

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries ended off their highs on Thursday following earlier reports of an increase in first-time claims for US unemployment benefits for week ending 10<sup>th</sup> Oct and also uncertainty over the fate of the new proposed economic stimulus bill. Nevertheless, the curve shifted slightly higher as overall benchmark yields ended between a mere 0-1bps up from prior session's close. The UST 2Y closed within 1bps lower at 0.14% whilst the much-watched UST 10Y edged 1bps up 0.73%. Global bond yields which have generally been declining amid expectations of further monetary easing have seen UST's (which have edged slightly higher instead ahead of the US elections); a relative attraction as the currency hedging costs are seen trading at a 5-year low. Expect some volatility in UST levels leading up to the November presidential election with some attention diverted to reports on September retail sales and industrial production data.

##### MGS/GIII

- Local govies closed mostly mixed on Thursday in the absence of catalysts amid a lower secondary market volume of RM3.38b. Overall benchmark yields closed mixed between -5bps to +4bps across the curve save for the odd-lot trades on the long bond which caused a 9bps slide in yields. The benchmark 5Y MGS 9/25 edged 1bps higher at 2.07% whilst the newly-issued 10Y MGS 4/31 rallied 5bps at 2.58%. Interest was mainly seen in the off-the-runs 21's and also 3Y benchmark MGS. GII bond trades fell to form a mere 15% of overall trades Concerns due to the partial lock-down in several states arising from the resurgence in COVID-19 infections coupled with the current delicate political balance in favour of the present ruling govt are seen to lend bonds a bid.

##### Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw sustained interest amid slightly higher secondary market volume of RM453m with interest seen in about 29 various bonds. Overall yields closed mixed again with interest seen sporadically across the curve. Govt-guaranteed PRASA dominated with the 2023 tranches closing between -1 to +2bps compared to previous-done levels at 2.04-06% area whilst both the 9/25 and 2/31 tranches declined 21-47bps sharply lower at 2.30% and 2.93% respectively. The AAA-rated space saw GENM Capital rise 3bps at 3.15%. The short-tenured AA-rated MMC 11/20 rallied 9bps at 2.54% whereas PKNS 8/23 similarly saw yields fall 7bps at 3.29%. The banking space saw AFFIN Bank 27NC22 yields slip 2bps at 3.48% whilst AFFIN Islamic 28NC23 spiked 16bps instead at 3.80%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	0
5-yr UST	0.31	1
10-yr UST	0.73	1
30-yr UST	1.51	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.77	-1	1.83	-4
5-yr	2.07	1	2.00	3
7-yr	2.34	1	2.39	4
10-yr	2.58	-5	2.55	-2
15-yr	3.03	-3	3.14	0
20-yr	3.35	1	3.49	0
30-yr	3.78	-9	4.03	2

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.87	0
3-yr	1.95	-2
5-yr	2.14	0
7-yr	2.33	0
10-yr	2.63	0

