 31, 2020. It said UMWT was poised to exceed its revised sales target of 53,000 units for the year after selling 6,267 units in November 2020, which brought total sales to 50,074 units for the first 11 months of this year. "Toyota Vios, Yaris and Hilux continued to be UMWT's best-selling models year to date," it said. UMW said Perodua also continued to advance strongly, achieving close to 93% of its year-end target of 210,000 units as it recorded sales of 23,119 units in November, including a record-breaking single-day sale of 5,027 units on the last day of the month. "For the first 11 months this year, Perodua has sold 194,983 units. The Myvi continues to be the marque's best-seller year-to-date, followed closely by the Axia and Bezza," it said. Moving forward, it said Perodua would prioritise on meeting the outstanding orders by year-end to allow as many customers to enjoy sales tax-exempt prices while further bolstering the Malaysian automotive ecosystem with over 90% of its components locally sourced. President and group chief executive officer Datuk Ahmad Fuaad Kenali said the group continued to sustain strong sales momentum thanked to the sales tax exemption implemented by the government to spur the local automotive industry following disruptions caused by the COVID-19 pandemic. "With the impressive sales achieved by both UMWT and Perodua year-to-date, we are confident that the momentum will continue in December to achieve our revised sales targets for the year," he added. Last year, the UMW group recorded a combined market share of 51.4% with 310,350 units sold by the automotive segment, according to the company's annual report. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Tanjung Bin O&M Berhad	RM470.0 million Islamic Securities (Sukuk Wakalah)	AA-IS/Stable	Affirmed
Pulau Indah Power Plant Sdn Bhd	Proposed RM2.905 bil Sukuk Wakalah Bi Al-Istithmar (2020/2038)		
	RM2.655 bil Class A RM250 mil Subordinated Class B	AA3/Stable AAA(FG)/Stable	Assigned Assigned
Digi Telecommunications Sdn Bhd	RM5 bil Islamic Medium Term Notes Programme (2017/2032)	AAA/Stable	Reaffirmed
	RM1 bil Islamic Commercial Paper (2017/2024)	P1	Reaffirmed

Source: RAM, MARC

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