

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries continued to stay in positive territory following the signing of phase one (1) US-China trade deal. The curve shifted lower as overall benchmark yields declined between 2-3bps with the UST 2Y at 1.55% and the much-watched UST 10Y closing 3bps lower at 1.78%. The rather tepid data on inflation allowed yields to drift lower as the data may reinforce expectations that the Fed will leave rates unchanged. Over the next 2 years, China agreed to boost its purchases of US manufactured goods, services, agricultural and energy products by a minimum of \$200b over the baseline levels bought in 2017. Meanwhile the Fed Beige book revealed that the economy expanded modestly for the last 6 weeks of 2019 as consumer spending remained solid whilst manufacturing was flat. Expect traders to monitor the upcoming reports on retail sales and import/export prices and also the weekly jobless claims.

##### MGS/GII

- Local govies saw momentum ease amid decent secondary market volume of RM3.73b with trades mainly seen again in the short off-the-run 20's, 27's and also benchmark 10Y MGS/GII. Overall benchmark yields however closed mixed again between -5 to +2bps on continued mixture of profit-taking and value-seeking activities. The benchmark 5Y MGS 6/24 closed unchanged at 3.17% whilst the 10Y MGS 8/29 edged 1bps lower at 3.28%. GII bond dropped to form ~ 32% 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 3 weeks. Our house view for 2020 interest rate outlook remains unchanged for now with GDP expected slightly lower at 4.3% (2019e: 4.5%).

##### Corp Bonds/Sukuk

- The Corporate bonds/Sukuk space broke YTD records in terms of volume @ RM1.01b 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 44 various bonds which were traded. PLUS, PRASARANA and DANAINFRA bonds dominated the GG-space with PLUS 38's adjusting between -3 to +9bps compared to previous-done levels between 3.82-85% on RM210m in nominal amounts. AAA-rated MANJUNG 11/31 however spiked 10bps at 3.74% whereas DANUM 2/34 and TNB 8/38 closed 1-4 bps lower at 3.78% and 4.02% respectively. AA-rated GAMUDA 11/22 closed sharply lower on yields at 3.69% whilst WCT 5/22 and 4/26 closed at 4.24% and 4.59% each.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.55	-2
5-yr UST	1.60	-2
10-yr UST	1.78	-3
30-yr UST	2.24	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.03	2	3.07	-2
5-yr	3.17	0	3.19	-1
7-yr	3.25	0	3.26	-5
10-yr	3.28	-1	3.35	-1
15-yr	3.47	0	3.50	0
20-yr	3.59	0	3.65	0
30-yr	3.95	1	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	3.29	-1
7-yr	3.33	-1
10-yr	3.40	-1

