

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries ended slightly mixed on Monday as news on Moderna's potential success in COVID-19 vaccine discovery boosted general risk-on mode in financial markets. The curve steepened as overall benchmark yields closed mostly between -0.5 to +2bps across the curve. The rise in the longer-ends were also influenced by the weaker-than-expected Empire State Manufacturing Survey. Meanwhile the IG slate was also busy with 11 issuances amounting to \$9.6b and another ~\$25b expected to come onstream for the week. Separately, the Fed Vice Chair provided no hints about its new policy framework and ongoing asset-purchase program. Some fund managers were mulling to adopt an approach to shorter duration on their portfolios in view of less sensitive changes in the economic outlook under the current low interest rate environment set by the Fed. Expect some attention to shift to the release of October retail sales and industrial production tonight.

##### MGS/GIII

- Local govies saw mixed performance on Monday as secondary market volume notched RM1.48b. Overall benchmark yields ended between -4 to +4bps across the curve. The 5Y MGS 9/25 yields closed unchanged at 2.12% whilst the 10Y MGS 4/31 edged 1bps up instead 2.66% each. Interest was seen in off-the-run 21's and also 33's. GII bond trades form 22% of overall trades. Meanwhile, the economic calendar remains light for the week.

##### Corp Bonds/Sukuk

- The Corporate Bond/Sukuk saw muted interest amid secondary market volume of RM240m with interest seen across the AAA-AA part of the curve. Overall yields closed mostly mixed-to-higher in about 17 various bonds. The sole govt-guaranteed bond trade involved PTPTN 6/22 which rose 8bps compared to previous-done levels at 1.92%. AAA-rated MANJUNG and TNB NORTHERN 31's closed 0-4bps higher between 3.16-18%. However AA-rated energy bonds BGSM 3/26 and EDRA 1/33 saw yields fall between 17-24bps at 2.93% and 3.92% respectively. Meanwhile, the banking space saw RHB Islamic 29NC24 spike 11bps at 3.07%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.18	0
5-yr UST	0.41	0
10-yr UST	0.89	1
30-yr UST	1.67	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.81	-1	1.92	-4
5-yr	2.12	0	2.26	0
7-yr	2.39	-2	2.34	0
10-yr	2.66	1	2.63	-1
15-yr	3.09	-1	3.13	0
20-yr	3.43	3	3.51	0
30-yr	4.04	4	4.13	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.91	0
3-yr	2.00	0
5-yr	2.20	1
7-yr	2.36	0
10-yr	2.62	0

