

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.44	2
5-yr UST	1.45	3
10-yr UST	1.63	3
30-yr UST	2.09	2

MGS			GII*	
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.63	-14	2.71	-14
5-yr	2.73	-9	2.86	0
7-yr	2.94	0	2.83	-7
10-yr	2.87	-9	3.06	0
15-yr	3.09	-11	3.05	-20
20-yr	3.20	-16	3.32	-7
30-yr	3.60	-9	3.60	-10

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.88	-6
3-yr	2.84	-9
5-yr	2.87	-9
7-yr	2.95	-9
10-yr	3.06	-14

Source : Bloomberg

### Upcoming Government Bond Tender

Reopening of RM4.0b of 10Y MGS 8/29 on Thursday,  
13<sup>th</sup> Feb 2020

## Fixed Income Daily Market Snapshot

### US Treasuries

- US Treasuries ended weaker on improving risk appetite following confidence as the World Health organization reported that the pace of coronavirus-led infections was slowing. Overall benchmark yields ended 2-3bps higher with both the UST 2Y and 10Y closing at 1.44% and 1.63% respectively. Fed Chair Powell reiterated that the economy is in a good shape but it was too early to tell the impact of the coronavirus outbreak. He was also prepared to lower rates and use other tools like QE and forward guidance if so required. The higher yields in yesterday's session attracted investors to the Treasury's auction for \$27b of 10Y bonds with BTC ratio notching 2.58x (previous 10 auctions: 2.41x) and yielding 1.622%. Expect traders to focus on the upcoming inflation data for January tonight.

### MGS/GIII

- Local govies saw investors scrambling to add-on positions as strong bids emerged following weak 4Q 2019 GDP numbers. The solid secondary market volume of RM7.99b saw interest across the curve with substantial trades extending out from the curve. Overall benchmark yields ended sharply lower between 0-20bps. Both the benchmark 5Y MGS 6/24 and 10Y MGS 8/29 rallied 9bps each to end at 2.73% and 2.87% respectively. GII bonds rose to form about ~ 51% of overall trades. While Malaysia's 2019 GDP growth skidded to a 10-year low, BNM governor Datuk Nor Shamsiah Mohd Yunus said the country has "that policy space" for another rate cut to support the economy. MYR bonds have rallied the past two (2) months as yields drifted lower with foreign holdings having risen three (3) months in a row. Expect continued support from MYR bonds in the coming days.

