

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries came under pressure overnight as investors dumped safe haven treasuries in favour of stocks amid stimulus optimism. The Fed has also concluded two purchase operations yesterday, pressuring the UST. The front end 2Y yields ended flat at 0.12% while the 10s inched up 2bps at 0.91%, bear steepening the curve. Continued expansion in US industrial production data released overnight which signaled recovery is still under way albeit at softer pace has had little impact on UST. We expect markets to turn cautious ahead of FOMC announcement early tomorrow morning (3am Malaysia time). Attention is on QE extension, and to a lesser extent, its quarterly economic projection and dot plots.

MGS/GIII

- Local govies saw renewed trading momentum on Tuesday, with secondary market volume resumed to RM2.36bn (prior RM880m). Overall benchmark yields were mostly flat with the exception of the swings in 15Y MGS, 30Y MGS and 7Y GII. The 5Y MGS 9/25 yields further edged 1bps higher at 2.16% whilst the 10Y MGS 4/31 yields remained unchanged at 2.74%. Some interest was mainly seen in the off-the-run MGS 21 and 26's, and GII 8/25. GII bond trades remained low accounting for a mere ~28% of overall trades (prior 18%). The passing of the final parliamentary vote on the national Budget 2021 has removed another event risk, and is expected to augur well with the local bond market.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space on the other hand saw softer investor interest amid further decline in secondary market volume (RM347m vs RM488m prior). Interest was mainly seen across the AAA to AA part of the curve as overall yields closed mostly higher in trades involving 25 various bonds. In the AAA-rated space, various tenors of Pengurusan Air SPV saw a combined trade of RM110m, which traded wider between 3.089-3.139%. SEB '26 & '27 also attracted RM60bn worth of trade done at 2.764% and 2.837% respectively. Energy issuers were seen dominated yesterday's trade, making up about 40% of total trade. In the banking sector, MBB '2/17 traded 3bps higher at 3.318% with RM10m dealt.