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	07/21	1.549	181	1.590	13/11/2020	-4
MGS	09/21	1.601	192	1.552	13/11/2020	5
MGS	11/21	1.658	85	1.555	13/11/2020	10
MGS	03/23	1.810	17	1.821	13/11/2020	-1
MGS	04/23	1.839	19	1.870	13/11/2020	-3
MGS	08/23	1.875	10	1.869	12/11/2020	1
MGS	06/24	2.019	70	2.008	12/11/2020	1
MGS	07/24	2.015	28	2.007	12/11/2020	1
MGS	09/25	2.119	22	2.121	13/11/2020	0
MGS	07/26	2.295	72	2.290	13/11/2020	0
MGS	11/26	2.361	2	2.009	12/11/2020	35
MGS	05/27	2.385	3	2.400	13/11/2020	-2
MGS	11/27	2.462	6	2.467	13/11/2020	0
MGS	06/28	2.552	4	2.560	13/11/2020	-1
MGS	08/29	2.686	24	2.678	13/11/2020	1
MGS	04/30	2.689	5	2.763	13/11/2020	-7
MGS	04/31	2.657	92	2.644	13/11/2020	1
MGS	06/31	2.870	4	2.829	13/11/2020	4
MGS	04/33	3.122	4	3.111	13/11/2020	1
MGS	11/33	3.131	194	3.162	13/11/2020	-3
MGS	07/34	3.091	34	3.105	13/11/2020	-1
MGS	06/38	3.511	10	3.518	13/11/2020	-1
MGS	05/40	3.425	16	3.398	13/11/2020	3
MGS	09/43	3.904	18	3.814	13/11/2020	9
MGS	06/50	4.036	42	3.995	13/11/2020	4
GII	04/22	1.738	20	1.717	13/11/2020	2
GII	05/23	1.920	10	1.961	13/11/2020	-4
GII	10/24	2.036	27	2.073	13/11/2020	-4
GII	03/26	2.263	50	2.264	13/11/2020	0
GII	09/26	2.310	30	2.259	03/11/2020	5
GII	10/28	2.656	111	2.671	12/11/2020	-1
GII	07/29	2.682	20	2.670	13/11/2020	1
GII	10/30	2.629	60	2.640	13/11/2020	-1
			<u>1483</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*
Perbadanan Tabung Pendidikan Tinggi Nasional	06/22	GG	1.923	40	1.843	02/11/2020	8	19
Prasarana Malaysia Berhad	02/40	GG	3.699	6	3.500	08/09/2020	20	27
Manjung Island Energy Berhad	11/31	AAA	3.168	40	3.129	23/10/2020	4	52
TNB Northern Energy Berhad	11/31	AAA	3.180	10	3.179	12/11/2020	0	53
Tenaga Nasional Berhad	08/33	AAA	3.277	10	3.100	18/08/2020	18	18
Sarawak Energy Berhad	08/35	AAA	3.462	30	3.417	22/10/2020	5	36
Sarawak Energy Berhad	04/36	AAA	3.549	30	3.577	06/10/2020	-3	45
Kuala Lumpur Kepong Berhad	04/26	AA1	2.823	10	2.801	10/11/2020	2	71
Tadai Energy Sdn Berhad	07/23	AA3	3.324	3	4.338	07/08/2019	-101	150
BGSM Management Sdn Berhad	03/26	AA3	2.929	10	3.099	27/07/2020	-17	82
RHB Islamic Bank Berhad	05/29	AA3	3.065	10	2.959	23/10/2020	11	44
Edra Energy Sdn Berhad	01/33	AA3	3.918	10	4.159	03/06/2020	-24	127
Southern Power Generation Sdn Berhad	10/34	AA-	3.758	10	3.759	09/11/2020	0	66
Southern Power Generation Sdn Berhad	04/35	AA-	3.820	10	3.819	09/11/2020	0	72
Edra Energy Sdn Berhad	07/37	AA3	4.320	10	4.319	28/09/2020	0	122
Tan Chong Motor Holdings Berhad	11/21	A1	3.825	1	3.828	10/11/2020	0	220
CIMB Group Holdings Berhad	05/16	A1	3.214	1	3.455	04/11/2020	-24	-22
				<u>240</u>				

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

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

**The Employee Provident Fund (EPF) will have to rejig its investment portfolio given the schemes that have been offered to eligible members to tap on their retirement savings and the permitted reduction on contributions.** EPF chief executive officer Tunku Alizakri Alias said EPF will have to liquidate some of its investments for the purpose, but he did not elaborate on the matter. However, being the largest investor in the local equity market, EPF will make sure its share sales will not rock the market. "We are also very cognisant about the impact on the market. We can't be selling down shares until it affects the general market," he told the media briefing in which the provident fund announced the details on the i-Sinar scheme. According to him, EPF will have to put aside between RM11 billion and RM15 billion in liquidity for the latest facility, i-Sinar which allows eligible members to take advances from their Account 1. On top of that, the provident fund has allocated cash flow of RM30 billion for another scheme offered earlier which is i-Lestari, a withdrawal facility that allowed members to withdraw RM500 a month for 12 months with a total of up to RM6,000. Meanwhile, EPF will see members' contributions shrink by RM8 billion in 2020 as the government allowed members to reduce the contribution rate to 7% between April and December this year, and RM9 billion in 2021 as a result of lower members' contribution rate at 9% for the whole of 2021. "There will be real cash flow implications for EPF. Not only will the members eligible for the i-Sinar facility forgo the compounded returns they could have received from their Account 1, but it will also affect other members that are not applicable for the facility," he said. "EPF members will lose out on potential dividends going forward, as some investments and opportunities will be forgone, but these unprecedented times require an unprecedented response. This (i-Sinar) is one way to balance the present needs of the people and their future retirement," he said. Asked if this would affect the provident fund's asset allocation, he explained that EPF has kept an eye on the current crisis since March and had put in place a strategy to ensure sufficient liquidity to meet the needs. "As far as we are concerned, the strategic asset allocation (SAA) that we had will continue to be the prime guidance for us," he stressed. Alizakri added that the percentages outlined in the fund's SAA will also guide the path of investment liquidation and therefore it will always be in line with the allocation.. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
OSK Rated Bond Sdn Bhd	OSK Rated Bond Sdn Bhd	AAIS/AA-Stable	Assigned
Dialog Group Berhad	RM3 bil Senior Islamic MTN Up to RM3 bil Subordinated Perpetual Islamic Notes	AA2/Stable A1/Stable	Assigned
Sabah Development Berhad	Proposed Islamic MTN Programme of up to RM10 bil	AAA/Stable	Assigned

Source: RAM, MARC

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