

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries saw volatility before losing some ground on Wednesday; unwinding the bear-steepening move seen earlier following FOMC's decision to maintain its asset-purchase program for now. The curve shifted marginally higher with overall benchmark yields seen closing between a mere 0-1bps lower. The UST 2Y yield ended at 0.12% whilst the much-watched 10Y yield edged 1bps up at 0.92%. Investors risk appetite is expected to be influenced by the proposed ~\$900b additional fiscal stimulus by the newly-led Democratic government and upcoming Brexit discussions. Fed chair Powell stated that the effects of monetary policy are expected to filter into the economy months from now. Meanwhile investors are debating whether fiscal policy is needed now. The Fed's language depicts that its asset-purchase could continue for longer than previously believed. Expect some attention to shift to the release of upcoming jobless claims as at 12th Dec and housing starts tonight.

c		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.12	0
5-yr UST	0.37	0
10-yr UST	0.92	1
30-yr UST	1.66	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.93	2	1.95	-2
5-yr	2.14	0	2.31	1
7-yr	2.44	-2	2.55	0
10-yr	2.72	-2	2.84	-4
15-yr	3.24	-3	3.32	2
20-yr	3.45	-1	3.60	-1
30-yr	3.85	-1	4.01	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.92	0
3-yr	2.08	-1
5-yr	2.26	0
7-yr	2.41	0
10-yr	2.63	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GIII

- On Wednesday, local govies saw interest return following a pause in momentum with overall benchmark yields closing mostly mixed-to-lower i.e. between -4 to +2bps amid slight improvement in secondary market volume of ~RM2.70b. The 5Y MGS 9/25 yields closed within 1bps lower at 2.14% whilst the 10Y MGS 4/31 yields edged 2bps lower at 2.72%. Some interest was mainly seen in the off-the-run 21's, 25's 29's and also benchmark 5Y MGS. GII bond trades formed ~23% of overall trades. Separately, the Finance Minister said that the National-Debt-GDP ratio as at end-November was RM818.2b or 56.8%. This was below the statutory limit threshold of 60% set by the government. The data front meanwhile remains empty for the week.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space however saw solid investor interest amid a doubling of secondary market volume at RM772m. Interest was mainly seen across the credit curve as overall yields closed mostly mixed-to-higher in trades involving 29 various bonds. The sole govt-guaranteed trade involved BPMB 9/29 which spiked 29bps compared to previous-done levels at 3.05%. The AAA-rated space saw AMAN 5/21 close 12bps lower at 2.10% whereas DANUM edged 2bps higher instead on trades totalling RM60m in nominal amounts. The AA-rated sector was dominated by energy cum power-related bonds i.e. TBEI, EDRA, KIMANIS and also EDRA. TBEI 31-32's closed mixed on yields between 3.58-62% whilst KIMANIS 8/25 declined 38bps at 3.14%. JEP which notched RM150m in trades saw the 12/30 tranche end 24bps lower at 3.65% whilst the 12/31 tranche spiked 12bps instead at 3.73%. Meanwhile the banking space saw AFFIN Islamic 2117NC23 perps close unchanged at 4.23%

