

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries saw thin trading on Monday; ahead of the upcoming FOMC meeting tomorrow as risk-off sentiment caused yields to slip-off the highs on news of further lockdown measures in parts of US and Europe. The curve was slightly steeper with overall benchmark yields seen closing between -1 and +2bps. The UST 2Y yield closed within 1bps lower at 0.12% whilst the much-watched 10Y yield ended within 1bps higher instead at 0.90%. Investors risk appetite is expected to be influenced by the proposed additional fiscal stimulus by the newly-led Democratic government, Brexit discussions and the upcoming FOMC decision on QE extension. The bond bears may find its way into the markets if the Fed disappoints traders by not adjusting its bond-buying program come Wednesday. It is expected to relate asset purchases to data from inflation and employment. Meanwhile expect some attention to shift to the release of upcoming industrial production figures for November.

MGS/GIII

- On Monday, local govies saw momentum and interest fizzle out with overall benchmark yields closing mostly unchanged (save for a few bonds i.e. the 15Y and 30Y MGS) amid a further decline in secondary market volume of ~RM880m. The 5Y MGS 9/25 yields edged 1bps higher again at 2.16% whilst the 10Y MGS 4/31 yields closed unchanged at 2.74%. Some interest was mainly seen in the off-the-run 21-22's, 28's and also benchmark 30Y MGS. GII bond trades maintained to form a mere ~18% of overall trades. Expect investors to await the final parliamentary vote on the national Budget 2021 today; following the earlier nod on the spending plan which was passed last month. The data front meanwhile remains empty for the week.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space however saw sustained investor interest amid a slight decrease in secondary market volume of RM488m. Interest was mainly seen across the AAA to single-A part of the curve as overall yields closed mostly mixed in trades involving 34 various bonds. The sole govt-guaranteed trade involved DANA 4/30 spiked 37bps compared to previous-done levels at 3.15%. The AAA-rated space saw DANUM 27 and 30 close 5-8bps higher at 2.94% and 3.22% whilst the 2/34 tranche ended unchanged at 3.65%. Telco provider, DIGI 9/29 was well-bid; resulting in 3bps decline to 3.19%. AA-rated WESTPORTS 27-28's rose 14bps between 3.11-14%. TG BIN POWER 8/25 closed 3bps lower at 3.02% whilst TG BIN ENERGY 3/25 closed sharply lower on yields at 2.90%. Meanwhile, the banking space saw AFFIN Islamic 2117NC23 edge another 1bps lower at 4.22% whereas UOB 30NC25 spiked 8bps at 3.08%.

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Tenure	Closing (%)	Chg (bps)
2-yr UST	0.12	0
5-yr UST	0.36	-1
10-yr UST	0.90	0
30-yr UST	1.64	2

MGS			GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)	
3-yr	1.91	0	1.98	0	
5-yr	2.16	1	2.30	0	
7-yr	2.49	0	2.57	-2	
10-yr	2.74	0	2.88	0	
15-yr	3.26	6	3.31	0	
20-yr	3.45	0	3.60	0	
30-yr	3.86	-3	4.01	0	

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.92	0
3-yr	2.08	0
5-yr	2.27	1
7-yr	2.42	0
10-yr	2.66	3