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 02/21	1.480	16	1.462	14/10/2020	2
MGS 07/21	1.394	206	1.430	14/10/2020	-4
MGS 09/21	1.471	256	1.520	14/10/2020	-5
MGS 11/21	1.587	217	1.561	14/10/2020	3
MGS 03/22	1.669	16	1.598	14/10/2020	7
MGS 08/22	1.696	10	1.718	14/10/2020	-2
MGS 09/22	1.721	108	1.781	09/10/2020	-6
MGS 03/23	1.774	556	1.780	14/10/2020	-1
MGS 04/23	1.801	11	1.815	14/10/2020	-1
MGS 08/23	1.825	5	1.837	14/10/2020	-1
MGS 06/24	1.893	52	1.887	14/10/2020	1
MGS 07/24	1.937	70	1.982	14/10/2020	-4
MGS 09/24	1.968	119	1.973	14/10/2020	-1
MGS 03/25	2.088	6	2.061	14/10/2020	3
MGS 09/25	2.070	58	2.063	14/10/2020	1
MGS 04/26	2.243	1	2.244	14/10/2020	0
MGS 07/26	2.237	64	2.246	14/10/2020	-1
MGS 11/26	2.321	50	2.357	14/10/2020	-4
MGS 03/27	2.388	10	2.411	14/10/2020	-2
MGS 05/27	2.337	165	2.330	14/10/2020	1
MGS 11/27	2.378	59	2.403	14/10/2020	-2
MGS 06/28	2.509	4	2.492	14/10/2020	2
MGS 08/29	2.638	184	2.632	14/10/2020	1
MGS 04/30	2.667	16	2.679	14/10/2020	-1
MGS 04/31	2.578	182	2.598	14/10/2020	-2
MGS 06/31	2.740	26	2.762	14/10/2020	-2
MGS 04/33	3.033	5	3.079	14/10/2020	-5
MGS 11/33	3.087	16	3.041	14/10/2020	5
MGS 07/34	3.030	197	3.056	14/10/2020	-3
MGS 05/35	3.272	1	3.259	14/10/2020	1
MGS 04/37	3.320	28	3.319	14/10/2020	0
MGS 06/38	3.467	56	3.501	14/10/2020	-3
MGS 05/40	3.349	96	3.337	14/10/2020	1
MGS 09/43	3.771	2	3.790	14/10/2020	-2
MGS 07/48	3.895	8	3.895	13/10/2020	0
MGS 06/50	3.784	6	3.871	14/10/2020	-9
GII 08/21	1.531	60	1.680	08/10/2020	-15
GII 03/22	1.697	2	1.818	01/10/2020	-12
GII 05/23	1.836	18	1.875	14/10/2020	-4
GII 11/23	1.885	10	1.887	14/10/2020	0
GII 10/24	1.997	3	1.972	14/10/2020	3
GII 09/26	2.317	1	2.291	14/10/2020	3
GII 09/27	2.385	3	2.349	14/10/2020	4
GII 08/28	2.596	20	2.660	08/10/2020	-6
GII 10/28	2.584	160	2.607	14/10/2020	-2
GII 07/29	2.645	30	2.670	14/10/2020	-2
GII 09/30	2.678	20	2.678	07/10/2020	0
GII 10/30	2.547	140	2.563	14/10/2020	-2
GII 11/49	4.028	30	4.006	14/10/2020	2
		<u>3381</u>			

## Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*
Prasarana Malaysia Berhad	02/23	GG	2.039	25	2.045	11/08/2020	33
Prasarana Malaysia Berhad	08/23	GG	2.058	50	2.036	15/09/2020	27
Prasarana Malaysia Berhad	09/25	GG	2.298	10	2.772	01/07/2020	23
Prasarana Malaysia Berhad	02/31	GG	2.929	20	3.141	08/07/2020	35
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	3.300	10	3.138	05/08/2020	25
DanaInfra Nasional Berhad	03/34	GG	3.189	10	3.199	07/10/2020	14
DanaInfra Nasional Berhad	09/34	GG	3.229	10	3.095	07/08/2020	18
Tenaga Nasional Berhad	08/30	AAA	2.998	20	2.949	15/09/2020	42
GENM Capital Berhad	03/22	AA1	3.149	38	3.121	08/10/2020	159
YTL Corporation Berhad	06/34	AA1	3.872	40	3.910	02/10/2020	82
Kuala Lumpur Kepong Berhad	09/34	AA1	3.619	20	3.619	14/10/2020	57
Genting RMTN Berhad	11/34	AA1	4.351	1	4.144	24/07/2020	130
YTL Corporation Berhad	11/36	AA1	4.068	40	3.980	17/08/2020	102
Imtiaz Sukuk II Berhad	10/25	AA2	2.948	15	-	-	88
Imtiaz Sukuk II Berhad	10/27	AA2	3.177	10	-	-	84
MMC Corporation Berhad	11/20	AA-	2.542	40	2.632	14/10/2020	98
Perbadanan Kemajuan Negeri Selangor	08/23	AA3	3.289	10	3.361	20/05/2020	150
Press Metal Aluminium Holdings Berhad	08/25	AA3	3.999	1	3.981	14/10/2020	193
Jimah East Power Sdn Berhad	06/26	AA-	3.169	10	3.166	06/10/2020	91
TG Excellence Berhad	02/20	AA-	3.500	2	3.045	13/10/2020	15
Bank Islam Malaysia Berhad	12/25	A1	2.514	10	2.622	22/09/2020	45
Affin Bank Berhad	09/27	A1	3.481	20	3.500	24/08/2020	114
Affin Islamic Bank Berhad	10/28	A1	3.798	20	3.640	13/10/2020	133
Eco World International Berhad	10/21	-	5.282	1	5.232	13/10/2020	372
Eco World International Berhad	04/23	-	5.525	1	6.336	14/10/2020	374
Eco World International Berhad	05/23	-	6.384	4	6.333	14/10/2020	460
Mah Sing Group Berhad	04/17	-	5.331	1	3.801	09/10/2020	198
Tropicana Corporation Berhad	09/19	-	6.257	1	6.283	12/10/2020	291
PESTECH International Berhad	10/20	-	5.900	15	-	-	255
			<u>453</u>				

