

Global Markets Research

Fixed Income

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Tenure	Closing (%)	Chg (bps)
2-yr UST	0.12	0
5-yr UST	0.38	1
10-yr UST	0.93	2
30-yr UST	1.68	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.89	-3	1.89	-6
5-yr	2.13	-1	2.27	-4
7-yr	2.39	-5	2.55	0
10-yr	2.69	-3	2.80	-3
15-yr	3.24	0	3.32	-1
20-yr	3.45	0	3.60	0
30-yr	3.85	0	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	2.25	-1
7-yr	2.41	0
10-yr	2.63	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries erased gains and ended weaker on Thursday despite being boosted by weaker initial jobless claims data earlier in the session. The curve bear-steepened with overall benchmark yields closing between 0-2bps higher. The UST 2Y yield ended within 1bps higher at 0.12% whilst the much-watched 10Y yield edged 2bps up at 0.93%. Meanwhile, there were fresh signs of new progress on the implementation of an economic stimulus relief bill amounting to about \$900b by Congress. To re-cap, the Fed's language reinforced that its asset-purchase could continue for longer than previously believed and is committed to helping boost the economy by keeping borrowing costs low and maintaining short-term interest rates near zero. Expect UST's to range sideways.

MGS/GII

- On Thursday, local govies saw sustained interest with overall benchmark yields closing mostly 0-6bps lower especially in the belly amid an improvement in secondary market volume of ~RM3.40b. The 5Y MGS 9/25 yields edged 1bps lower at 2.13% whilst the 10Y MGS 4/31 ended 3ps lower at 2.69%. Some interest was mainly seen in the off-the-run 21's, 33's and also benchmark 5Y, 7Y MGS. GII bond trades eased to form ~19% of overall trades. Separately, the World Bank expects Malaysia's economy to shrink by 5.8% in 2020 before bouncing back at 7.0% next year. Expect govies to range sideways today ahead of the weekend .

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space continued to draw investor interest despite slightly lower secondary market volume at RM581m. Interest was again seen across the curve as overall yields closed mostly mixed-to-lower in trades involving 19 various bonds. Govt-guaranteed PRASA dominated with the 10/28 tranche closing unchanged at 2.92% compared to previous-done levels whilst both the 2/27 and 8/39 tranches ended 12-24bps higher at 2.65% and 3.79% respectively. The AAA-rated space saw SEB 32-33's close 16-21bps lower between 3.47-57% whilst the 1/27 and 4/36 tranches edged 2bps lower at 2.81% and 3.81% each. The AA-rated sector saw action in energy-related bonds i.e. EDRA with the 7/33 and 1/38 closing unchanged at 4.07% and 4.46% each; whilst the 7/34 tranche spiked 12bps at 4.15%. Meanwhile the banking space saw AmBank Islamic 27NC22 edge 1bps lower at 2.61% whereas AFFIN Bank 27NC22 and AFFIN Islamic 28NC23 declined between 2-4bps at 3.27% and 3.64% respectively.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 02/21	1.849	230	1.652	16/12/2020	20
MGS 07/21	1.619	348	1.706	16/12/2020	-9
MGS 09/21	1.648	335	1.683	16/12/2020	-4
MGS 11/21	1.679	2	1.671	16/12/2020	1
MGS 03/22	1.780	10	1.726	16/12/2020	5
MGS 08/22	1.761	94	1.760	16/12/2020	0
MGS 09/22	1.804	174	1.773	16/12/2020	3
MGS 03/23	1.891	183	1.926	16/12/2020	-3
MGS 04/23	1.926	5	1.889	16/12/2020	4
MGS 08/23	1.919	22	1.890	16/12/2020	3
MGS 06/24	1.955	2	1.988	16/12/2020	-3
MGS 07/24	2.035	4	2.019	16/12/2020	2
MGS 09/24	2.047	44	2.043	16/12/2020	0
MGS 03/25	2.109	18	2.068	16/12/2020	4
MGS 09/25	2.128	169	2.138	16/12/2020	-1
MGS 04/26	2.233	18	2.267	16/12/2020	-3
MGS 07/26	2.290	36	2.294	16/12/2020	0
MGS 11/26	2.320	5	2.317	16/12/2020	0
MGS 05/27	2.390	167	2.444	16/12/2020	-5
MGS 11/27	2.464	4	2.482	16/12/2020	-2
MGS 06/28	2.442	15	2.509	16/12/2020	-7
MGS 08/29	2.637	134	2.724	16/12/2020	-9
MGS 04/30	2.685	71	2.800	16/12/2020	-12
MGS 04/31	2.688	77	2.717	16/12/2020	-3
MGS 06/31	2.829	2	2.882	16/12/2020	-5
MGS 04/33	3.201	46	3.217	16/12/2020	-2
MGS 11/33	3.263	154	3.277	16/12/2020	-1
MGS 07/34	3.240	225	3.236	16/12/2020	0
MGS 06/38	3.513	152	3.541	16/12/2020	-3
MGS 09/43	3.794	1	3.778	16/12/2020	2
MGS 03/46	3.862	7	3.867	16/12/2020	0
MGS 06/50	3.846	4	3.846	16/12/2020	0
GII 04/22	1.704	2	1.740	16/12/2020	-4
GII 07/22	1.802	6	1.798	08/12/2020	0
GII 05/23	1.888	120	1.951	16/12/2020	-6
GII 10/23	1.999	70	2.040	07/12/2020	-4
GII 10/24	2.092	30	2.086	16/12/2020	1
GII 08/25	2.197	52	2.199	16/12/2020	0
GII 10/25	2.249	4	2.223	10/12/2020	3
GII 03/26	2.266	100	2.308	16/12/2020	-4
GII 07/27	2.558	1	2.599	16/12/2020	-4
GII 10/28	2.706	100	2.737	16/12/2020	-3
GII 07/29	2.750	61	2.795	16/12/2020	-4
GII 10/30	2.802	50	2.837	16/12/2020	-4
GII 06/33	3.301	20	3.344	11/12/2020	-4
GII 11/34	3.317	30	3.322	16/12/2020	0
		<u>3402</u>			