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	1.649	92	1.700	11/12/2020	-5
MGS 09/21	1.703	37	1.702	10/12/2020	0
MGS 11/21	1.678	3	1.687	11/12/2020	-1
MGS 03/22	1.721	80	1.767	10/12/2020	-5
MGS 08/22	1.783	3	1.825	11/12/2020	-4
MGS 09/22	1.797	3	1.813	11/12/2020	-2
MGS 03/23	1.910	27	1.909	11/12/2020	0
MGS 04/23	1.923	2	1.930	11/12/2020	-1
MGS 08/23	1.947	1	1.976	11/12/2020	-3
MGS 06/24	2.002	1	2.073	11/12/2020	-7
MGS 07/24	2.039	2	2.048	11/12/2020	-1
MGS 09/24	2.086	9	2.074	10/12/2020	1
MGS 03/25	2.099	8	2.120	10/12/2020	-2
MGS 09/25	2.161	16	2.152	11/12/2020	1
MGS 04/26	2.305	16	2.342	11/12/2020	-4
MGS 07/26	2.325	43	2.337	11/12/2020	-1
MGS 11/26	2.350	6	2.400	11/12/2020	-5
MGS 03/27	2.284	1	2.419	11/12/2020	-14
MGS 05/27	2.489	2	2.486	11/12/2020	0
MGS 11/27	2.543	21	2.571	11/12/2020	-3
MGS 06/28	2.596	12	2.664	08/12/2020	-7
MGS 08/29	2.787	7	2.781	11/12/2020	1
MGS 04/30	2.806	45	2.847	11/12/2020	-4
MGS 04/31	2.744	14	2.744	10/12/2020	0
MGS 06/31	2.936	4	2.939	11/12/2020	0
MGS 04/32	3.075	20	3.106	08/12/2020	-3
MGS 04/33	3.192	7	3.204	11/12/2020	-1
MGS 11/33	3.295	2	3.288	11/12/2020	1
MGS 07/34	3.255	14	3.198	11/12/2020	6
MGS 05/35	3.269	1	3.277	11/12/2020	-1
MGS 04/37	3.483	3	3.462	10/12/2020	2
MGS 06/38	3.562	46	3.563	11/12/2020	0
MGS 05/40	3.451	17	3.451	11/12/2020	0
MGS 09/43	3.854	49	3.901	11/12/2020	-5
MGS 03/46	3.840	4	3.910	11/12/2020	-7
MGS 07/48	3.908	2	4.000	11/12/2020	-9
MGS 06/50	3.862	95	3.894	11/12/2020	-3
GII 08/21	1.640	14	1.629	11/12/2020	1
GII 03/22	1.823	7	1.762	09/12/2020	6
GII 07/23	1.994	20	2.012	10/12/2020	-2
GII 09/27	2.566	20	2.584	11/12/2020	-2
GII 08/28	2.809	20	2.814	10/12/2020	0
GII 10/28	2.822	81	2.832	10/12/2020	-1
GII 05/47	4.029	1	4.057	11/12/2020	-3
		<u>880</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*
DanaInfra Nasional Berhad	04/30	GG	3.149	20	2.780	04/09/2020	37	43
Cagamas Berhad	09/21	AAA	2.096	20	2.534	04/06/2020	-44	39
Cagamas Berhad	04/22	AAA	2.176	v	1.885	23/10/2020	29	47
Sarawak Energy Berhad	07/24	AAA	2.578	10	2.594	25/09/2020	-2	50
Projek Lebuhraya Usahasama Berhad	01/25	AAA	2.997	10	2.705	25/08/2020	29	92
Bakun Hydro Power Generation Sdn Berhad (fka Sarav	08/25	AAA	2.768	30	2.774	10/12/2020	-1	61
Sarawak Energy Berhad	06/26	AAA	2.760	20	2.727	02/12/2020	3	40
Danum Capital Berhad	05/27	AAA	2.939	20	2.860	27/11/2020	8	58
Bakun Hydro Power Generation Sdn Berhad (fka Sarav	08/27	AAA	3.018	30	3.009	09/12/2020	1	52
DiGi Telecommunications Sdn Berhad	09/29	AAA	3.191	20	3.220	10/12/2020	-3	47
Danum Capital Berhad	05/30	AAA	3.219	20	3.169	02/12/2020	5	50
Danum Capital Berhad	02/34	AAA	3.649	10	3.649	11/12/2020	0	41
Batu Kawan Berhad	06/23	AA1	2.678	40	2.547	07/09/2020	13	88
Sabah Credit Corporation	06/23	AA1	2.777	6	4.197	26/06/2019	-142	87
United Overseas Bank (Malaysia) Berhad	08/30	AA1	3.081	10	2.999	18/11/2020	8	34
UMW Holdings Berhad	09/23	AA2	2.740	20	3.404	22/04/2020	-66	83
Tanjung Bin Power Sdn Berhad	08/25	AA2	3.017	10	3.049	09/12/2020	-3	86
Fortune Premiere Sdn Berhad	09/25	AA	3.176	20	3.197	25/08/2020	-2	102
Fortune Premiere Sdn Berhad	09/26	AA	3.289	20	3.289	07/12/2020	0	93
Bumitama Agri Ltd	07/24	AA3	3.035	30	3.065	10/12/2020	-3	95
Tanjung Bin Energy Issuer Berhad	03/25	AA3	2.898	10	3.788	20/12/2019	-89	82
WCT Holdings Berhad	10/21	AA-	3.717	10	3.732	24/11/2020	-2	201
UEM Edgenta Berhad	04/22	AA-	2.777	10	2.795	02/11/2020	-2	107
Sinar Kamiri Sdn Berhad	01/27	AA-	4.312	5	4.315	11/12/2020	0	195
Sinar Kamiri Sdn Berhad	01/28	AA-	4.452	5	4.454	11/12/2020	0	196
UiTM Solar Power Sdn Berhad	04/30	AA-	4.408	5	4.410	11/12/2020	0	169
Jati Cakerawala Sdn Berhad	01/23	A1	3.962	1	3.960	10/12/2020	0	216
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	3.922	1	4.114	10/12/2020	-19	118
Affin Islamic Bank Berhad	10/17	A3	4.225	20	4.230	11/12/2020	-1	73
DRB-Hicom Berhad	12/24	A+	4.196	10	4.199	11/12/2020	0	212
Quantum Solar Park (Semenanjung) Sdn Berhad	10/27	A+	4.548	5	4.550	11/12/2020	0	205
Kimanis Power Sdn Berhad	08/26	AA-	3.279	30	3.237	30/11/2020	4	92
Westports Malaysia Sdn Berhad	10/27	AA+	3.109	40	2.969	30/10/2020	14	62
Westports Malaysia Sdn Berhad	03/28	AA+	3.139	10	2.999	30/10/2020	14	65
				<u>488</u>				

