

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.56	0
5-yr UST	1.62	0
10-yr UST	1.82	0
30-yr UST	2.28	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.02	0	3.10	0
5-yr	3.16	-1	3.20	0
7-yr	3.22	-1	3.26	0
10-yr	3.28	-1	3.36	1
15-yr	3.50	1	3.51	0
20-yr	3.58	0	3.65	0
30-yr	4.00	3	4.01	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.28	2
3-yr	3.28	2
5-yr	3.32	0
7-yr	3.35	2
10-yr	3.41	0

Source : Bloomberg

### Upcoming Government Bond Tender

Nil

## Fixed Income Daily Market Snapshot

### US Treasuries

- US bond markets were closed to commemorate Martin Luther King's Day. The prior day's weaker move for UST's reflected the strong increase in US housing starts which was released by the Commerce Department. This outweighed the marginal pull-back seen for December's industrial production numbers. Meanwhile the US Treasury is expected to issue 20Y debt within the next six (6) months to fund its ballooning deficits. This could satisfy the appetite of institutional investors for longer-tenured and risk-free securities. The calendar for the remaining week is light with traders expected to monitor current global and manufacturing improvements in lieu of the recent signing of phase one (1) of US-China trade agreement.

### MGS/GII

- Local govies saw decent momentum amid secondary market volume of RM4.17b with trades mainly seen again in the short off-the-run 21's, 26's, soon-to-be benchmark 3/23 and also existing benchmark 5Y, 15Y MGS bonds. Overall benchmark yields however closed mixed again between -1 to +3bps. Both the benchmark 5Y MGS 6/24 and the 10Y MGS 8/29 edged 1bps lower at 3.16% and 3.28% each. GII bonds dropped to form ~ 19% of overall trades. The steeper curve is somewhat reflecting traders expectations of a rate cut. The MPC will make its Overnight Policy decision tomorrow. Nevertheless, we reiterate our house view of no rate cut for 2020 in Malaysia for now with GDP expected slightly lower at 4.3% (2019e: 4.5%).