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

**Market/Corporate News: What's Brewing**

**FGV Holdings Bhd has received an expression of interest from Perspective Land (M) Sdn Bhd (PLSB), which is wholly-owned by Tan Sri Syed Mokhtar Albukhary's privately-held Restu Jernih Sdn Bhd, confirming a previous report by The Edge that the tycoon was eyeing a stake in the world's largest crude palm oil (CPO) producer.** According to FGV's filing with the bourse today, PLSB intends to participate in FGV via an injection of plantation assets in exchange for shares. PLSB owns the Tradewinds group of companies, which include Tradewinds Plantation Bhd and Central Sugars Refinery Sdn Bhd, which are in the same businesses FGV is involved in. The timing seems opportune, as CPO prices have recovered from its trough in May. The commodity's three-month futures price has climbed from a low of RM1,962 in May to RM2,826 today. "The board of FGV decided on Oct 15 to deliberate upon the matter and has resolved to explore and evaluate the proposition. The board wishes to assure shareholders and key stakeholders that it will discharge its fiduciary duty in any such deliberation," FGV said in its filing. On Sept 23, 2019, The Edge reported, citing sources familiar with the matter, that Syed Mokhtar (pictured) was eyeing a 20% stake in FGV, which could see him eventually take control of the group. It was understood that the plan includes the businessman acquiring a block of FGV shares from the Federal Land Development Authority (FELDA), which owns 33.66% in FGV, as well as buying out Koperasi Permodalan FELDA Malaysia Bhd (KPF), which holds 4.75%. The report also said Syed Mokhtar may entice other shareholders to sell their stakes, including the Ministry of Finance's special purpose vehicle Urusharta Jamaah Sdn Bhd, which has 8.03% in FGV, Kumpulan Wang Persaraan (Diperbadankan) or KWAP (6.05%), and the Pahang government (5%). (Source: *The EdgeMarkets*)

**Airbnb has warned that Malaysia's tourism recovery could be threatened by talks of the proposed blanket ban on short-term rentals in strata buildings in Penang, Selangor and other states in Malaysia.** Prior to the pandemic, the Airbnb community in Malaysia made a significant contribution to the local tourism industry and economy. "However, Airbnb's role in helping kick-start Malaysia's much-needed tourism recovery could be threatened by the proposed blanket ban on short-term rentals in strata buildings," it said in a statement today. Research from Oxford Economics found in 2019 Airbnb guests spent a total of RM4.4 billion (US\$1.1 billion) in Malaysia and supported over 52,000 local jobs. Earlier this year, Airbnb welcomed the Malaysia Productivity Corporation's new guidelines for short-term accommodation, which provide an opportunity for the government to simultaneously grow tourism and ensure compliance through responsible regulation. "Airbnb believes all Malaysians should have the choice to responsibly and safely share their own home. "We are strongly opposed to any unfair and heavy-handed blanket ban on short-term rentals in strata buildings," said Airbnb's Southeast Asia head of public policy Mich Goh. She also said that Malaysians, who live in strata buildings, rely on short-term rentals to earn extra income to pay the bills. "With economic recovery more important than ever, the key test for any policy must be — does it help grow the economy and create jobs for Malaysians? "On that test, any proposal to ban short-term rentals in strata buildings fails. Blanket ban would have a devastating impact on the already weakened tourism industry. They threaten thousands of local jobs and the supplemental income that so many regular Malaysians rely on during these crucial times," she added. By supporting clear and considered rules for short-term rentals in Malaysia that protect people's choice to responsibly share their homes, while ensuring joint management bodies and management corporations have appropriate oversight of short-term rentals in their buildings, Airbnb upholds its ongoing commitment to continue partnering with the government and communities to spur tourism recovery.. (Source: *The EdgeMarkets*)

<b>Rating Action</b>			
<b>Isuser</b>	<b>PDS Description</b>	<b>Rating/Outlook</b>	<b>Action</b>
Titijaya Land Berhad	M150 million Islamic Commercial Papers (ICP) Programme.	MARC-2-IS	Affirmed

Source: RAM, MARC

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