

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US treasuries reopened Thursday on a bid tone as purported lockdown news amid continuous surge in coronavirus cases sent chills to the markets. The sell-off in equities prompted flight to safety into UST, bull flattening the curve with the short end 2s ended little changed at 0.17% while the 10s saw yields being pushed 9bps lower at 0.88%, its lowest in four days. The 2/10 spread widened to 71bps (from 80bps) while the 5/30 to 125bps (from 130bps). Yesterday's 30Y bond auction was sold at a high yield of 1.68% (prior 1.578%) with a BTC of 2.29x. Expect headlines on Covid-19 pandemic and vaccine to be the prime market mover, amid intermittent noises from the US presidential transition with President Trump still in denial of a defeat. Tonight's PPI and University of Michigan consumer sentiments will unlikely have a significant bearing on the UST markets. Inflation is heading no way as reaffirmed by the softer than expected CPI print overnight.

MGS/GII

- Local govies saw another day of subdued trading amid ongoing jitters surrounding the approval of the national budget and anxiety ahead of the release of 3Q GDP, due today. Secondary market volume rose slightly but remained moderate at RM1.77bn. Interests were seen concentrated on the off the run 21s still, as well as the 30Y benchmark MGS 6/50. Overall benchmark yields were largely flat with some parts of the curve traded mixed between -3 to +15bps. The auction of the 30Y MGS 9/50 attracted a decent BTC of 1.994x at an average yield of 4.049%, compared to a BTC of 2.167x an average yield of 4.065%. GII bond trades fell to form only 11% of overall trades (prior 29%), the least in about a month. All eyes will be on the release of 3Q2020 GDP data at noon today where we expect a mild negative print.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk saw softer trading momentum with secondary market volume tapering off to RM244m, from RM691m the preceding day. Interest was skewed to the AAA-AA part of the curve with yields ended mixed overall. Pengurusan Air SPV 6/26 was the only GG paper traded at 2.422%, down 52bps from its last traded level in March. Despite the fewer 20 names, trading was rather well spread across all sectors. TNB Northern '28-31 saw a combined RM25m changed hands, between 2.949% and 3.179%. Telekom '10/28 was last dealt at 3.05% (+24bps) while Celcom '10/26 also traded 23bps higher at 3.157%. In the banking space, Affin '9/27 took center stage with RM30m done 2bps inner at 3.414%. Dialog Group perp made its debut at 3.90% with RM77m done.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.17	0
5-yr UST	0.39	-6
10-yr UST	0.88	-9
30-yr UST	1.64	-10

