

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasury traded mixed with the curve steepening on Friday with the 10-year note yields rising by about 1bp to 1.82% following strong US housing starts data and optimism surrounding the US Treasury Department announcement of the sale of 20Y debt in 1H2020. The curve steepened by ~2bps with the 2/10 spread widening to 26bps. US markets will be closed for Martin Luther King Jr Day holiday today but expect markets to return tomorrow with focus on the sale of US\$14bn 10Y TIPS on Friday and other economic data including existing home sales, leading index, initial jobless claims, and Market PMIs this week.

MGS/GII

- Local govies saw momentum soften by a quarter to RM2.96bn on Friday, compared to the preceding day's RM3.95bn as markets took a breather ahead of the weekend. Focus was seen on the benchmark 7Y MGS 5/2 and 10Y MGS 8/29, as well as continued interests in short-dated off the runs 20-21s. Overall yields ended mixed between -2 to +4bps across the govies curve. The 10Y MGS closed up ~1bp at 3.29% while the 7Y shed 2bps to 3.23%. GII bonds fell to form ~31% of overall trades. We expect demand for local govies to remain supported amid overall improvement in risk sentiments stemming from positive US and China data, which will likely support the case for a pause in monetary policy, barring re-escalation of geopolitical and growth risks.

Corp Bonds/Sukuk

- Tracking slightly softer momentum in the govies space, secondary market trading volume in the Corporate bonds/Sukuk space also moderated from a YTD record of RM1.24bn to RM0.87bn on Friday. Investors continued to flock into GG and AA part of the curve. Various papers of DANAINFRA stretching from '26-44s stole the limelight, seeing RM215m done on the day, representing approximately 60% of GG and a quarter of total corporate bonds dealt during the day, with yields closing between -25 and +3bps. MKD '10/32 also attracted substantial interest with RM100m done 14bps inner at 3.609%. Within the AAA-rated segment, TNB 33-38s saw RM80m dealt between 3.769-3.988%. Energy issuer YTLP also made in to the list with various papers from 23-27s dealt between 3.748-3.970%. AAA-rated Menara ABS '1/21 made its debut with RM30m changed hands at 4.229%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.56	-1
5-yr UST	1.62	-1
10-yr UST	1.82	1
30-yr UST	2.28	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.02	1	3.10	3
5-yr	3.17	-1	3.20	1
7-yr	3.23	-2	3.27	0
10-yr	3.29	1	3.36	0
15-yr	3.48	0	3.51	0
20-yr	3.57	0	3.65	0
30-yr	3.97	4	4.01	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.26	0
3-yr	3.27	1
5-yr	3.31	2
7-yr	3.34	1
10-yr	3.41	2