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 02/21	1.652	40	1.650	15/12/2020	0
MGS 07/21	1.706	461	1.700	15/12/2020	1
MGS 09/21	1.683	397	1.706	15/12/2020	-2
MGS 11/21	1.671	2	1.677	15/12/2020	-1
MGS 03/22	1.726	10	1.795	15/12/2020	-7
MGS 08/22	1.760	3	1.781	15/12/2020	-2
MGS 09/22	1.773	9	1.783	15/12/2020	-1
MGS 03/23	1.926	37	1.912	15/12/2020	1
MGS 04/23	1.889	8	1.923	15/12/2020	-3
MGS 08/23	1.890	11	1.924	15/12/2020	-3
MGS 06/24	1.988	41	2.044	15/12/2020	-6
MGS 07/24	2.019	10	2.045	15/12/2020	-3
MGS 09/24	2.043	14	2.058	15/12/2020	-1
MGS 03/25	2.068	1	2.103	15/12/2020	-4
MGS 09/25	2.138	173	2.140	15/12/2020	0
MGS 04/26	2.267	3	3.514	15/12/2020	-125
MGS 07/26	2.294	49	2.298	15/12/2020	0
MGS 11/26	2.317	37	2.352	15/12/2020	-3
MGS 03/27	2.118	2	2.284	14/12/2020	-17
MGS 05/27	2.444	93	2.465	15/12/2020	-2
MGS 11/27	2.482	25	2.519	15/12/2020	-4
MGS 06/28	2.509	16	2.557	15/12/2020	-5
MGS 08/29	2.724	291	2.750	15/12/2020	-3
MGS 04/30	2.800	3	2.805	15/12/2020	-1
MGS 04/31	2.717	2	2.732	15/12/2020	-2
MGS 06/31	2.882	10	2.939	15/12/2020	-6
MGS 04/33	3.217	84	3.204	15/12/2020	1
MGS 11/33	3.277	58	3.286	15/12/2020	-1
MGS 07/34	3.236	52	3.267	15/12/2020	-3
MGS 05/35	3.244	2	3.262	15/12/2020	-2
MGS 04/37	3.482	8	3.461	15/12/2020	2
MGS 06/38	3.541	86	3.576	15/12/2020	-4
MGS 05/40	3.451	42	3.458	15/12/2020	-1
MGS 09/43	3.778	1	3.812	15/12/2020	-3
MGS 03/46	3.867	2	3.902	15/12/2020	-4
MGS 07/48	3.881	2	3.908	15/12/2020	-3
MGS 06/50	3.846	6	3.858	15/12/2020	-1
GII 03/22	1.803	4	1.823	14/12/2020	-2
GII 04/22	1.740	8	1.782	15/12/2020	-4
GII 05/23	1.951	30	1.977	11/12/2020	-3
GII 11/23	2.031	9	2.346	04/12/2020	-32
GII 10/24	2.085	7	2.093	09/12/2020	-1
GII 08/25	2.199	208	2.200	15/12/2020	0
GII 03/26	2.308	15	2.298	10/12/2020	1
GII 07/27	2.599	8	2.604	09/12/2020	0
GII 10/28	2.737	25	2.801	15/12/2020	-6
GII 07/29	2.795	78	2.809	04/12/2020	-1
GII 10/30	2.837	134	2.877	15/12/2020	-4
GII 11/34	3.322	81	3.305	09/12/2020	2
GII 09/39	3.596	5	3.603	11/12/2020	-1
		<u>2704</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*
Bank Pembangunan Malaysia Berhad	09/29	GG	3.053	40	2.759	04/09/2020	29	36
Aman Sukuk Berhad	05/21	AAA	2.099	20	2.220	21/09/2020	-12	39
Sarawak Energy Berhad	07/24	AAA	2.535	30	2.578	14/12/2020	-4	46
Danum Capital Berhad	05/25	AAA	2.657	60	2.639	21/10/2020	2	59
Bank Pembangunan Malaysia Berhad	10/27	AAA	3.029	5	3.059	08/12/2020	-3	59
Sarawak Energy Berhad	07/29	AAA	3.088	2	2.974	17/11/2020	11	40
Pengurusan Air SPV Berhad	10/29	AAA	3.139	20	3.139	15/12/2020	0	45
Bank Pembangunan Malaysia Berhad	03/32	AAA	3.524	18	3.246	26/10/2020	28	81
Pengurusan Air SPV Berhad	09/35	AAA	3.789	10	-	-	-	54
CIMB Group Holdings Berhad	06/22	AA1	2.460	5	2.483	04/12/2020	-2	75
UniTapah Sdn Berhad	12/28	AA1	3.419	5	3.647	18/05/2020	-23	83
Kuala Lumpur Kepong Berhad	09/29	AA1	3.259	5	3.120	22/09/2020	14	57
Fortune Premiere Sdn Berhad	03/23	AA	2.879	20	2.878	07/12/2020	0	109
AmBank Islamic Berhad	03/27	AA3	2.625	20	2.848	04/08/2020	-22	30
Gamuda Berhad	11/29	AA3	3.736	10	3.578	03/09/2020	16	104
Gamuda Land (T12) Sdn Berhad	08/30	AA3	3.932	10	3.818	09/10/2020	11	122
Tanjung Bin Energy Issuer Berhad	09/31	AA3	3.583	30	3.489	17/11/2020	9	87
Dynasty Harmony Sdn Berhad	12/31	AA3	5.242	5	5.139	24/09/2020	10	253
Tanjung Bin Energy Issuer Berhad	03/32	AA3	3.619	50	3.650	15/12/2020	-3	90
Edra Energy Sdn Berhad	07/33	AA3	4.074	5	3.949	25/11/2020	13	83
Edra Energy Sdn Berhad	01/38	AA3	4.465	5	4.609	10/08/2020	-14	122
Kimanis Power Sdn Berhad	08/25	AA-	3.144	10	3.525	09/06/2020	-38	100
Jimah East Power Sdn Berhad	12/30	AA-	3.646	120	3.886	23/06/2020	-24	93
Jimah East Power Sdn Berhad	12/31	AA-	3.729	30	3.609	17/09/2020	12	101
Jati Cakerawala Sdn Berhad	01/23	A1	3.959	1	3.962	14/12/2020	0	217
UMW Holdings Berhad	04/18	A1	4.359	10	4.301	03/12/2020	6	89
Dialog Group Berhad	11/20	A1	4.133	1	4.000	03/12/2020	13	67
Affin Islamic Bank Berhad	10/17	A3	4.226	30	4.225	14/12/2020	0	76
Bermaz Auto Berhad	12/23	AA3	3.260	46	-	-	-	136
Jimah East Power Sdn Berhad	12/32	AA-	3.828	150	3.824	15/12/2020	0	111
				<u>772</u>				