CIMB Group Holdings Berhad		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Bank Pembangunan Malaysia Berhad	09/24	GG	2.297	80	2.318	08/12/2020	-2	24
Prasarana Malaysia Berhad	02/27	GG	2.654	40	2.419	25/08/2020	24	34
Prasarana Malaysia Berhad	10/28	GG	2.919	35	2.919	09/12/2020	0	38
Prasarana Malaysia Berhad	08/39	GG	3.794	10	3.670	18/11/2020	12	33
Manjung Island Energy Berhad	11/25	AAA	2.675	40	2.688	16/07/2020	-1	54
Danum Capital Berhad	02/26	AAA	2.769	60	2.601	25/08/2020	17	64
Sarawak Energy Berhad	01/27	AAA	2.813	5	2.837	15/12/2020	-2	50
Sarawak Energy Berhad	12/32	AAA	3.468	20	3.258	10/11/2020	21	76
Sarawak Energy Berhad	11/33	AAA	3.572	15	3.410	27/11/2020	16	33
Sarawak Energy Berhad	04/36	AAA	3.809	60	3.829	11/12/2020	-2	57
Tenaga Nasional Berhad	08/40	AAA	3.899	10	3.920	07/12/2020	-2	44
CIMB Group Holdings Berhad	04/25	AA1	2.871	5	2.763	18/08/2020	11	82
Bumitama Agri Ltd	07/24	AA3	3.023	10	3.035	14/12/2020	-1	97
Mumtaz Rakyat Sukuk Berhad	06/26	AA3	2.609	20	2.574	09/12/2020	4	29
AmBank Islamic Berhad	03/27	AA3	2.611	50	2.625	16/12/2020	-1	30
Edra Energy Sdn Berhad	07/33	AA3	4.069	15	4.074	16/12/2020	0	83
Edra Energy Sdn Berhad	07/34	AA3	4.148	10	4.029	25/11/2020	12	91
Edra Energy Sdn Berhad	01/38	AA3	4.464	5	4.465	16/12/2020	0	123
Affin Bank Berhad	02/27	A1	3.270	20	3.305	24/11/2020	-4	96
Affin Islamic Bank Berhad	10/28	A1	3.638	20	3.662	09/12/2020	-2	110
UMW Holdings Berhad	04/18	A1	4.299	10	4.359	16/12/2020	-6	84
Affin Islamic Bank Berhad	10/17	A3	4.221	40	4.226	16/12/2020	0	76
Eco World Capital Assets Berhad	08/24	-	5.630	1	6.410	07/10/2020	-78	357
				581				