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 03/20	2.727	54	2.831	16/01/2020	-10
MGS 07/20	2.868	210	2.887	16/01/2020	-2
MGS 10/20	2.918	92	2.918	16/01/2020	0
MGS 07/21	3.014	180	3.005	16/01/2020	1
MGS 09/21	3.051	102	3.029	16/01/2020	2
MGS 11/21	3.007	37	3.008	16/01/2020	0
MGS 03/22	3.023	154	3.014	16/01/2020	1
MGS 08/22	3.030	38	3.072	16/01/2020	-4
MGS 03/23	3.093	50	3.089	16/01/2020	0
MGS 08/23	3.122	3	3.120	16/01/2020	0
MGS 06/24	3.171	60	3.178	16/01/2020	-1
MGS 07/24	3.169	15	3.153	14/01/2020	2
MGS 09/25	3.166	25	3.190	16/01/2020	-2
MGS 07/26	3.226	66	3.246	16/01/2020	-2
MGS 11/26	3.292	30	3.276	15/01/2020	2
MGS 03/27	3.259	9	3.307	15/01/2020	-5
MGS 05/27	3.269	350	3.258	16/01/2020	1
MGS 11/27	3.291	80	3.271	16/01/2020	2
MGS 06/28	3.307	100	3.296	16/01/2020	1
MGS 08/29	3.290	167	3.280	16/01/2020	1
MGS 04/33	3.520	0	3.520	16/01/2020	0
MGS 07/34	3.487	30	3.478	16/01/2020	1
MGS 06/38	3.632	2	3.619	16/01/2020	1
MGS 09/43	3.874	0	3.859	16/01/2020	2
MGS 03/46	3.992	100	3.989	16/01/2020	0
MGS 07/48	3.971	85	3.936	16/01/2020	4
GII 04/20	2.982	80	3.029	15/01/2020	-5
GII 08/20	2.941	4	3.002	09/01/2020	-6
GII 03/21	3.030	80	3.007	14/01/2020	2
GII 08/21	3.015	1	3.052	27/11/2019	-4
GII 03/22	3.104	10	3.075	15/01/2020	3
GII 04/22	3.084	20	3.082	16/01/2020	0
GII 11/23	3.162	20	3.168	16/01/2020	-1
GII 10/24	3.198	51	3.191	16/01/2020	1
GII 08/25	3.246	20	3.248	16/01/2020	0
GII 03/26	3.265	10	3.262	16/01/2020	0
GII 10/28	3.355	20	3.349	16/01/2020	1
GII 08/33	3.524	40	3.522	16/01/2020	0
GII 11/34	3.514	390	3.515	16/01/2020	0
GII 10/35	3.605	20	3.614	16/01/2020	-1
GII 09/39	3.652	90	3.652	16/01/2020	0
GII 05/47	4.024	66	4.020	09/01/2020	0
GII 11/49	4.008	1	4.005	08/01/2020	0
		<u>2962</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	02/26	GG	3.339	35	3.520	04/12/2019	-18	12
Danainfra Nasional Berhad	10/26	GG	3.360	35	3.560	06/12/2019	-20	11
Danainfra Nasional Berhad	11/29	GG	3.470	50	-	-	347	19
Danainfra Nasional Berhad	11/29	GG	3.469	5	3.721	12/12/2019	-25	19
MKD Kencana Sdn Berhad	10/32	GG	3.609	100	3.751	02/01/2020	-14	13
Turus Pesawat Sdn Berhad	11/32	GG	3.628	20	3.647	14/01/2020	-2	15
Danainfra Nasional Berhad	02/33	GG	3.589	20	3.724	03/01/2020	-14	11
Danainfra Nasional Berhad	02/33	GG	3.589	20	3.559	22/08/2019	3	11
Lembaga Pembiayaan Perumahan Sektor Awam	04/33	GG	3.620	20	3.910	17/12/2019	-29	14
Danainfra Nasional Berhad	04/33	GG	3.591	10	3.791	17/10/2019	-20	11
Danainfra Nasional Berhad	11/34	GG	3.630	20	3.630	15/01/2020	0	15
Danainfra Nasional Berhad	11/44	GG	3.968	20	4.209	18/11/2019	-24	38
Menara ABS Berhad	01/21	AAA	4.229	30	-	-	-	127
Malaysia Airports Capital Berhad	12/24	AAA	3.557	30	3.567	14/01/2020	-1	39
Public Bank Berhad	04/25	AAA	3.487	20	3.508	16/01/2020	-2	32
Aman Sukuk Berhad	05/25	AAA	3.502	10	3.414	11/09/2019	9	33
Projek Lebuh raya Usahasama Berhad	01/26	AAA	3.539	10	3.622	20/09/2019	-8	32
Pengurusan Air SPV Berhad	06/26	AAA	3.520	20	3.618	08/01/2020	-10	30
Gulf Investment Corporation G.S.C	06/27	AAA	4.119	20	4.999	11/03/2019	-88	87
TNB Northern Energy Berhad	11/28	AAA	3.628	20	3.627	03/10/2019	0	34
Danga Capital Berhad	01/30	AAA	3.659	20	3.708	04/10/2019	-5	38
Manjung Island Energy Berhad	11/31	AAA	3.699	10	3.739	15/01/2020	-4	42
Tenaga Nasional Berhad	08/33	AAA	3.769	40	3.789	14/01/2020	-2	29
EKVE Sdn Berhad	01/35	AAA	4.020	40	4.948	12/12/2018	-93	54
Tenaga Nasional Berhad	08/38	AAA	3.988	40	4.019	15/01/2020	-3	40
Kuala Lumpur Kepong Berhad	09/22	AA1	3.446	10	3.516	19/12/2019	-7	41
YTL Power International Berhad	08/23	AA1	3.748	40	3.886	25/11/2019	-14	62
YTL Power International Berhad	10/24	AA1	3.848	10	3.948	03/12/2019	-10	68
Kuala Lumpur Kepong Berhad	04/26	AA1	3.638	5	3.739	18/11/2019	-10	42
YTL Power International Berhad	05/27	AA1	3.970	10	4.098	09/01/2020	-13	72
Celcom Networks Sdn Berhad	10/26	AA+	3.685	10	3.789	28/11/2019	-10	43
Celcom Networks Sdn Berhad	08/27	AA+	3.710	10	3.822	09/12/2019	-11	45
Konsortium ProHAWK Sdn Berhad	12/32	AA2	4.110	20	4.441	01/07/2019	-33	63
Anih Berhad	11/27	AA	3.798	30	3.829	16/01/2020	-3	53
BGSM Management Sdn Berhad	06/24	AA3	3.763	5	3.878	09/12/2019	-12	64
BGSM Management Sdn Berhad	08/25	AA3	3.827	15	3.948	19/12/2019	-12	61
BGSM Management Sdn Berhad	03/26	AA3	3.882	5	4.008	04/12/2019	-13	67
Besraya (M) Sdn Berhad	07/26	AA3	3.898	10	4.307	08/10/2019	-41	65
Penang Port Sdn Berhad	12/29	AA-	4.099	10	4.129	15/01/2020	-3	82
MNRB Holdings Berhad	03/29	A1	4.607	1	4.547	19/12/2019	6	132
CIMB Group Holdings Berhad	05/16	A1	4.107	10	4.111	16/01/2020	0	51
Bank Muamalat Malaysia Berhad	06/26	A3	4.411	1	4.433	12/12/2019	-2	120
YNH Property Berhad	08/19	-	7.374	2	6.463	16/01/2020	91	378
				<u>869</u>				