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.81	0	1.92	0
5-yr	2.14	0	2.29	4
7-yr	2.42	0	2.41	6
10-yr	2.68	1	2.61	0
15-yr	3.04	-3	3.14	0
20-yr	3.40	0	3.51	0
30-yr	4.01	15	4.06	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.90	0
3-yr	1.96	0
5-yr	2.17	0
7-yr	2.33	0
10-yr	2.57	2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 02/21	1.492	16	1.780	03/11/2020	-29
MGS 07/21	1.515	282	1.601	11/11/2020	-9
MGS 09/21	1.602	379	1.501	11/11/2020	10
MGS 11/21	1.570	50	1.549	11/11/2020	2
MGS 03/22	1.703	5	1.693	11/11/2020	1
MGS 08/22	1.725	0	1.727	10/11/2020	0
MGS 09/22	1.703	20	1.688	11/11/2020	2
MGS 03/23	1.806	20	1.802	11/11/2020	0
MGS 08/23	1.869	1	1.860	10/11/2020	1
MGS 06/24	2.008	1	2.005	11/11/2020	0
MGS 07/24	2.007	2	1.995	11/11/2020	1
MGS 09/24	2.021	14	2.006	11/11/2020	2
MGS 09/25	2.137	33	2.139	11/11/2020	0
MGS 07/26	2.309	58	2.335	11/11/2020	-3
MGS 11/26	2.009	1	2.299	11/11/2020	-29
MGS 11/27	2.483	29	2.444	11/11/2020	4
MGS 06/28	2.525	36	2.545	11/11/2020	-2
MGS 08/29	2.683	45	2.686	11/11/2020	0
MGS 04/31	2.676	22	2.667	11/11/2020	1
MGS 06/31	2.868	34	2.866	11/11/2020	0
MGS 04/33	3.116	7	3.102	11/11/2020	1
MGS 11/33	3.149	2	3.110	11/11/2020	4
MGS 07/34	3.035	4	3.061	11/11/2020	-3
MGS 05/35	3.271	1	3.296	10/11/2020	-2
MGS 06/38	3.490	0	3.511	11/11/2020	-2
MGS 05/40	3.404	3	3.401	11/11/2020	0
MGS 09/43	3.850	9	3.810	10/11/2020	4
MGS 07/48	3.953	0	3.933	11/11/2020	2
MGS 06/50	4.013	498	3.865	11/11/2020	15
GII 03/21	1.541	20	1.501	26/10/2020	4
GII 08/21	1.653	10	1.596	11/11/2020	6
GII 04/22	1.719	0	1.651	02/11/2020	7
GII 07/22	1.772	20	1.718	11/11/2020	5
GII 07/23	1.931	10	1.868	09/11/2020	6
GII 03/26	2.293	90	2.257	11/11/2020	4
GII 09/27	2.414	5	2.355	10/11/2020	6
GII 10/28	2.671	20	2.662	11/11/2020	1
GII 09/30	2.723	20	2.697	10/11/2020	3
		<u>1769</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*	
Pengurusan Air SPV Berhad	06/26	GG	2.422	5	2.940	11/03/2020	-52	13
Cagamas Berhad	04/21	AAA	1.872	10	2.312	06/07/2020	-44	26
Danga Capital Berhad	09/27	AAA	2.830	5	2.878	16/07/2020	-5	43
Telekom Malaysia Berhad	10/28	AAA	3.050	10	2.808	02/11/2020	24	54
TNB Northern Energy Berhad	05/29	AAA	2.949	5	2.870	25/08/2020	8	34
TNB Northern Energy Berhad	05/30	AAA	3.039	5	4.830	23/11/2017	-179	38
TNB Northern Energy Berhad	11/30	AAA	3.089	5	3.744	14/01/2020	-66	43
TNB Northern Energy Berhad	05/31	AAA	3.139	5	3.044	09/09/2020	9	48
TNB Northern Energy Berhad	11/31	AAA	3.179	5	4.319	11/04/2019	-114	52
Sarawak Energy Berhad	11/33	AAA	3.309	30	3.317	28/10/2020	-1	23
Celcom Networks Sdn Berhad	10/26	AA+	3.157	10	2.928	26/10/2020	23	86
WCT Holdings Berhad	05/22	AA-	3.897	10	3.347	26/10/2020	55	229
WCT Holdings Berhad	10/22	AA-	3.937	10	3.475	13/08/2020	46	222
UEM Sunrise Berhad	10/25	AA-	4.044	10	3.806	10/09/2020	24	194
Southern Power Generation Sdn Berhad	10/26	AA-	3.178	10	2.932	08/10/2020	25	88
MMC Corporation Berhad	04/27	AA-	3.809	2	3.898	24/08/2020	-9	151
Affin Bank Berhad	09/27	A1	3.414	30	3.437	04/11/2020	-2	101
CIMB Group Holdings Berhad	05/16	A1	3.291	0	3.758	11/11/2020	-47	-13
Dialog Group Berhad	11/20	A1	3.900	77	-	-	-	-
Alliance Bank Malaysia Berhad	10/35	A2	3.827	1	4.020	09/11/2020	-19	75
			<u>244</u>					

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

Market/Corporate News: What's Brewing

Gas Malaysia Bhd posted a 21% increase in its net profit to RM50.91 million for the third quarter ended Sept 30, 2020, from RM42 million a year earlier, partly due to higher volume of natural gas sold. Revenue fell slightly by 2% to RM1.72 billion from RM1.76 billion due to the lower average natural gas tariff, despite a higher volume of natural gas sold, according to Gas Malaysia's filing with Bursa Malaysia. The higher volume sold, as well as higher finance income and share of profits from joint venture companies, had contributed to profit growth, although this was partly mitigated by higher overheads and depreciation, the group said. Gas Malaysia's cumulative net profit for the nine months ended Sept 30 stood at RM143.39 million, up 8.5% from RM132.18 million a year earlier, while revenue fell 6% to RM4.87 billion from RM5.21 billion. Going forward, the group said its performance for the current financial year will depend on the duration and extent of the economic stimulus packages by the government amid the Covid-19 pandemic, as well as the pace of economic recovery domestically and abroad. It also noted that the pandemic has given rise to a challenging environment for some of its customers. "The board will continue to exercise caution in managing the group's businesses for the rest of the financial year," said the group. Gas Malaysia's shares closed unchanged at RM2.72 for a market capitalisation of RM3.49 billion. (Source: *The EdgeMarkets*)

IHH Healthcare Bhd is selling its 50% stake in an Indian joint venture (JV) to its partner Apollo Hospitals Enterprise Ltd for RM227.08 million cash or 4.1 billion Indian rupees. According to a bourse filing on the National Stock Exchange of India made by Apollo Hospitals yesterday, Apollo Hospitals will be acquiring a 50% stake held by IHH's Singaporean unit Gleneagles Development Pte Ltd in Apollo Gleneagles Hospital Ltd (AGHL), Kolkata. Following the acquisition, AGHL would become a 100%-owned subsidiary of Apollo Hospitals. AGHL runs a 750-bed multi-speciality hospital in a 50:50 JV between Apollo Hospitals and IHH, where the latter is selling its stake to exit the venture. In order to fund the purchase, Apollo's board has agreed to it raising RM830.56 million or 15 billion rupees via qualified institutional placement (QIP) to help buy out IHH. IHH shares were up by 0.37% or two sen higher at RM5.47 at 9.44am, valuing it at RM48.01 billion. It saw 37,100 shares transacted. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM, MARC

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