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 03/20	2.669	24	2.728	14/01/2020	-6
MGS 07/20	2.887	144	2.818	14/01/2020	7
MGS 10/20	2.894	290	2.890	14/01/2020	0
MGS 02/21	2.965	30	2.976	14/01/2020	-1
MGS 07/21	3.016	292	2.981	13/01/2020	4
MGS 11/21	3.014	42	3.019	14/01/2020	-1
MGS 03/22	3.023	26	3.009	14/01/2020	1
MGS 08/22	3.068	1	3.084	14/01/2020	-2
MGS 03/23	3.088	40	3.101	14/01/2020	-1
MGS 04/23	3.112	41	3.097	13/01/2020	2
MGS 08/23	3.116	30	3.102	14/01/2020	1
MGS 06/24	3.171	11	3.172	14/01/2020	0
MGS 09/25	3.194	50	3.196	14/01/2020	0
MGS 11/26	3.276	3	3.268	14/01/2020	1
MGS 03/27	3.307	3	3.286	10/01/2020	2
MGS 05/27	3.256	261	3.263	14/01/2020	-1
MGS 11/27	3.279	544	3.329	14/01/2020	-5
MGS 06/28	3.294	79	3.304	08/01/2020	-1
MGS 08/29	3.278	273	3.291	14/01/2020	-1
MGS 04/30	3.392	10	3.414	14/01/2020	-2
MGS 04/33	3.520	5	3.520	13/01/2020	0
MGS 11/33	3.510	187	3.523	14/01/2020	-1
MGS 07/34	3.474	31	3.479	14/01/2020	0
MGS 05/35	3.573	1	3.585	14/01/2020	-1
MGS 06/38	3.619	39	3.629	14/01/2020	-1
MGS 09/43	3.891	30	3.922	14/01/2020	-3
MGS 03/46	3.987	25	3.992	14/01/2020	0
MGS 07/48	3.953	10	3.943	13/01/2020	1
GII 04/20	3.029	3	2.889	13/01/2020	14
GII 03/22	3.075	50	3.091	10/01/2020	-2
GII 04/22	3.085	50	3.108	10/01/2020	-2
GII 10/24	3.194	60	3.201	14/01/2020	-1
GII 08/25	3.246	76	3.263	14/01/2020	-2
GII 10/25	3.240	40	3.260	08/01/2020	-2
GII 03/26	3.259	240	3.312	14/01/2020	-5
GII 09/26	3.299	20	3.307	14/01/2020	-1
GII 07/27	3.320	10	3.328	14/01/2020	-1
GII 10/28	3.363	1	3.359	13/01/2020	0
GII 07/29	3.352	370	3.361	14/01/2020	-1
GII 09/30	3.421	70	3.421	14/01/2020	0
GII 06/33	3.523	10	3.527	14/01/2020	0
GII 11/34	3.502	210	3.500	14/01/2020	0
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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*
Prasarana Malaysia Berhad	09/24	GG	3.303	10	3.341	27/08/2019	-4	13
DanaInfra Nasional Berhad	11/27	GG	3.395	10	3.610	12/12/2019	-22	12
DanaInfra Nasional Berhad	11/34	GG	3.630	10	3.700	09/01/2020	-7	15
Prasarana Malaysia Berhad	12/35	GG	3.719	30	3.739	14/01/2020	-2	24
Projek Lebuhraya Usahasama Berhad	01/38	GG	3.820	150	3.849	09/01/2020	-3	23
Projek Lebuhraya Usahasama Berhad	12/38	GG	3.851	60	3.760	22/08/2019	9	26
DanaInfra Nasional Berhad	04/39	GG	3.778	55	3.790	14/01/2020	-1	18
Sarawak Energy Berhad	06/21	AAA	3.338	5	3.385	19/12/2019	-5	37
Great Realty Sdn Berhad	05/23	AAA	4.627	14	4.719	01/10/2019	-9	158
GENM Capital Berhad	08/25	AAA	4.251	1	3.821	13/01/2020	43	103
Bank Pembangunan Malaysia Berhad	11/26	AAA	3.681	20	3.729	31/12/2019	-5	42
Bakun Hydro Power Generation Sdn Berhad (fka)	08/27	AAA	3.589	40	3.718	10/12/2019	-13	31
Telekom Malaysia Berhad	10/28	AAA	3.631	20	3.760	27/12/2019	-13	34
TNB Western Energy Berhad	01/29	AAA	3.739	20	3.698	21/08/2019	4	45
Rantau Abang Capital Berhad	03/29	AAA	3.617	20	3.642	08/01/2020	-2	33
Pengurusan Air SPV Berhad	06/29	AAA	3.616	60	3.639	14/01/2020	-2	33
Pengurusan Air SPV Berhad	10/29	AAA	3.610	5	3.701	08/01/2020	-9	33
EKVE Sdn Berhad	01/30	AAA	3.859	10	4.250	14/06/2019	-39	57
TNB Western Energy Berhad	01/30	AAA	3.799	30	3.742	21/08/2019	6	51
Aman Sukuk Berhad	05/30	AAA	3.729	10	4.148	16/05/2019	-42	44
Manjung Island Energy Berhad	11/31	AAA	3.739	160	3.641	06/09/2019	10	45
EKVE Sdn Berhad	01/32	AAA	3.949	10	4.400	24/05/2019	-45	66
TNB Western Energy Berhad	01/33	AAA	3.919	20	4.320	10/06/2019	-40	44
Danga Capital Berhad	09/33	AAA	3.810	10	3.810	14/01/2020	0	33
TNB Western Energy Berhad	01/34	AAA	3.949	50	5.090	09/01/2018	-114	47
Danum Capital Berhad	02/34	AAA	3.777	10	3.785	14/01/2020	-1	30
Tenaga Nasional Berhad	08/38	AAA	4.019	10	4.063	08/01/2020	-4	43
Sabah Development Bank Berhad	05/22	AA1	3.636	10	3.700	22/10/2019	-6	63
BEWG (M) Sdn Berhad	07/24	AA	4.108	2	4.328	12/07/2019	-22	93
IJM Corporation Berhad	06/22	AA3	3.698	5	3.807	12/11/2019	-11	69
Gamuda Berhad	11/22	AA3	3.686	10	3.796	26/11/2019	-11	64
CIMB Thai Bank Public Company Limited	07/26	AA3	3.951	1	3.893	18/11/2019	6	73
WCT Holdings Berhad	05/22	AA-	4.237	10	4.250	14/01/2020	-1	123
WCT Holdings Berhad	04/26	AA-	4.586	2	4.689	25/11/2019	-10	136
MMC Corporation Berhad	04/27	AA-	4.757	2	4.848	20/08/2019	-9	150
MMC Corporation Berhad	11/27	AA-	4.780	10	4.748	14/01/2020	3	150
Jimah East Power Sdn Berhad	06/31	AA-	4.150	2	4.296	04/12/2019	-15	87
CIMB Group Holdings Berhad	05/16	A1	4.328	1	4.256	14/01/2020	7	73
Alliance Bank Malaysia Berhad	10/25	A2	3.773	12	4.079	14/01/2020	-31	55
Mah Sing Group Berhad	03/15	-	6.083	1	5.945	03/01/2020	14	249
YNH Property Berhad	08/19	-	6.463	58	7.372	14/01/2020	-91	287
DRB-Hicom Berhad	12/22	A+	3.928	10	4.150	12/12/2019	-22	88
DRB-Hicom Berhad	12/24	A+	4.205	10	4.245	06/01/2020	-4	103
Penang Port Sdn Berhad	12/29	AA-	4.129	15	4.169	14/01/2020	-4	84
				<u>1011</u>				