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

Market/Corporate News: What's Brewing

TWO commercial property deals worth nearly RM180 million have been transacted in the adjoining locations of Damansara Heights and Bukit -Kiara in Kuala Lumpur, proving that there will always be a demand in prime locations despite a slow market. Sources say Tan Sri Desmond Lim Siew Choon of Pavilion fame has bought Plaza Batai in Damansara Heights, while Datuk Vinod Shekar of Petra Group has purchased a sizeable office space at Senada at the TPC Golf & Country Club. The Edge has learnt that Lim paid RM100 million to Selangor Properties Bhd (SPB) for Plaza Batai. When contacted for confirmation, SPB's chief operating officer Chong Koon San declined to comment. In September, The Edge reported that SPB's commercial assets and land parcels in Damansara Heights — the Menara Milenium office building and the boutique commercial building Plaza Batai — had drawn the interest of potential investors who were keen to acquire premium assets at a more favourable price owing to the economic downturn. Chong merely said at the time that there was no deal on the table. Located along Jalan Batai, Plaza Batai is a 48-year-old building that comprises 16 units of two-storey terraced shophots. The units on the ground floor have a net lettable area (NLA) of 21,760 sq ft while the units on the first floor offer 25,400 sq ft in NLA. Tenants there are mostly upmarket restaurants. According to a source, Lim will continue to operate the business as it is, for recurring income. However, there may be redevelopment plans in the future. Industry observers believe Lim paid for the land rather than the building. Plaza Batai sits on a 96,900 sq ft freehold site. This means, at RM100 million, Lim paid about RM1,030 psf for the land. "The pricing of RM800 to RM1,000 psf would be a fair price for the area. At RM1,000 psf, it would not be a steal, mainly because of the low plot ratio, but it can be considered a trophy asset," valuer Stanley Toh of LaurelCap Sdn Bhd tells The Edge. However, he is unsure whether the land has much redevelopment potential as its plot ratio is two.