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Tenure	Closing (%)	Chg (bps)
2-yr UST	0.12	0
5-yr UST	0.37	1
10-yr UST	0.91	2
30-yr UST	1.65	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 YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 02/21	1.650	20	1.666	11/12/2020	-2
MGS 07/21	1.700	548	1.649	14/12/2020	5
MGS 09/21	1.706	85	1.703	14/12/2020	0
MGS 11/21	1.677	91	1.678	14/12/2020	0
MGS 03/22	1.795	21	1.721	14/12/2020	7
MGS 08/22	1.781	3	1.783	14/12/2020	0
MGS 09/22	1.783	2	1.797	14/12/2020	-1
MGS 03/23	1.912	49	1.910	14/12/2020	0
MGS 04/23	1.923	41	1.923	14/12/2020	0
MGS 08/23	1.924	19	1.947	14/12/2020	-2
MGS 06/24	2.044	5	2.002	14/12/2020	4
MGS 07/24	2.045	44	2.039	14/12/2020	1
MGS 09/24	2.058	12	2.086	14/12/2020	-3
MGS 03/25	2.103	2	2.099	14/12/2020	0
MGS 09/25	2.140	132	2.160	14/12/2020	-2
MGS 04/26	3.514	18	2.305	14/12/2020	121
MGS 07/26	2.298	251	2.325	14/12/2020	-3
MGS 11/26	2.352	11	2.350	14/12/2020	0
MGS 05/27	2.465	26	2.489	14/12/2020	-2
MGS 11/27	2.519	11	2.543	14/12/2020	-2
MGS 06/28	2.557	3	2.596	14/12/2020	-4
MGS 08/29	2.750	43	2.787	14/12/2020	-4
MGS 04/30	2.805	4	2.806	14/12/2020	0
MGS 04/31	2.732	99	2.744	14/12/2020	-1
MGS 06/31	2.939	3	2.936	14/12/2020	0
MGS 04/33	3.204	4	3.192	14/12/2020	1
MGS 11/33	3.286	3	3.295	14/12/2020	-1
MGS 07/34	3.267	86	3.255	14/12/2020	1
MGS 05/35	3.262	1	3.269	14/12/2020	-1
MGS 04/37	3.461	6	3.483	14/12/2020	-2
MGS 06/38	3.576	16	3.562	14/12/2020	1
MGS 05/40	3.458	19	3.451	14/12/2020	1
MGS 09/43	3.812	1	3.854	14/12/2020	-4
MGS 03/46	3.902	2	3.840	14/12/2020	6
MGS 07/48	3.908	9	3.908	14/12/2020	0
MGS 06/50	3.858	6	3.862	14/12/2020	0
GII 03/21	1.881	0	1.567	07/12/2020	31
GII 04/22	1.782	6	1.783	08/12/2020	0
GII 08/25	2.200	200	2.205	10/12/2020	0
GII 09/26	2.430	40	2.441	10/12/2020	-1
GII 09/27	2.549	120	2.566	14/12/2020	-2
GII 08/28	2.803	10	2.809	14/12/2020	-1
GII 10/28	2.801	170	2.822	14/12/2020	-2
GII 10/30	2.877	120	2.883	11/12/2020	-1
GII 10/35	3.441	2	3.451	03/12/2020	-1
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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*
Sarawak Energy Berhad	06/26	AAA	2.764	30	2.760	14/12/2020	0	40
Sarawak Energy Berhad	01/27	AAA	2.837	30	2.818	02/12/2020	2	47
Pengerang LNG (Two) Sdn Berhad	10/27	AAA	2.929	5			293	44
Pengurusan Air SPV Berhad	02/29	AAA	3.089	10	2.877	02/09/2020	21	46
Rantau Abang Capital Berhad	03/29	AAA	3.121	40	2.917	28/10/2020	20	49
Pengurusan Air SPV Berhad	06/29	AAA	3.110	60	2.880	14/08/2020	23	48
Pengurusan Air SPV Berhad	10/29	AAA	3.139	40	3.059	23/11/2020	8	42
Manjung Island Energy Berhad	11/29	AAA	3.168	10	3.168	11/12/2020	0	45
Danga Capital Berhad	01/30	AAA	3.179	10	3.030	07/10/2020	15	46
Westports Malaysia Sdn Berhad	10/27	AA+	3.109	10	3.109	14/12/2020	0	62
Bumitama Agri Ltd	07/26	AA3	3.269	4	3.297	10/12/2020	-3	91
Tanjung Bin Energy Issuer Berhad	03/32	AA3	3.650	10	3.808	19/06/2020	-16	91
Malayan Banking Berhad	02/17	AA3	3.318	10	3.289	27/11/2020	3	-17
UEM Sunrise Berhad	05/23	AA-	3.834	5	3.854	11/11/2020	-2	203
UEM Sunrise Berhad	12/24	AA-	3.991	10	3.973	11/11/2020	2	191
Southern Power Generation Sdn Berhad	10/28	AA-	3.280	10	3.279	22/07/2020	0	65
Southern Power Generation Sdn Berhad	04/31	AA-	3.448	20	3.289	21/09/2020	16	71
Jimah East Power Sdn Berhad	06/32	AA-	3.780	10	3.658	18/11/2020	12	104
Jimah East Power Sdn Berhad	12/32	AA-	3.824	10	3.851	06/03/2020	-3	109
Southern Power Generation Sdn Berhad	10/34	AA-	3.910	10	3.760	24/11/2020	15	67
CIMB Group Holdings Berhad	05/16	A1	3.890	1	3.508	11/12/2020	38	40
Tropicana Corporation Berhad	06/25	A+	5.149	1	5.201	02/12/2020	-5	299
Eco World International Berhad	05/23	-	5.722	1	5.945	09/12/2020	-22	392
Mah Sing Group Berhad	04/17	-	5.140	0	4.580	26/11/2020	56	165
YNH Property Berhad	08/19	-	6.400	1	6.911	01/12/2020	-51	291
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Bank Negara Malaysia (BNM) is establishing a RM1 billion High Tech Facility-National Investment Aspirations (HTF-HIA), as announced under Budget 2021, to provide additional assistance for high-tech and innovation-driven SMEs affected by the Covid-19 pandemic. Eligible SMEs include those in advanced manufacturing and services sectors that are aligned to deliver national strategic long-term development goals as outlined in the NIAs including those in the electric and electronic (E&E), aerospace, pharmaceuticals and ICT sectors, as well as research and development (R&D)-driven firms supporting the development of emerging technologies. Also eligible for the facility are SME project participants in key government programmes involved in research, development and innovation for critical technologies identified under national blueprints. These include projects ranging from IR4.0-related technologies, to green technology and biotechnology, to ensure their continuity and completion of existing projects. Some of the projects identified by the central bank include Malaysia Digital Economy Corp (MDEC)'s Global Acceleration and Innovation Network, Ministry of Science, Technology and Innovation (MOSTI)'s National Technology and Innovation Sandbox (NTIS) and R&D Fund, and Malaysia Robotics, Innovation and IoT (MARII)'s technology partners involved in the design and development of solutions related to IR4.0 technologies. Eligible SMEs can obtain financing of up to RM1 million for working capital, up to RM5 million for capital expenditure financing, or a combination of working capital and capex of up to RM5 million for a tenure of up to seven years. "This facility is offered at a financing rate of up to 3.5% per annum for financing without guarantee or up to 5% per annum inclusive of guarantee fee (with guarantee coverage by Credit Guarantee Corporation Malaysia Berhad ie CGC)," said BNM in a statement. Interested SMEs can apply directly to participating financial institutions, which comprise commercial banks, Islamic banks and development financial institutions regulated by BNM. Applications can be made

through their respective websites or branches from Dec 15, 2020 to Dec 31, 2021, or until full utilisation, whichever is earlier. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
West Coast Expressway Sdn Bhd	RM1 bil Guaranteed Sukuk Murabahah Programme (2015/2036) Tranche 1 Tranche 2	AAA(bg)/Stable AAA(fg)/Stable	Reaffirmed

Source: RAM, MARC

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