

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.17	-1
5-yr UST	0.38	-3
10-yr UST	0.84	-5
30-yr UST	1.61	-6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.81	0	1.93	1
5-yr	2.09	-3	2.28	2
7-yr	2.42	4	2.34	0
10-yr	2.68	2	2.63	0
15-yr	3.14	4	3.18	5
20-yr	3.45	2	3.51	0
30-yr	4.01	-2	4.09	-3

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.91	0
3-yr	2.01	0
5-yr	2.21	1
7-yr	2.37	1
10-yr	2.62	0

Source : Bloomberg

Upcoming Government Bond Tender

Re-opening of RM4.0b 7Y GII 9/27 on Thursday, 19th Nov 2020

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries advanced on a busy Tuesday led by the longer-ends following weaker-than-expected retail sales for October and also two scheduled Fed purchases. The curve reversed prior day's steepening as the UST 2Y yields edged 1bps lower whilst the much-watched UST 10Y yields fell 5bps at 0.84%. Overall benchmark yields closed between 1-6bps lower across the curve. Meanwhile the IG slate was again kept busy with massive issuances amounting to \$18b that included Saudi Aramco's \$7.5b, 5-part offering. Separately, China's holdings of UST's in Sep fell for a 4th straight month by \$6.3b to its lowest level of \$1.06 trillion since 2017. Japan too saw its holdings slip by \$2.2b to \$1.28 trillion. Expect attention to shift to some peripheral data on Housing Starts, Building Permits and also the auction of \$27b of 20Y bonds tonight.