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

## Market/Corporate News: What's Brewing

**Khazanah Nasional Bhd and the Employees Provident Fund (EPF) will keep their hold of PLUS Expressways Bhd in view of reworking the toll agreement of the concessionaire with the government, said reports.** It was reported that the government has agreed to the restructuring of the tolled highways with a reduction in toll rates but with an extension of the concession period. The government had not released an official statement on its decision but various news outlets had reported the outcome of the Cabinet decision. Finance Minister Lim Guan Eng said this matter had been discussed in the Cabinet meeting yesterday and that an announcement would be made soon. At press time, there had been no announcement on the matter, with Lim declining to say as to when the statement would be issued, when asked by reporters. In October, both the UEM Group and the EPF, which are the shareholders of PLUS Expressways, had proposed a cut in toll fees for the highways. UEM is a wholly owned unit of Khazanah and has a 51% stake in PLUS, with EPF owning the remaining 49% of PLUS. Pursuant to this development, there is also uncertainty as to whether the privatisation of GAMUDA BHD's intercity tolled roads such as the Damansara-Puchong Highway (LDP) would proceed as earlier planned. Shares of Gamuda, which had initially traded at near the RM4 mark, had fallen late evening yesterday on these latest developments. Gamuda fell by 9 sen at the end of the day yesterday, with 10.19 million shares changing hands.

