

Global Markets Research

Fixed Income

UST

Tenure	Closing (%)	Chg (bps)
2-yr UST	0.16	-1
5-yr UST	0.37	-2
10-yr UST	0.82	-4
30-yr UST	1.55	-6

MGS

GII*

Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.83	-1	1.92	-1
5-yr	2.11	2	2.30	2
7-yr	2.44	2	2.53	19
10-yr	2.65	0	2.62	-1
15-yr	3.15	0	3.24	0
20-yr	3.47	1	3.51	0
30-yr	4.04	1	4.14	0

* Market indicative levels

MYR IRS Levels

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

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended stronger on Thursday; amid flight to safety following continued rise in COVID-19 infections and also selective restrictions in economic activities. The tide of worsening news from the pandemic has somewhat offset optimism surrounding vaccine development. The curve flattened as overall benchmark yields closed between 1-6bps lower across the curve. The UST 2Y yield edged 1bps lower at 0.16% whilst the much-watched UST 10Y yields rallied 4bps at 0.82%. Separately, the US Treasury has decided not to extend several emergency lending facilities set up by the Fed from the onset of the COVID-19 pandemic; prompting views that synergy between the two is sorely lacking for now. The Fed is expected to return almost \$200b of unused funds to the Treasury which would allow Congress to re-appropriate these funds. Meanwhile, the economic calendar is light today and markets will likely focus on renewed stimulus talks.

MGS/GII

- Local govvnies ended mostly weaker on Thursday amid a lower secondary market volume of RM1.93b. Overall benchmark yields ended between 0-2bps higher across the curve save for the short 3Y bonds and 7Y GII bonds which spiked ~19bps since it was last traded the 13th of November. The 5Y MGS 9/25 yields edged 2bps up at 2.11% whilst the 10Y MGS 4/31 ended unchanged at 2.65%. Interest was seen in off-the-run 21's, 29's and also benchmark 7Y GII. GII bond trades rose to form 55% of overall trades due to the recording of 7Y GII auction trades. The 7Y GII 9/27 auction reopening saw tepid bidding metrics; yielding 2.521% on a BTC ratio of 1.616x. Separately, it is believed that domestic bond purchases by EM central banks have contributed to the resilience of this year's performance by further suppressing interest rate volatility. Nevertheless, as focus shifts from debt to fiscal fragility, EM local debt returns could be affected.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk continued to see subdued investor interest yesterday amid lower secondary market volume of RM237m with some interest seen across the GG-AAA part of the curve. Overall yields closed mostly mixed-to-higher in about 13 various bonds. Govt-guaranteed PRASA 2/30 spiked 24bps compared to previous done levels at 2.95% whilst DANA 5/32 edged 1bps up at 3.15%. AAA-rated new debuntants PUNCAK Wangi 11/21 and GAS Malaysia 12/22 closed at 2.93% (coupon 2.94%) and 2.42% (coupon 3.52%). The AA-space saw Cerah Sama 1/25 close 9bps lower instead at 3.15%. Meanwhile, the banking space was relatively quiet with only one (1) odd-lot trade done on ALLIANCE 30NC25.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.500	46	1.540	17/11/2020	-4
MGS 09/21	1.592	58	1.571	18/11/2020	2
MGS 11/21	1.550	123	1.570	18/11/2020	-2
MGS 03/22	1.692	1	1.723	18/11/2020	-3
MGS 09/22	1.732	75	1.679	18/11/2020	5
MGS 03/23	1.833	23	1.839	18/11/2020	-1
MGS 08/23	1.877	3	1.893	18/11/2020	-2
MGS 06/24	2.037	31	2.023	18/11/2020	1
MGS 07/24	2.078	7	2.069	18/11/2020	1
MGS 09/24	2.075	4	2.075	18/11/2020	0
MGS 09/25	2.112	154	2.091	18/11/2020	2
MGS 07/26	2.350	32	2.319	18/11/2020	3
MGS 11/26	2.328	6	2.369	18/11/2020	-4
MGS 05/27	2.442	62	2.419	18/11/2020	2
MGS 11/27	2.458	13	2.473	18/11/2020	-1
MGS 08/29	2.738	135	2.701	18/11/2020	4
MGS 04/31	2.648	52	2.648	18/11/2020	0
MGS 07/34	3.147	25	3.142	18/11/2020	0
MGS 04/37	3.392	5	3.364	18/11/2020	3
MGS 05/40	3.472	3	3.459	18/11/2020	1
MGS 07/48	4.028	3	4.029	18/11/2020	0
MGS 06/50	4.042	3	4.030	18/11/2020	1
GII 05/23	1.922	1	1.930	18/11/2020	-1
GII 08/25	2.133	1	2.171	05/11/2020	-4
GII 03/26	2.300	107	2.281	18/11/2020	2
GII 07/27	2.538	1	2.393	17/11/2020	15
GII 09/27	2.526	940	2.337	13/11/2020	19
GII 08/28	2.727	10	2.581	09/11/2020	15
GII 07/29	2.695	1	2.694	18/11/2020	0
GII 10/30	2.624	1	2.634	18/11/2020	-1
		<u>1925</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*	
Prasarana Malaysia Berhad	02/30	GG	2.949	60	2.710	25/08/2020	24	30
Danalnfra Nasional Berhad	05/32	GG	3.148	10	3.141	02/11/2020	1	50
Prasarana Malaysia Berhad	03/34	GG	3.241	1	3.231	27/10/2020	1	10
Gulf Investment Corporation G.S.C	03/21	AAA	2.479	5	2.456	10/11/2020	2	88
Pengurusan Air SPV Berhad	11/21	AAA	2.164	40	2.099	28/10/2020	6	57
Puncak Wangi Sdn Berhad	11/21	AAA	2.930	35	-	-	-	133
Gas Malaysia Distribution Sdn Berhad	12/22	AAA	2.416	10	-	-	-	69
Sarawak Energy Berhad	08/25	AAA	2.646	10	2.666	14/10/2020	-2	53
TRIpIc Medical Sdn Berhad	10/28	AA1	3.369	10	4.788	27/06/2018	-142	83
Cerah Sama Sdn Berhad	01/25	AA-	3.149	5	3.237	17/08/2020	-9	112
Tropicana Corporation Berhad	05/27	A+	5.542	20	5.539	06/11/2020	0	322
Alliance Bank Malaysia Berhad	10/35	A2	3.866	6	3.827	12/11/2020	4	72
WCT Holdings Berhad	09/19	A	5.339	25	5.105	11/09/2020	23	188
			<u>237</u>					