MGS/GII

- Local govvnies ended generally weaker on Tuesday amid higher secondary market volume of RM2.59b. Overall benchmark yields ended between 0-5bps higher across the curve save for the 5Y MGS and long bonds. The 5Y MGS 9/25 yields closed 3bps lower at 2.09% whilst the 10Y MGS 4/31 edged 2bps up instead at 2.68%. Interest was seen in off-the-run 21's, 33's and also benchmark 5Y, 7Y MGS. GII bond trades dropped to form 15% of overall trades. The MYR is seen steadier on better risk-sentiment following the signing of one of the world's largest free-trade agreement known as Regional Comprehensive Economic Partnership i.e. RCEP. Meanwhile, the economic calendar remains light for the week.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk saw interest ramp up amid higher secondary market volume of RM556m with interest seen across the the curve. Overall yields closed mostly mixed in about 26 various bonds. Govt-guaranteed DANA saw different fortunes with the 11/42 tranche rallying 15bps compared to previous done levels at 3.86% whilst the 2/44 tanche spiked 9bps instead at 3.92%. AAA-rated CAGAMAS saw huge RM100m nominal amounts traded sharply lower on yields at 2.49% whilst SEB 35's ended unchanged between 3.45-46% area. The AA-space was dominated by energy-cum-power related bonds such as Southern Power, BGSM and TBEI. BGSM 3/26 and TBEI 9/31 moved between -2 to +2bps at 2.91% and 3.49% respectively whilst Southern power 34-35's closed between -18 to +2bps at 3.69-88% levels. Meanwhile, the banking space saw AFFIN-related names notch RM50m in nominal amounts; with the 27NC22 and 28NC23 bonds closing between 3-5bps lower between 3.24-70%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.540	82	1.549	16/11/2020	-1
MGS 09/21	1.542	237	1.601	16/11/2020	-6
MGS 11/21	1.547	378	1.658	16/11/2020	-11
MGS 03/22	1.701	11	1.698	13/11/2020	0
MGS 08/22	1.703	1	1.731	13/11/2020	-3
MGS 09/22	1.699	150	1.703	12/11/2020	0
MGS 03/23	1.808	74	1.810	16/11/2020	0
MGS 04/23	1.803	91	1.839	16/11/2020	-4
MGS 08/23	1.870	8	1.875	16/11/2020	0
MGS 09/24	2.069	9	2.018	16/11/2020	5
MGS 03/25	2.080	14	2.094	13/11/2020	-1
MGS 09/25	2.092	282	2.119	16/11/2020	-3
MGS 04/26	2.260	6	2.227	10/11/2020	3
MGS 07/26	2.301	56	2.295	16/11/2020	1
MGS 09/26	2.335	80	2.299	10/11/2020	4
MGS 11/26	2.361	30	2.361	16/11/2020	0
MGS 05/27	2.420	189	2.385	16/11/2020	4
MGS 11/27	2.467	13	2.462	16/11/2020	0
MGS 06/28	2.553	2	2.552	16/11/2020	0
MGS 08/29	2.708	68	2.686	16/11/2020	2
MGS 04/30	2.733	4	2.689	16/11/2020	4
MGS 04/31	2.676	125	2.657	16/11/2020	2
MGS 04/33	3.138	5	3.122	16/11/2020	2
MGS 11/33	3.148	160	3.131	16/11/2020	2
MGS 07/34	3.136	58	3.091	16/11/2020	4
MGS 04/37	3.385	5	3.393	13/11/2020	-1
MGS 06/38	3.510	24	3.511	16/11/2020	0
MGS 05/40	3.449	20	3.425	16/11/2020	2
MGS 03/46	3.922	4	3.898	13/11/2020	2
MGS 06/50	4.014	2	4.036	16/11/2020	-2
GII 08/21	1.638	20	1.653	12/11/2020	-2
GII 03/22	1.715	10	1.670	03/11/2020	5
GII 04/22	1.750	3	1.738	16/11/2020	1
GII 07/22	1.743	80	1.768	13/11/2020	-2
GII 05/23	1.931	72	1.920	16/11/2020	1
GII 05/24	2.068	2	2.003	05/11/2020	6
GII 10/24	2.033	1	2.036	16/11/2020	0
GII 03/26	2.282	95	2.263	16/11/2020	2
GII 07/27	2.393	7	2.507	05/11/2020	-11
GII 07/29	2.682	14	2.682	16/11/2020	0
GII 09/30	2.700	30	2.723	12/11/2020	-2
GII 06/33	3.153	2	3.237	02/11/2020	-8
GII 11/34	3.181	20	3.131	13/11/2020	5
GII 11/49	4.093	40	4.127	13/11/2020	-3
		<u>2586</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*	
DanaInfra Nasional Berhad	11/42	GG	3.860	10	4.009	07/01/2020	-15	42
DanaInfra Nasional Berhad	02/44	GG	3.919	10	3.830	28/04/2020	9	48
Cagamas Berhad	10/21	AAA	1.917	30	2.063	25/08/2020	-15	29
Manjung Island Energy Berhad	11/21	AAA	2.182	45	2.238	23/09/2020	-6	55
Cagamas Berhad	05/23	AAA	2.043	5	1.988	22/10/2020	6	22
Public Bank Berhad	04/25	AAA	2.728	80	3.487	17/01/2020	-76	70
Cagamas Berhad	11/25	AAA	2.487	100	3.697	04/11/2019	-121	37
Danga Capital Berhad	02/26	AAA	2.668	30	2.681	13/11/2020	-1	55
Sarawak Energy Berhad	07/29	AAA	2.974	50	2.945	30/10/2020	3	34
Danum Capital Berhad	02/34	AAA	3.444	15	3.346	13/11/2020	10	32
Sarawak Energy Berhad	06/35	AAA	3.447	10	3.449	09/11/2020	0	33
Sarawak Energy Berhad	08/35	AAA	3.460	10	3.462	16/11/2020	0	34
Public Bank Berhad	07/29	AA1	2.921	10	3.374	06/07/2020	-45	28
Malayan Banking Berhad	01/31	AA1	2.971	10	3.003	14/08/2020	-3	30
BGSM Management Sdn Berhad	03/26	AA3	2.908	10	2.929	16/11/2020	-2	79
Tanjung Bin Energy Issuer Berhad	09/31	AA3	3.489	10	3.469	30/10/2020	2	82
Cypark Ref Sdn Berhad	06/37	AA3	4.570	10	4.680	13/10/2020	-11	145
Cypark Ref Sdn Berhad	06/38	AA3	4.680	20	5.559	22/11/2019	-88	124
Southern Power Generation Sdn Berhad	04/34	AA-	3.689	10	3.869	20/07/2020	-18	57
Southern Power Generation Sdn Berhad	10/34	AA-	3.758	10	3.758	16/11/2020	0	64
Southern Power Generation Sdn Berhad	10/35	AA-	3.880	10	3.861	30/09/2020	2	76
Affin Bank Berhad	02/27	A1	3.321	30	3.353	06/11/2020	-3	101
Bank Islam Malaysia Berhad	11/27	A1	3.195	10	3.244	06/11/2020	-5	79
Affin Islamic Bank Berhad	10/28	A1	3.667	10	3.698	13/11/2020	-3	114
YNH Property Berhad	08/19	-	6.496	1	6.899	09/11/2020	-40	305
Southern Power Generation Sdn Berhad	04/33	AA-	3.579	10	3.549	21/10/2020	3	91
			<u>556</u>					