Gamuda still appears to be holding its gains after the announcement for the takeover of its highway assets was made in June 2019 and trades near that level. Meanwhile, UEM EDGENTA BHD, which is the maintenance contractor for PLUS Expressways, saw its shares gain some interest from the market instead. Edgenta shares rose 1 sen to RM2.78, with 22,700 shares changing hands. Edgenta managing director and chief executive officer Datuk Azmir Merican earlier told StarBizWeek that it provided for about 50% of the maintenance work for the highways under PLUS. "The rest of another 50% is tendered out to other parties," he had said in an interview then. Meanwhile, despite an approval for the takeover of Gamuda's four tolled highways, Gamuda had in Dec 2019 said its deadline to finalise this agreement has been pushed back to Feb 28, 2020 from Dec 31, 2019 previously. "The long stop date to satisfy the conditions precedent and the date of completion shall be extended to a date which shall be mutually agreed between MOF Inc and each of the concession holding companies," it had said then. The government had earlier announced a plan to take over four highways in the Klang Valley for RM6.2bil. The deal was originally supposed to have been concluded by end of August. However, this deadline had been extended for several times now. It had been extended to Oct 31 initially and then the second time to Dec 31, 2019. The extension of this deadline to the end of February would be its third time it is being delayed. PLUS Expressways had attracted various bids prior to this, with many parties having tendered their unsolicited offers for these highway assets. The offers included one from the Widad Business Group, which had last year offered RM3bil cash to buy up the equity portion of UEM and EPF that hold PLUS in proportions of 51%:49%. Hong Kong-based private equity firm RRJ Capital had also earlier proposed to acquire PLUS for RM3.5bil. Maju Holdings Sdn Bhd, which is controlled by businessman Tan Sri Abu Sahid Mohamed, had then offered to acquire PLUS at an enterprise value of RM34.9bil. This offer by Maju also includes the leading highway operator's debt to its bondholders. A group led by Tan Sri Halim Saad too had put in a multi-billion ringgit bid for the highway assets. (Source: The Star)

**Construction of the new Nilai-Labu highway to Bandar Enstek, which is part of the Malaysia Vision Valley 2.0 (MVV 2.0) project, is expected to be fully completed by June 2022.** Datuk Dr Mohamad Rafie Ab Malek, chairman of the State Investment, Industrial, Entrepreneurship, Education and Human Capital Committee, said the RM100 million project, which started in July 2017 and will span 16.3 km, is viewed as a catalyst in the Government's efforts to stimulate the State's economy. To-date, the project has reached 40 percent completion, he told reporters after a working visit to Parcel B of MVV 2.0 here today. Mohamad Rafie said there are plans to extend the route by 8km from the Kellogg's plant junction towards the Kuala Lumpur International Airport. "We will discuss with the Federal government on the proposed extension. "Currently, we are focusing on Parcel A in the Nilai area, covering the Hamilton, New Labu, Labu and Kirby estates. The main developer of MVV 2.0 (Sime Darby Property) is preparing the master layout plan to forward the request for planning permission. "Hopefully, ground works for the project can be started in the third quarter of this year. The government welcomes investors to invest in the MVV 2.0 area and is prepared to discuss further to ensure success," he said. (Source: The EdgeMarkets)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Celcom Networks Sdn Bhd	RM5.0 billion Sukuk Murabahah Programme	AA+ IS/Stable	Affirmed
Alpha Circle Sdn Bhd	RM540 million Senior Sukuk Musharakah	AA- IS/from stable to negative	Affirmed
	RM55 million Junior Sukuk Musharakah	A IS/from stable to negative	Affirmed
Segi Astana Sdn Bhd	RM415.0 million ASEAN Green Medium-Term Notes facility (MTN facility).	AA-/ From negative to stable	Affirmed

Source: RAM, MARC

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