### Corp Bonds/Sukuk

- Corporate bonds/Sukuk space also maintained decent appetite on Wednesday despite slightly lower secondary market volume at RM542m with overall interest seen across the GG-AA part of the curve as yields continued to close lower on 36 various names. Govt-guaranteed DANA 11/34 and 2/49 closed between 12-25bps lower compared to previous-done levels between at 3.20% and 3.70% each. AAA-rated BAKUN 24-25's similarly rallied sharply at ~3.20% levels whilst AA-rated SAMALAJU 24-26's notched trades up to 3 digits lower in yield-terms between 3.48-52%. Toll-operator DUKE3 saw total RM200m in nominal amounts traded for 2033-2039 tranches; ending between 4.46-62%. The banking space saw MUAMALAT11/21 close 20bps lower at 3.89%.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.669	81	2.768	11/02/2020	-10
MGS 07/20	2.759	12	2.756	11/02/2020	0
MGS 10/20	2.771	213	2.731	11/02/2020	4
MGS 02/21	2.607	220	2.732	10/02/2020	-13
MGS 07/21	2.604	140	2.746	11/02/2020	-14
MGS 09/21	2.704	34	2.767	11/02/2020	-6
MGS 11/21	2.626	46	2.769	11/02/2020	-14
MGS 03/22	2.632	296	2.770	11/02/2020	-14
MGS 09/22	2.667	111	2.782	10/02/2020	-12
MGS 03/23	2.714	19	2.790	11/02/2020	-8
MGS 04/23	2.699	89	2.831	10/02/2020	-13
MGS 08/23	2.717	1	2.861	10/02/2020	-14
MGS 06/24	2.729	354	2.816	11/02/2020	-9
MGS 07/24	2.859	7	2.873	11/02/2020	-1
MGS 09/24	2.727	129	2.842	11/02/2020	-12
MGS 09/25	2.721	419	2.850	11/02/2020	-13
MGS 04/26	2.826	50	2.885	11/02/2020	-6
MGS 07/26	2.942	201	2.942	11/02/2020	0
MGS 11/26	2.833	30	2.951	11/02/2020	-12
MGS 03/27	2.826	70	3.070	07/02/2020	-24
MGS 05/27	2.800	499	2.934	11/02/2020	-13
MGS 11/27	2.864	80	3.015	11/02/2020	-15
MGS 06/28	3.002	17	2.996	11/02/2020	1
MGS 08/29	2.868	93	2.962	11/02/2020	-9
MGS 04/30	3.004	28	3.076	11/02/2020	-7
MGS 06/31	3.137	5	3.167	11/02/2020	-3
MGS 04/32	3.062	10	3.318	06/02/2020	-26
MGS 04/33	3.071	20	3.225	11/02/2020	-15
MGS 11/33	3.062	170	3.230	11/02/2020	-17
MGS 07/34	3.087	85	3.195	11/02/2020	-11
MGS 05/40	3.204	20	3.360	10/02/2020	-16
MGS 09/43	3.627	2	3.653	10/02/2020	-3
MGS 03/46	3.697	30	3.686	11/02/2020	1
MGS 07/48	3.603	293	3.690	11/02/2020	-9
GII 05/20	2.698	50	3.065	22/10/2019	-37
GII 03/22	2.705	30	2.843	07/02/2020	-14
GII 04/22	2.702	20	2.789	10/02/2020	-9
GII 07/22	2.667	30	2.816	11/02/2020	-15
GII 05/23	2.681	20	2.820	11/02/2020	-14
GII 11/23	2.698	223	2.835	11/02/2020	-14
GII 08/25	2.806	60	2.963	11/02/2020	-16
GII 10/25	2.762	120	2.900	11/02/2020	-14
GII 03/26	2.831	40	2.901	11/02/2020	-7
GII 09/26	2.901	100	2.982	11/02/2020	-8
GII 07/27	2.848	20	3.021	11/02/2020	-17
GII 10/28	3.058	392	3.046	11/02/2020	1
GII 07/29	3.058	1132	3.058	11/02/2020	0
GII 06/33	3.069	585	3.251	11/02/2020	-18
GII 08/33	3.174	80	3.267	11/02/2020	-9
GII 11/34	3.046	260	3.241	11/02/2020	-20
GII 08/37	3.383	160	3.379	11/02/2020	0
GII 09/39	3.321	100	3.395	11/02/2020	-7