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

Market/Corporate News: What's Brewing

Batu Kawan Bhd, which controls Kuala Lumpur Kepong Bhd, has proposed to buy a 56.32% stake in Chemical Company of Malaysia Bhd (CCM) from Permodalan Nasional Bhd (PNB) for RM292.97 million cash, or RM3.10 per share. Subsequently, Batu Kawan will make a mandatory general offer at RM3.10 per share to buy all the remaining shares in CCM. Batu Kawan said it intends to maintain the listing status of CCM on Bursa Malaysia subsequent to the MGO. The transaction price of RM3.10 represents a premium of 11.11% over CCM's closing price of RM2.79 today — the highest level in 12 years. In a filing with Bursa Malaysia, Batu Kawan said it had entered into a conditional share purchase agreement with PNB and Amanahraya Trustees Bhd (ART), both collectively holding 56.32% stake in CCM. ART is a trustee for Amanah Saham Malaysia, Amanah Saham Bumiputera and Amanah Saham Bumiputera 3-Didik unit trust funds for the proposed transaction. At RM3.10 apiece, the purchase consideration represents a premium over the last transacted price and volume weighted average market price (VWAMP) of CCM shares up to and including Nov 16. It said the premium was between 27.52% and 107.43% for five-day and one-year's VWAMP of CCM shares of RM2.43 and RM1.49 respectively. The proposed acquisition will be funded via internal funds whereas the proposed offer will be funded via internal funds and/or bank borrowings. Batu Kawan said the acquisition will increase the group's market presence as a chlor-alkali chemicals manufacturer as well as to unlock value through the realisation of operational efficiencies in logistics, distribution and procurement. CCM saw a steep climb on its share price since mid-October on news that PNB was mulling over divesting its stake in CCM. CCM is principally an investment holding and management company whilst its subsidiaries are engaged in the manufacturing and marketing of chlor-alkali chemicals and polymers products and services. Caustic soda is the group's core product. CCM has a three-year supply contract with Petroliam Nasional Bhd (Petronas) to supply 351,000 tonnes of caustic soda for Refinery and Petrochemical Integrated Development (Rapid) Project in Pengerang, Johor. The contract commenced in April last year. CCM's polymer division's products are being used by the glove industry, and good demand is expected to continue for the remainder of 2020. The proposed acquisition is subject to the consent of a lender bank in respect of the banking facilities provided to the CCM group for the transfer of the sale shares. However, the proposals are not subject to approval of the shareholders of the company. Subject to the fulfilment of the condition precedent, the proposals are expected to be completed by the first quarter of 2021.. (Source: *The EdgeMarkets*)

Moderna Inc confirmed on Tuesday that it had agreed to supply its Covid-19 vaccine candidate, mRNA-1273, to the United Kingdom starting from the beginning of March, as long as it succeeds in gaining local regulatory approval. The company's statement did not disclose other terms of the agreement including the number of doses it agreed to supply. UK Health Minister Matt Hancock told a news conference on Monday that the deal would see the US startup, one of two vaccine makers who have so far published positive data on final-stage trials, supply five million doses from next spring. Moderna on Monday said mRNA-1273 was 94.5% effective in preventing Covid-19, based on interim data from its late-stage clinical trial. Britain's Medicines and Healthcare products Regulatory Agency (MHRA) in October started a real-time review of the vaccine candidate, a process which allows for a faster approval of a treatment. The company on Tuesday also said it was on track to deliver about 500 million doses per year and possibly up to one billion doses per year, beginning in 2021. It has tied up with manufacturing partners Lonza of Switzerland and ROVI of Spain, for manufacturing and fill-finish outside of the United States, to supply the vaccine to Europe and other countries outside US.

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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