

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.57	-1
5-yr UST	1.62	-3
10-yr UST	1.81	-3
30-yr UST	2.27	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.01	-1	3.09	0
5-yr	3.17	1	3.20	1
7-yr	3.25	-1	3.31	3
10-yr	3.29	1	3.36	0
15-yr	3.48	-1	3.50	-5
20-yr	3.59	0	3.65	-1
30-yr	3.94	0	4.01	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.26	0
3-yr	3.26	0
5-yr	3.30	2
7-yr	3.34	1
10-yr	3.41	1

Source : Bloomberg

### Upcoming Government Bond Tender

Nil

## Fixed Income Daily Market Snapshot

### US Treasuries

- US Treasuries strengthened following Labor Department's release of CPI which increased at a softer pace of 0.2% MOM in December compared to the 0.3% rise in November. The curve shifted lower as overall benchmark yields declined between 1-3bps with the UST 2Y at 1.57% and the much-watched UST 10Y 3bps lower at 1.81%. Despite the optimism of both US and China signing phase one (1) of the trade pact; any move to reduce the remaining tariffs of 25% on ~\$120b of Chinese goods will hinge on a review after the US general election in November. Further trading activity may be muted ahead of the releases of economic data later this week that include retail sales and industrial production. Meanwhile, the Fed is also scheduled to release the contents of the Beige Book covering economic conditions in 12 Fed districts.

### MGS/GII

- Local govies maintained momentum amid steady secondary market volume of RM4.55b with trades mainly seen in the short off-the-run 20's, 27's and also the 33's. Overall benchmark yields however closed mixed again between -5 to +3bps on continued mixture of profit-taking and value-seeking activities. Both the benchmark 5Y MGS 6/24 and 10Y MGS 8/29 edged 1bps higher at 3.17% and 3.29% respectively. GII bond formed ~ 51% of overall trades. Foreign ownership of overall MYR bonds which rose 4.1% to RM204.7b in December 2019 has been a major driver in yields for the past 2 weeks. Yesterday's 15Y GII 11/34 auction was well-received with a BTC ratio of 3.396x with a short tail of only 1.3bps.