GII 05/47	3.617	580	3.720	11/02/2020	-10
GII 11/49	3.601	110	3.702	11/02/2020	-10
		<u>7986</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*
Perbadanan Tabung Pendidikan Tinggi Nasiona	06/22	GG	2.898	25	3.226	17/12/2019	-33	24
Khazanah Nasional Berhad	10/27	GG	3.241	5	3.329	05/02/2020	-9	39
Danalnra Nasional Berhad	11/34	GG	3.198	10	3.449	07/02/2020	-25	14
Danalnra Nasional Berhad	02/49	GG	3.701	15	3.816	11/02/2020	-12	44
Cagamas Berhad	11/20	AAA	3.120	1	3.217	03/02/2020	-10	48
Sarawak Energy Berhad	06/21	AAA	3.126	20	3.194	06/02/2020	-7	49
Genting Capital Berhad	06/22	AAA	3.336	10	3.605	14/01/2020	-27	68
Bakun Hydro Power Generation Sdn Berhad (fk.	08/24	AAA	3.197	10	3.517	08/01/2020	-32	46
Bakun Hydro Power Generation Sdn Berhad (fk.	08/25	AAA	3.208	25	3.636	05/12/2019	-43	47
Projek Lebuhraya Usahasama Berhad	01/26	AAA	3.453	5	3.412	10/02/2020	4	68
Pengurusan Air SPV Berhad	06/26	AAA	3.267	20	3.499	22/01/2020	-23	49
DiGi Telecommunications Sdn Berhad	09/26	AAA	3.291	5	3.399	06/02/2020	-11	48
Pengurusan Air SPV Berhad	10/26	AAA	3.284	20	3.800	25/10/2019	-52	48
Pengurusan Air SPV Berhad	06/29	AAA	3.580	7	3.581	10/02/2020	0	69
Bank Pembangunan Malaysia Berhad	03/32	AAA	3.768	8	3.711	05/02/2020	6	88
Samalaju Industrial Port Sdn Berhad	12/24	AA1	3.480	10	4.591	18/12/2018	-111	74
Samalaju Industrial Port Sdn Berhad	12/25	AA1	3.500	10	4.186	11/06/2019	-69	73
Samalaju Industrial Port Sdn Berhad	12/26	AA1	3.519	10	4.904	09/07/2018	-139	71
IJM Corporation Berhad	04/21	AA3	3.379	20	3.423	06/02/2020	-4	74
Country Garden Real Estate Sdn Berhad	03/22	AA3	4.486	5	4.494	11/02/2020	-1	183
BGSM Management Sdn Berhad	12/22	AA3	3.388	10	3.440	10/02/2020	-5	71
BGSM Management Sdn Berhad	06/24	AA3	3.498	10	3.763	17/01/2020	-27	76
Malayan Banking Berhad	02/17	AA3	3.782	27	3.750	05/02/2020	3	52
WCT Holdings Berhad	04/26	AA-	4.319	15	4.321	11/02/2020	0	154
Southern Power Generation Sdn Berhad	04/26	AA-	3.487	10	4.777	25/07/2018	-129	71
UiTM Solar Power Sdn Berhad	04/28	AA-	4.371	3	4.373	11/02/2020	0	152
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/33	AA-	4.460	60	4.689	27/11/2019	-23	140
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/35	AA-	4.560	20	4.748	30/10/2019	-19	150
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/39	AA-	4.810	30	4.711	10/02/2020	10	155
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/34	AA-	4.510	80	4.758	24/06/2019	-25	145
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/36	AA-	4.620	10	4.519	10/02/2020	10	156
Bank Islam Malaysia Berhad	11/27	A1	3.598	10	3.771	07/11/2019	-17	75
CIMB Group Holdings Berhad	05/16	A1	3.582	1	3.607	10/02/2020	-3	32
IJM Land Berhad	03/19	A2	4.411	5	4.413	11/02/2020	0	115
Bank Muamalat Malaysia Berhad	11/21	A	3.892	10	4.094	07/01/2020	-20	124
Tropicana Corporation Berhad	09/19	-	6.782	1	6.300	07/02/2020	48	352
				542				