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

Market/Corporate News: What's Brewing

No frills long-haul carrier AirAsia X Bhd (AAX) sank deeper into the red in its third financial quarter ended Sept 30, 2020 (3QFY20), with net loss expanding to RM308.46 million from RM305.24 million in the immediate preceding quarter, amid the continued slump in air travel demand as the Covid-19 pandemic persists. Group revenue weakened further to RM59.91 million from RM91.44 million in 2QFY20. On a year-on-year basis, revenue was down 94% from 3QFY19's RM1.01 billion, when the group recorded a net loss of RM229.89 million. It recorded a loss per share (LPS) of 7.4 sen for 3QFY20, versus 5.5 sen in 3QFY19. Besides the decimated revenue, the airline saw its finance cost rise to RM97.28 million from RM78.1 million in 3QFY19, on higher interest expense on lease liabilities and the impact of discounting effects on financial instruments. AAX's operating cash flow more than halved to RM82.18 million as at end Sept 30 from RM191.64 million three months ago. Its operating cash flow deficit [before working capital changes] widened to RM298.39 million in 3QFY20 from RM49.72 million in the preceding quarter. Its cash pile declined to RM138.82 million as of end-September 2020, down from the 252.054 million in the preceding quarter. For the nine months ended Sept 30, 2020 (9MFY20), AAX's net loss widened to RM1.16 billion, about three times the RM393.67 million it recorded in the corresponding nine months last year as revenue sank 66% to RM1.08 billion from RM3.2 billion. Cumulative LPS for 9MFY20 came in at 28 sen from 9.5 sen in 9MFY19. On prospects, the group pointed to the debt restructuring scheme it proposed in October and emphasised that the successful implementation of the scheme is critical for it to be able to raise new funding via either debt or equity, and to continue as a going concern. Under the debt restructuring scheme, the airline has proposed that the RM63.5 billion it owes scheme creditors be restructured and reconstituted into an acknowledgement of indebtedness by AAX for a principal amount of up to RM200 million, payable annually over a period of up to five years, via three equal payments from the 3rd to the 5th year of the scheme's implementation, it said. (Source: *The EdgeMarkets*)

Permodalan Nasional Bhd (PNB) has not seen any disruptive withdrawals by its unit holders despite the current difficult economic conditions, group chairman Tan Sri Dr Zeti Akhtar Aziz said. "Currently, we are seeing that it (withdrawal) has remained fairly stable and we are not seeing any disruptive withdrawals. From time to time, yes, we see some withdrawals but this has remained stable for us," she said during a virtual media conference at the launching ceremony of Minggu Saham Digital today. Hosted by PNB, this year's Minggu Saham Digital is held virtually beginning Nov 18-24. Currently, PNB's assets under management (AUM) exceeds RM300 billion worth of units in circulation, subscribed by 14.28 million accounts as at Dec 31, 2019. Its portfolio covers strategic investments in Malaysia's leading corporates, global equities, private investments, and real estate. Echoing the former Bank Negara Malaysia governor's views, PNB president and group chief executive Ahmad Zulqarnain Onn said the fund management group was pleased that despite the prevailing challenging situation, it did not see any different trend on how the people invest. "It is very heartening. That is a testament to how we do business and how people perceived us. "PNB funds are really for long-term savings and long-term investing and we don't see any different in the trend this year," he stressed. Asked on the diversification plans amid the current challenges, Zeti said that this would remain as PNB's core intention. "We will continue to increase our international portfolio but this will be done very gradually and responsibly and also cautiously given that the market before us is very volatile and unpredictable. "We look at the fundamental trend, the outlook of the investments concern, the outlook of the overall industry and sectors of that investment in the economy of any respective country...so that is how we will proceed," she explained. Zeti also said that in cognisant of the current uncertain and challenging year, the upcoming dividend payment would reflect the performance of its funds. "We will strive to invest in the best interest to yield the best and most competitive

return... but we recognised that this is a very uncertain and challenging year. (However), we are a long-term investor and we want to maintain sustainable returns and realistic payout for our unit holders," she added.. (Source: *The Star*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Guan Chong Berhad	Proposed RM800.0 million Sukuk Wakalah Programme.	AA-IS/Stable	Assigned
TTM Sukuk Berhad	RM600.0 million Sukuk Murabahah	AAA-IS/Stable	Affirmed

Source: RAM, MARC

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