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

Market/Corporate News: What's Brewing

Oil jumped as rising tension in the Middle East and North Africa halted output and exports from key OPEC producers Iraq and Libya. Futures in New York and London rose more than 1.5%. Iraq temporarily stopped output at an oil field on Sunday and supply from a second site is at risk as widespread unrest escalates in OPEC's second-biggest producer. In Libya, National Oil Corp. declared force majeure after Commander Khalifa Haftar blocked exports at ports under his control. While political unrest has simmered in Libya as competing forces tussle for control of the country, the spotlight is back on Iraq after tension earlier this month between Iran and the U.S. led to speculation the conflict may spillover and entangle the OPEC producer. Iraqi supplies are "potentially vulnerable" amid rising political risks in the country and the broader region, the International Energy Agency said last week. West Texas Intermediate for February delivery climbed as much as \$1.19, or 2%, to \$59.73 a barrel on the New York Mercantile Exchange and traded at \$59.27 as of

8:02 a.m. Singapore time. The contract fell 0.9% last week. Brent for March settlement added as much as \$1.15, or 1.8%, to \$66 a barrel on the London-based ICE Futures Europe Exchange. The global benchmark crude traded at a \$6.29 premium to WTI for the same month. (Source: Bloomberg/ The Star Online)

Malaysia is on track to commercially roll out 5G technology in the third quarter of 2020, says Tun Dr Mahathir Mohamad. Launching the 5G Malaysia demonstration projects here on Sunday (Jan 19) night, the Prime Minister said this marks a significant beginning in the nation's journey towards strengthening its economy to achieve sustainable growth and share the country's prosperity with the people. "(This will also) ensure that we achieve our target of providing every single citizen in this nation a decent standard of living by 2030," said Dr Mahathir. He noted that preparations to deploy 5G have been progressing well since he launched the "5G Malaysia showcase" in April 2019. Dr Mahathir said that economically, 5G can serve as the infrastructure for innovative growth. "The convergence of 5G and different industrial sectors such as agriculture, education, healthcare, manufacturing, smart transportation and tourism, presents new opportunities for industries, society and individuals to advance their digital ambitions, and deliver new and better services," he said. The Prime Minister underscored that technology will continue to change the way people do things. "And we risk being left behind if we do not change as well. On the other hand, it offers new, exciting challenges as well as immeasurable opportunities if we are capable of embracing them," he added. Malaysia, he said, needs to be agile, for if it remains stagnant, it will not be able to compete in the global economy. Dr Mahathir said that Malaysia, endowed with an abundance of resources and prospects, is poised to embark on a new era of growth. "While this is within our grasp, we are at a tipping point from where we can either rise or falter," he told the audience at the Langkawi International Convention Centre. The Prime Minister noted that the interconnectedness of the economy may not make Malaysia immune to global economic headwinds. "(But) it is what we continue to strive towards individually and collectively every day to outperform and push boundaries, that will allow us to stay resilient and stride forward confidently," said Dr Mahathir. He also spoke of the need to equip the nation's workforce with skills of the future and continue to collaborate in the new spirit of "coopetition" to face the Fourth Industrial Revolution. "The willingness of organisations to open doors to others and share best practices will expedite the adoption of the Fourth Industrial Revolution and unlock the benefits that manufacturers can create," said Dr Mahathir. He said this spirit of collaboration also cuts beyond the confines of the private sector, alluding to the concept of Malaysia Incorporated introduced during his first tenure as the prime minister. The initiative integrated the private and public sectors under one common objective of developing Malaysia. "Thus, I firmly believe the concept still applies to this day, and it is more important than ever before for the sectors to work together to achieve the country's big and ambitious goals," said Dr Mahathir. Due to such collaboration, he said, 100 5G use cases had been identified through the 5G demonstration projects, of which 72 use cases are being undertaken in 56 live 5G sites across Kedah, Kuala Lumpur, Perak, Selangor, Terengganu and Penang. Dr Mahathir also commended the Communications and Multimedia Ministry and the Malaysian Communications and Multimedia Commission (MCMC) for their efforts in laying the necessary building blocks for the implementation of 5G in the country. It is an important component for this country as the 5G technology - the next generation of mobile broadband - has the power to promote an array of new services, improve manufacturing efficiency and spur innovation, he said. (Source: Bernama/ The Star Online)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Dynasty Harmony Sdn Bhd	RM165 mil (2018/2033) under the Company's RM300 mil Islamic MTN Programme (the Sukuk)	AA3/stable	Reaffirmed
YTL Corporation Berhad	RM2 bil MTN Programme (2013/2038) and RM5 bil CP Programme and MTN Programme (2019/2044)	AA1/Stable	Reaffirmed
YTL Power International Berhad	RM5 bil MTN Programme (2011/2036) and RM2.5 bil Sukuk Murabahah Facility (2017/2027)	AA1/Stable	Reaffirmed

Source: RAM, MARC

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