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

## Market/Corporate News: What's Brewing

**Banks led the FBM KLCI lower in Wednesday's trade after Bank Negara hinted at the possibility of another cut in the interest rate.** Central bank governor Datuk Nor Shamsiah Mohd Yunus had said the central bank has ample room to adjust the overnight policy rate due to economic challenges. The GDP growth slowed to 3.6% in the fourth quarter of 2019. On Bursa Malaysia, HONG LEONG BANK BHD was the biggest decliner, falling 70 sen to RM15.44, while PUBLIC BANK BHD declined 52 sen to RM17.78. Hong Leong Financial Group Bhd lost 22 sen to RM16.16, CIMB GROUP HOLDINGS BHD dropped 13 sen to RM4.95 while RHB Bank Bhd declined 11 sen to RM5.61. Banks, being the largest industry constituent, dragged the FBM KLCI lower as the benchmark index fell by 8.54 points or 0.55% to 1,542.94. There are also concerns that the Covid-19 (coronavirus) outbreak, that is still persisting, may further disrupt the global economy. Nor Shamsiah said yesterday that the country's growth in the first quarter will be affected by the outbreak that is currently still developing. "The overall impact of the virus on the Malaysian economy will depend on the duration and spread of the outbreak as well as policy responses by authorities," she was reported as saying. She also noted that the measure of impact at this stage cannot be fully ascertained due to other economic variables. Moody's, in a note, said that if the Covid-19 outbreak intensifies and the disruptions stemming from it were not contained in the next few months, it will hurt asset quality and profitability at banks in the Asia Pacific region. "The severity and length of the outbreak remain highly uncertain. If the virus related disruptions are short-lived, there will be a limited credit impact on APAC economies and banks," it said. "However, the outbreak can also last for a prolonged period and become more severe. In that scenario, APAC banks will be affected in: travel and tourism, private consumption, supply chains, commodities, property prices and financial markets," Moody's

added. (Source: *The Star*)

**Stockbroking baron Datuk Tony Tiah is pumping fresh capital into TA Enterprise Bhd to finance the privatisation of his flagship's listed property arm TA Global Bhd, which is said to be the biggest landlord around the KLCC Twin Towers. TA Enterprise (TAE) announced to Bursa Malaysia that it is making a conditional voluntary offer to buy out 2.12 billion shares, which is equivalent to a 39.83% stake in TA Global it does not already own. TAE currently owns a 60.17% stake. The stockbroking group offers two options, namely cash offer or a share swap, for TA Global's minority shareholders, according to the filing with Bursa Malaysia yesterday. TA Global shareholders may choose from either a cash offer of 28 sen per existing share held, or a share swap based on an exchange ratio of 0.4211 new ordinary share in TAE to be issued at 66.5 sen each for every TA Global share surrendered. The offer price of 28 sen is 20.85% above TA Global's five-day volume weighted average market price. The issue price of TAE shares at 66.5 sen also represents a 22.29% premium, the filing said. TAE was last traded at 54 sen, giving it a market capitalisation of RM924.43 million, whereas TA Global shares were last done at 23 sen, valuing the company at RM1.22 billion. The offer is not conditional upon any minimum level of acceptance of the offer shares as the offeror holds more than 50% of the voting shares in TA Global. However, it is conditional upon the approval of shareholders of TAE, who will experience massive shareholding dilution. To finance the cash offer, TAE will place out one block of 550.54 million new shares to its founder-cum-controlling shareholder Tiah at 66.5 sen each. The offer is extended to all the offer shares held by the parties acting in concert (PACs), who currently hold 15.34% or 816.27 million shares, in TA Global. The PACs include Tiah and his spouse Datin Tan Kuay Fong, who is TAE managing director and TA Global's executive director, Tiah's son Tiah Joo Kim, who is the chief executive officer of TA Global, Tiah's sister-in-law Kimmy Khoo Poh Kim, as well as other TA Enterprise and/or TA Global shareholders who are Tiah and Tan's brothers, brother-in-law and daughters. Tiah, his spouse Tan, Joo Kim and his sisters have indicated that they will accept the offer in respect of all their TA Global shares via the share exchange option. With the additional new TAE shares issued to Tiah and PACs as a result of the share swap, their shareholding will hit the threshold that triggers a mandatory general offer (MGO) to TAE. Consequently, Tiah and PACs will make the MGO at 66.5 sen per share.. (Source: *The Edgemarkets*)**

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
SUNREIT Capital Berhad	RM3.0 bil Commercial Papers (CP) Programme	P1	Reaffirmed

Source: RAM, MARC

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