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

Market/Corporate News: What's Brewing

Surging spot prices for liquefied natural gas (LNG) are exacerbating a gas supply crunch in key fast-growing emerging markets in Asia just as a cold spell in other parts of the region boosts demand for the fuel. Companies from Pakistan to China have cancelled a flurry of LNG tenders this week, several trade sources said, as lofty prices risk pushing up the input costs of industries, which could make energy more expensive for consumers. Benchmark Asia spot LNG prices have soared sevenfold since May to six-year highs, driven by production losses in Australia, Malaysia, Norway and Qatar combined with accelerating use in China, India and elsewhere. "Buyers with no alternatives are now paying top-dollar for prompt cargoes in January," said Chong Zhi Xin, a director at consultancy IHS Markit. The state buyer for Pakistan — one of the fastest growing LNG markets — did not award an emergency tender seeking three cargoes for delivery in January after it received high prices, according to sources. Over plants may opt to burn dirtier but cheaper fuel oil instead, the sources said, but are also facing rising prices in that market. In India, Gujarat State Petroleum Corp (GSPC) and Indian Oil Corp did not award tenders seeking cargoes for January to February delivery, trade sources said. In Bangladesh, gas shortages are already apparent. "We don't have gas for cooking until (the) afternoon during the winter season. There is hardly any gas. I can't even boil water, let alone cook food," said Sumi Akter, a mother of two in the capital, Dhaka. Bangladesh has only imported one spot cargo this winter despite issuing several tenders over the past few months, a senior energy ministry official said. "We have started importing from the spot market but the effort was not successful because of the abnormally high prices," the official added. Buyers in China, the world's second largest LNG importer after Japan, are also feeling the pinch, with one steel trader reporting a rise of around 2% in billet prices in steelmaking hub Tangshan, due to the rise of natural gas prices. Steel mills use natural gas to fuel their furnace for production. China's top buyers PetroChina and China National Offshore Oil Corp (CNOOC) did not award tenders placed on the Shanghai Petroleum and Natural Gas Exchange, while Guangzhou Gas and Guangdong Energy also recently did not award tenders, traders said. Higher prices combined with a gas supply crunch have seen operations at liquefaction plants in some areas in northern China being cut by 20% to 40%, sources added. LNG importer Japan's spot power prices have also surged to their highest since July 2018 as cold weather has driven demand for heating. "The LNG

prices have reached a point where I don't think it's viable for some price-sensitive buyers," a Singapore-based LNG trader said. A tight shipping market has also accentuated the recent market supply pinch. "It's really the perfect storm, and the fundamentals have supported the price rally," said Robert Sims, research director at Wood Mackenzie. (Source: *The EdgeMarkets*)

Dutch Lady Milk Industries Bhd said it will spend RM340 million to construct new manufacturing facilities on three parcels of land in Bandar Enstek, Negeri Sembilan that it bought this year. In a filing with Bursa Malaysia, the group said the facilities will include manufacturing and warehousing facilities, support facilities and office facilities. They will be used for the manufacturing of the group's dairy products with capacity and space for the manufacturing of other variations that it may produce. Dutch Lady said the facilities will be environmentally friendly and safe and will introduce new technology which will improve the group's efficiency and productivity. The facilities will be constructed between 2021 and 2025, the group said, adding that it will use internal funds for the investment. The investment, Dutch Lady said, is in line with the group's long-term plans of improving its manufacturing capabilities to keep up with the demand for its products and with new consumer trends which will strengthen its ability to provide the goodness and nutritional value of milk to its customers. The group had announced in March that it spent RM56.79 million to acquire the three parcels of land measuring 32.59 acres from Pelaburan Hartanah Bhd, the real estate investment holding company of Yayasan Amanah Hartanah Bumiputera. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
SHC Capital Sdn Bhd	Proposed RM80.0 million issuance under its RM200.0 million Islamic Medium-Term Notes Programme (Sukuk Wakalah)	AA-IS/Stable	Assigned

Source: RAM, MARC

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