### Corp Bonds/Sukuk

- The Corporate bonds/Sukuk space saw the highest volume YTD @ RM992m with solid investor interest seen across the AAA-part of the curve followed by GG and AA-space respectively. Overall yields mostly declined on about 46 various bonds which were traded. PRASARANA and DANAINFRA bonds dominated the GG-space with PRASA 12/35 and 9/37 closing 16bps sharply lower compared to previous-done levels at 3.74% and 3.80% each. AAA-rated GENTING Cap 6/22 saw RM80m in nominal amounts traded; closing 6bps lower at 3.61% levels whilst DANGA 4/20 and 9/33 closed between 1-9bps lower at 3.24% and 3.81%. AA-rated energy-related bonds i.e. MALAKOFF 20-21's similarly rallied between 6-9bps between 3.31-49% area. The banking space saw AmIslamic 28NC23 12bps lower at 3.69%.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.728	571	2.666	13/01/2020	6
MGS 07/20	2.818	89	2.920	13/01/2020	-10
MGS 10/20	2.890	607	2.890	13/01/2020	0
MGS 02/21	2.976	25	2.988	09/01/2020	-1
MGS 09/21	3.017	3	3.032	13/01/2020	-2
MGS 11/21	3.019	2	3.034	13/01/2020	-1
MGS 03/22	3.009	32	3.020	13/01/2020	-1
MGS 08/22	3.084	10	3.044	13/01/2020	4
MGS 09/22	3.076	1	3.069	10/01/2020	1
MGS 03/23	3.101	90	3.095	13/01/2020	1
MGS 08/23	3.102	1	3.147	10/01/2020	-4
MGS 06/24	3.172	53	3.160	13/01/2020	1
MGS 07/24	3.153	21	3.168	10/01/2020	-2
MGS 09/24	3.171	21	3.166	13/01/2020	0
MGS 03/25	3.208	2	3.210	10/01/2020	0
MGS 09/25	3.196	4	3.187	13/01/2020	1
MGS 07/26	3.246	40	3.254	13/01/2020	-1
MGS 11/26	3.268	2	3.262	13/01/2020	1
MGS 05/27	3.263	120	3.263	13/01/2020	0
MGS 11/27	3.329	228	3.286	13/01/2020	4
MGS 08/29	3.291	4	3.279	13/01/2020	1
MGS 04/30	3.414	23	3.387	10/01/2020	3
MGS 11/33	3.523	170	3.519	13/01/2020	0
MGS 07/34	3.479	63	3.487	13/01/2020	-1
MGS 05/35	3.585	4	3.597	13/01/2020	-1
MGS 06/38	3.629	9	3.633	13/01/2020	0
MGS 09/43	3.922	13	3.916	10/01/2020	1
MGS 03/46	3.992	1	3.992	13/01/2020	0
GII 05/20	2.960	170	2.962	13/01/2020	0
GII 05/20	2.973	20	2.776	12/12/2019	20
GII 07/23	3.165	3	3.132	08/01/2020	3
GII 11/23	3.170	50	3.155	13/01/2020	2
GII 10/24	3.201	150	3.192	13/01/2020	1
GII 08/25	3.263	20	3.250	13/01/2020	1
GII 03/26	3.312	2	3.277	13/01/2020	3
GII 09/26	3.307	20	3.307	13/01/2020	0
GII 07/27	3.328	1	3.323	09/01/2020	0
GII 07/29	3.361	451	3.361	13/01/2020	0
GII 09/30	3.421	40	3.424	13/01/2020	0
GII 06/33	3.527	374	3.545	13/01/2020	-2
GII 08/33	3.530	470	3.556	13/01/2020	-3
GII 11/34	3.500	320	3.553	13/01/2020	-5
GII 10/35	3.637	40	3.638	10/01/2020	0
GII 08/37	3.684	110	3.705	10/01/2020	-2
GII 09/39	3.646	100	3.659	13/01/2020	-1
		<u>4551</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*
Lembaga Pembiayaan Perumahan Sektor Awarr	10/25	GG	3.325	15	3.451	01/10/2019	-13	10
Pengurusan Air SPV Berhad	02/29	GG	3.469	10	3.669	04/12/2019	-20	18
Lembaga Pembiayaan Perumahan Sektor Awarr	04/29	GG	3.469	10	3.698	23/10/2019	-23	18
Turus Pesawat Sdn Berhad	03/31	GG	3.598	10	3.871	07/11/2019	-27	31
Turus Pesawat Sdn Berhad	11/32	GG	3.647	20	3.931	07/11/2019	-28	16
DanaInfra Nasional Berhad	09/34	GG	3.640	5	3.750	08/01/2020	-11	15
Prasarana Malaysia Berhad	12/35	GG	3.739	100	3.895	26/09/2019	-16	25
Prasarana Malaysia Berhad	09/37	GG	3.798	30	3.961	26/09/2019	-16	20
DanaInfra Nasional Berhad	02/38	GG	3.770	5	3.778	09/01/2020	-1	17
Prasarana Malaysia Berhad	03/38	GG	3.799	10	4.881	24/09/2018	-108	20
DanaInfra Nasional Berhad	11/38	GG	3.780	5	3.789	09/01/2020	-1	18
DanaInfra Nasional Berhad	04/39	GG	3.790	10	3.839	08/01/2020	-5	19
Prasarana Malaysia Berhad	02/41	GG	3.859	70	4.029	25/09/2019	-17	26
Lembaga Pembiayaan Perumahan Sektor Awarr	10/48	GG	4.099	20	-	-	-	50
Danga Capital Berhad	04/20	AAA	3.236	20	3.321	25/11/2019	-9	28
Genting Capital Berhad	06/22	AAA	3.605	80	3.669	04/12/2019	-6	59
Danum Capital Berhad	05/23	AAA	3.425	30	3.422	13/01/2020	0	38
Malaysia Airports Capital Berhad	12/24	AAA	3.567	30	3.488	30/08/2019	8	39
Aman Sukuk Berhad	05/27	AAA	3.649	10	4.098	07/05/2019	-45	39
Aman Sukuk Berhad	07/27	AAA	3.648	20	3.632	09/01/2020	2	37
Pengurusan Air SPV Berhad	06/29	AAA	3.639	40	3.790	26/12/2019	-15	35
TNB Northern Energy Berhad	11/30	AAA	3.744	10	3.941	18/12/2019	-20	46
Rantau Abang Capital Berhad	05/31	AAA	3.691	30	3.829	02/01/2020	-14	41
Bank Pembangunan Malaysia Berhad	03/32	AAA	3.959	6	4.008	17/12/2019	-5	67
Tenaga Nasional Berhad	08/33	AAA	3.789	10	3.829	02/10/2019	-4	30
Danga Capital Berhad	09/33	AAA	3.810	10	3.821	10/01/2020	-1	32
Danum Capital Berhad	02/34	AAA	3.785	25	3.889	06/01/2020	-10	30
Bank Pembangunan Malaysia Berhad	11/35	AAA	4.099	60	4.189	18/12/2019	-9	61
Fortune Premiere Sdn Berhad	09/23	AA	3.677	10	3.767	11/11/2019	-9	55
Fortune Premiere Sdn Berhad	11/23	AA	3.698	10	3.978	31/07/2019	-28	57
Fortune Premiere Sdn Berhad	09/25	AA	3.828	10	3.859	13/01/2020	-3	61
Tanjung Bin Energy Issuer Berhad	09/26	AA3	3.759	10	4.118	11/07/2019	-36	50
AmBank Islamic Berhad	10/28	AA3	3.690	10	3.807	04/12/2019	-12	40
Malakoff Power Berhad	12/20	AA-	3.312	50	3.372	18/12/2019	-6	35
Sports Toto Malaysia Sdn Berhad	09/21	AA-	4.213	30	-	-	-	120
Malakoff Power Berhad	12/21	AA-	3.487	30	3.575	11/12/2019	-9	47
WCT Holdings Berhad	05/22	AA-	4.250	10	4.328	24/09/2019	-8	123
UEM Sunrise Berhad	10/25	AA-	3.769	10	3.820	16/12/2019	-5	55
MMC Corporation Berhad	11/27	AA-	4.748	20	4.889	17/12/2019	-14	147
Penang Port Sdn Berhad	12/29	AA-	4.169	10	4.276	06/01/2020	-11	88
KT Kira Sertifikalari Varlik Kiralama A.S.	07/20	A1	4.811	30	4.854	17/12/2019	-4	185
Affin Bank Berhad	02/27	A1	3.698	2	3.704	08/01/2020	-1	44
DRB-Hicom Berhad	12/29	A+	4.899	10	5.100	12/12/2019	-20	161
CIMB Group Holdings Berhad	05/16	A1	4.201	1	4.201	13/01/2020	0	60
Eco World International Berhad	05/23	-	5.990	2	5.476	08/01/2020	51	294
YNH Property Berhad	08/19	-	7.372	36	6.696	10/01/2020	68	377
				992				