It is noteworthy that this is not the first time Lim is buying an asset from SPB. In 2015, SPB sold a freehold parcel of 6.35 acres in Pusat Bandar Damansara to Lim's Jendela Mayang Sdn Bhd for RM450 million or RM1,629 psf. Lim is building a multibillion-ringgit mixed-use development called Pavilion Damansara Heights on this site and the adjoining 9.5-acre parcel, which once housed ministries and government departments. s for the deal inked by Vinod, chairman and group CEO of the Petra Group, sources tell The Edge that the businessman has purchased the top 10 floors of office space totalling 100,000 sq ft at Senada, which is being developed by Sime Darby Property Bhd in a 60:40 venture with Brunnsfield Metropolitan Sdn Bhd. It is understood that Vinod paid about RM85 million or RM850 psf for the office space. The office tower forms part of Senada Residences, which comprises one 22-storey block of office tower and two blocks of serviced apartments (22 and 21 storeys) built atop a four-level retail podium. The mixed-use development sits on a 4.3-acre site. The NLA for the office tower is 195,024 sq ft. One source tells The Edge that Vinod's Petra Group plans to move into the new building when it is ready in September 2021 from its current office in Menara BRDB in Bangsar. When contacted, a Sime Darby Property spokesperson said, "We have received strong interest from the market and conversations are still ongoing." The Edge did not get a response from Vinod. It is learnt that Zerine Properties had brokered the deal. When contacted, its CEO Prevedran Singhe declined to comment. However, a call to the sales gallery reveals that the offices are from the fifth to the 22nd floors and there is space available for sale on the lower floors, which are selling at RM1,150 psf. This means Petra has managed to purchase the asset at a hefty discount of 26%. Adzman Shah Mohd Ariffin, CEO and chief real estate consultant at ExaStrata Solutions Sdn Bhd, says while there is an oversupply of office space in Kuala Lumpur, there is still take-up on the outskirts. He adds that the acquisition was not surprising. "People are also decentralising from Kuala Lumpur to take up modern spaces that are away from the cities and close to facilities or amenities, or have easy access to the highway. It is no longer about work from home (WFH) but work from anywhere (WFA), and people are opting for space with social distancing. New buildings are catering to this need for social distancing and allocating more space for this purpose," says Adzman. He adds that for Petra, it may have opted for a better facility and visibility as the location is good to showcase the group's name atop the building. Typically, purchasers that buy or own the largest portion of an office space have naming rights. On the acquisition price, Adzman believes it to be reasonable at RM850 psf. "Judging from the transactions in Mont'Kiara, Damansara and Bangsar South, the price seems to be within the range for new buildings," he notes. (Source: *The EdgeMarkets*)

AirAsia X Bhd (AAX), which is in the midst of negotiating with its creditors for debt and liabilities restructuring, is making a cash call to existing shareholders to raise up to RM300 million. On top of that, it is also issuing new shares to new investors to raise RM200 million fresh capital. It said the equity fundraising exercise is a critical component of the comprehensive restructuring and recapitalisation plan announced earlier, and will support the implementation of the group's revised business plan. Meanwhile, certain creditors demanded AAX to have a deeper slash on the low-cost carrier's share capital. As a result, AAX announced that it is revising the proposed capital reduction of 90% to 99.9%, which will comprise a reduction of its issued share capital of approximately RM1.53 billion to RM1.53 million. To put things in perspective, share capital of RM1 will be reduced to 0.1 sen. In a statement, the low-cost long-haul airline said the credit arising from the proposed share capital reduction will be used to offset part of the accumulated losses. Meanwhile, its proposed share consolidation after the share capital reduction, which entails the consolidation of every 10 existing AAX shares into one share, remains unchanged. AAX noted that its shareholders' funds will remain in deficit after the capital reduction but the consolidation of shares post-capital reduction will provide a platform to seek fresh funding from existing shareholders. AAX added that the funds to be raised are adequate for several scenarios "envisaged within our business plan" amid the "evolving and dynamic"

environment. However, the company must first secure the approval of its creditors for the debt restructuring scheme, it said, noting that several lessors have intervened in the restructuring proceedings to register their objections to the scheme. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Premium Commerce Berhad	Class A and Class B Notes under the respective Notes Series 2015-A and 2016-A.Commercial Papers Programme of up to RM10 bil in nominal value	MARC-1IS/AAA IS/Stable	Reaffirmed
	Notes Series 2015-A		
	Class A Notes	AAA/Stable	
	Class B Notes	AAA/Stable	
	Class C Notes	Not rated	
	Notes Series 2016-A		
	Class A Notes	AAA/Stable	
	Class B Notes	AAA/Stable	
	Class C Notes	Not rated	
Perbadanan Kemajuan Negeri Selangor	Proposed RM3 bil Islamic Medium-Term Notes (MTN) Programme and proposed RM1 bil Islamic Commercial Paper (CP) Programme.	AA3/Stable and P1	Assigned

Source: RAM, MARC

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