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

Market/Corporate News: What's Brewing

The Government has approved 5,397 loan applications from small and medium enterprises (SMEs) worth RM1.072 billion to support businesses under the PENJANA SME Financing Scheme as at Dec 4, 2020. This was higher than the 5,301 loan applications worth RM1.085 billion approved last week. Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said the Government had also received 519 applications from SMEs for the PENJANA Tourism Financing Scheme, out of which 236 applications worth RM47.6 million were approved. Contactless banking, the way forward in the new normal or many people, personal banking is perceived as a bureaucratic process that requires documents, time and effort for the sake of security and clarity.... "With the reopening of interstate borders, this financing is expected to help SMEs in need of funds in the near future," he said. Tengku Zafrul said this in the 33rd LAKSANA report on the implementation of the Prihatin Rakyat Economic Stimulus Package (PRIHATIN), National Economic Recovery Plan (PENJANA) and Kita Prihatin Economic Stimulus Package (KITA PRIHATIN) released today. On PENJANA Micro Credit Financing under Bank Simpanan Nasional (BSN), he said a total of RM253.1 million had been channelled to benefit 7,252 micro SMEs in the retail and services sectors as at Dec 4. He said to stimulate economic growth in the agriculture and food sectors, the Government had disbursed RM57 million in revolving capital injections to 5,796 agricultural micro SMEs under the Agrobank Micro Credit Financing Scheme. To ensure the tourism and hospitality sector can recover from COVID-19, the government has extended the service tax exemption on accommodation services operated by accommodation operators to June 30, 2021. "As of Dec 4, the value of the tax exemption that had been utilised by the operators of the accommodation premises reached a value of RM836.6 million. "Among other initiatives to support the tourism sector are the individual income tax relief of up to RM1,000 on travel expenses as well as a full tourism tax exemption; both of which will run until June 30, 2021," he said.

Tengku Zafrul said the value of the 100% exemption on export duties for the palm oil-based industry which had been utilised by the national industry until Dec 4 was worth RM373 million, an increase from RM325 million last week. For the Wage Subsidy Programme, he said a total of RM12.55 billion had been spent as at Dec 4, 2020 to help 322,177 employers continue business and retain a total of 2.64 million employees. (Source: *The EdgeMarkets*)

Lion Industries Corp Bhd (LICB) will take over China-based property developer Well Morning Ltd, in a RM210.35 million debt settlement by Lion Diversified Holdings Bhd (LDHB), which is currently in liquidation. f the total RM210.35 million outstanding debt, LDHB owes RM26.79 million to Antara Steel Mills Sdn Bhd and RM35.17 million to Lion Waterway Logistics Sdn Bhd, both being subsidiaries of LICB, as well as RM148.39 million to Posim Marketing Sdn Bhd, which is a 74% indirect subsidiary of LICB. Well Morning, a wholly-owned subsidiary of LDHB, in turn wholly owns Changshu Lion Enterprise Co Ltd, a property developer based in China.. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Fortune Premiere Sdn Bhd	RM3.0 billion Multi-Currency Islamic Medium-Term Notes Programme (Sukuk Murabahah)	AA-IS/Stable	Affirmed
Bank Muamalat Malaysia Berhad	Financial institution (FI) ratings	A/MARC-1/Stable	Affirmed
	Islamic Senior Notes Programme (Senior Sukuk) of up to RM2.0 billion	A-IS/Stable	Affirmed
Celcom Networks Sdn Bhd	RM5.0 billion Sukuk Murabahah Programme	AA+IS	Affirmed

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.