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

## Market/Corporate News: What's Brewing

**Khazanah Nasional Bhd and the Employees Provident Fund (EPF), the owners of PLUS Malaysia Bhd, have not been formally engaged by the government on the sale of the highway concessionaire although the government has reportedly received takeover offers from several companies.** Khazanah managing director Datuk Shahril Ridza Ridzuan said from a governance point of view, any decision on the sale of assets has to be done properly through formal engagement with the current shareholders, that is Khazanah and EPF. "And that part has never started," he told reporters on the sidelines of Bank Kerjasama Rakyat Malaysia Bhd's (Bank Rakyat) Integrity Forum 2020 here yesterday. Khazanah, the country's sovereign wealth fund owns 51% of PLUS via its subsidiary UEM Group Bhd, while the remaining 49% is owned by EPF. Meanwhile, Shahril Ridza also said that Khazanah and EPF had never put up the assets for sale, and there was no bidding process going on. "When we talk about the offers coming in, that is a bit mistaken because there is no bidding process and no bidders per se. "These are all unsolicited offers which were made to the government rather than to the current shareholders, and we are not engaged in the process of selling the assets," he said. Asked what would happen to Khazanah and EPF if the government decided to sell PLUS to a third party, Shahril Ridza said the most important thing was to make sure the value of the assets was

protected. "This is why we did not entertain any of the previous offers because, to be honest, the offers undervalued the assets." However, he was delighted that the valuation done by the government via an independent investment bank was in line with the current value of PLUS. "I am very happy to note that, basically, we think that the valuation has been validated now by the independent bankers, both from the part of our side and the government side," he said. Moving forward, Shahril Ridza said PLUS' owners would wait for the policy decision to be made by the government via the Cabinet before they could take the issue any further. Finance Minister Lim Guan Eng had said the Cabinet would discuss the proposed takeover of PLUS and GAMUDA BHD's four highways in the Klang Valley during its meeting today, with an announcement on the matter to be made after the Cabinet meeting. (Source: *The Star/Bernama*)

**TH Heavy Engineering Bhd (THHE) has received the green light from Petrolia Nasional Bhd to supply certain products and services to oil and gas companies in Malaysia, after a multi-year suspension due to non-performance in 2016.** In a filing today, THHE said its wholly-owned unit THHE Fabricators Sdn Bhd (TFSB) has been awarded the Petronas licence for three categories: Topside piping and structural, offshore facilities — major fabrication, and tank farms. However, the approved licence categories did not reinstate THHE as a main contractor of Petronas. The duration of the licence is for a three-year period ending Dec 23, 2022. "With the newly-approved licence, TFSB will now be eligible to be invited to bid for Petronas projects for the above-mentioned categories," THHE said. THHE was previously excluded from participating in tenders by Petronas Carigali Sdn Bhd for a two-year period beginning April 1, 2016, due to performance-related issues pertaining to the execution of a project. On July 9, 2017, it received another letter from Petronas which excluded TFSB from participating in oil and gas projects as a main contractor, or to participate in any major fabrication works or engineering, procurement, construction, installation, or commissioning works. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
EKVE Sdn Bhd	Guaranteed Sukuk Murabahah Facility of up to RM1,000 mil in Nominal Value	AAA(bg)/Stable	Reaffirmed

Source: RAM, MARC

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