### Corp Bonds/Sukuk

- The Corporate bonds/Sukuk space saw secondary market volume subside on Monday to RM486 with solid investor interest seen across the AA-part of the curve followed by GG and AAA-space respectively. Overall yields mostly declined on 36 various bonds which were traded. PTPN 32 and 37's closed between 2-5bps lower compared to previous-done levels at 3.61% and 3.75% respectively. AAA-rated SEB 7/24 and 1/27 moved 6-8bps lower at 3.42% and 3.53% each whilst AA-rated PROHAWK 2028, 2029 and 2032 tranches which were last traded during March-August 2019 period ended sharply lower on yields between 4.36-6.9% levels. The banking space saw Bank Islam 25NC20 decline 10bps at 3.30%.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.769	51	2.727	17/01/2020	4
MGS 07/20	2.857	94	2.868	17/01/2020	-1
MGS 10/20	2.918	50	2.931	17/01/2020	-1
MGS 02/21	2.979	229	2.965	15/01/2020	1
MGS 07/21	3.026	21	3.014	17/01/2020	1
MGS 09/21	3.039	110	3.051	17/01/2020	-1
MGS 11/21	3.011	26	3.007	17/01/2020	0
MGS 03/22	3.022	126	3.023	17/01/2020	0
MGS 08/22	3.070	23	3.030	17/01/2020	4
MGS 03/23	3.069	610	3.093	17/01/2020	-2
MGS 04/23	3.090	20	3.103	16/01/2020	-1
MGS 08/23	3.130	7	3.122	17/01/2020	1
MGS 06/24	3.163	479	3.171	17/01/2020	-1
MGS 09/25	3.205	176	3.166	17/01/2020	4
MGS 07/26	3.217	751	3.226	17/01/2020	-1
MGS 11/26	3.261	70	3.292	17/01/2020	-3
MGS 05/27	3.260	20	3.269	17/01/2020	-1
MGS 11/27	3.283	20	3.291	17/01/2020	-1
MGS 08/29	3.284	60	3.290	17/01/2020	-1
MGS 04/30	3.386	40	3.397	16/01/2020	-1
MGS 04/33	3.514	1	3.520	17/01/2020	-1
MGS 07/34	3.495	348	3.487	17/01/2020	1
MGS 04/37	3.604	2	3.569	16/01/2020	4
MGS 06/38	3.639	20	3.632	17/01/2020	1
MGS 05/40	3.576	4	3.572	16/01/2020	0
MGS 03/46	3.998	2	3.992	17/01/2020	1
MGS 07/48	4.003	40	3.971	17/01/2020	3
GII 03/21	3.063	20	3.030	17/01/2020	3
GII 04/22	3.080	95	3.084	17/01/2020	0
GII 03/23	3.199	50	3.243	13/12/2019	-4
GII 07/23	3.107	1	3.165	14/01/2020	-6
GII 11/23	3.156	70	3.162	17/01/2020	-1
GII 08/24	3.214	90	3.245	30/12/2019	-3
GII 10/24	3.195	130	3.198	17/01/2020	0
GII 03/26	3.263	49	3.265	17/01/2020	0
GII 07/29	3.365	10	3.358	16/01/2020	1
GII 09/30	3.423	50	3.421	15/01/2020	0
GII 06/33	3.526	80	3.526	16/01/2020	0
GII 11/34	3.514	60	3.514	17/01/2020	0
GII 09/39	3.648	5	3.652	17/01/2020	0
GII 05/47	4.026	60	4.024	17/01/2020	0
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## 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*
Pengurusan Air SPV Berhad	02/29	GG	3.458	40	3.469	14/01/2020	-1	17
DanaInfra Nasional Berhad	03/29	GG	3.480	25	3.709	07/11/2019	-23	19
Prasarana Malaysia Berhad	03/31	GG	3.560	40	3.570	13/01/2020	-1	28
Perbadanan Tabung Pendidikan Tinggi Nasional	03/32	GG	3.610	50	3.849	27/11/2019	-24	33
Perbadanan Tabung Pendidikan Tinggi Nasional	08/32	GG	3.620	5	3.559	06/09/2019	6	14
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	3.646	40	3.706	10/01/2020	-6	17
Prasarana Malaysia Berhad	08/34	GG	3.634	10	-	-	-	16
Bank Pembangunan Malaysia Berhad	09/34	GG	3.701	50	3.700	28/08/2019	0	22
Prasarana Malaysia Berhad	02/36	GG	3.708	20	3.912	23/10/2019	-20	23
DanaInfra Nasional Berhad	04/37	GG	3.729	5	3.830	06/01/2020	-10	25
Projek Lebuhraya Usahasama Berhad	01/38	GG	3.810	70	3.820	15/01/2020	-1	22
DanaInfra Nasional Berhad	02/38	GG	3.748	5	3.770	14/01/2020	-2	16
Lembaga Pembiayaan Perumahan Sektor Awam	10/38	GG	3.801	40	3.819	13/01/2020	-2	21
DanaInfra Nasional Berhad	11/38	GG	3.759	5	3.780	14/01/2020	-2	17
Prasarana Malaysia Berhad	08/39	GG	3.789	40	4.024	19/12/2019	-24	20
Prasarana Malaysia Berhad	02/41	GG	3.839	50	3.859	14/01/2020	-2	25
DanaInfra Nasional Berhad	05/41	GG	3.829	70	3.859	09/01/2020	-3	24
DanaInfra Nasional Berhad	05/46	GG	4.009	100	4.039	08/01/2020	-3	42
Danum Capital Berhad	05/23	AAA	3.404	45	3.425	14/01/2020	-2	36
Pengurusan Air SPV Berhad	02/24	AAA	3.447	50	3.509	22/10/2019	-6	32
Pengurusan Air SPV Berhad	06/24	AAA	3.467	10	3.399	11/09/2019	7	34
Public Bank Berhad	04/25	AAA	3.508	20	3.648	24/09/2019	-14	34
Danum Capital Berhad	02/26	AAA	3.477	85	3.500	13/01/2020	-2	26
Telekom Malaysia Berhad	05/28	AAA	3.598	60	3.729	31/12/2019	-13	33
Sarawak Energy Berhad	11/28	AAA	3.598	10	3.734	24/12/2019	-14	31
Manjung Island Energy Berhad	11/28	AAA	3.621	5	3.818	21/11/2019	-20	33
Danga Capital Berhad	01/33	AAA	3.764	20	3.962	18/12/2019	-20	29
Danga Capital Berhad	09/33	AAA	3.784	20	3.810	15/01/2020	-3	31
Danum Capital Berhad	02/34	AAA	3.774	5	3.777	15/01/2020	0	30
UniTapah Sdn Berhad	12/20	AA1	3.441	5	4.278	17/01/2018	-84	48
UniTapah Sdn Berhad	06/21	AA1	3.503	10	4.469	21/03/2017	-97	54
Teknologi Tenaga Perlis Consortium Sdn Berhad	07/21	AA1	3.494	10	4.015	21/05/2019	-52	48
Teknologi Tenaga Perlis Consortium Sdn Berhad	01/22	AA1	3.494	10	4.135	30/04/2019	-64	48
Sabah Credit Corporation	07/29	AA1	3.999	10	4.156	19/11/2019	-16	72
Anih Berhad	11/25	AA	3.727	30	3.998	07/08/2019	-27	51
Anih Berhad	11/27	AA	3.829	10	4.029	14/08/2019	-20	56
Anih Berhad	11/29	AA	3.945	70	4.403	20/06/2019	-46	66
AmBank (M) Berhad	02/28	AA3	3.650	10	4.179	24/05/2019	-53	39
MMC Corporation Berhad	11/27	AA-	4.758	10	4.780	15/01/2020	-2	149
Jimah East Power Sdn Berhad	12/27	AA-	3.947	10	4.057	10/10/2019	-11	68
Jimah East Power Sdn Berhad	12/28	AA-	3.978	20	4.183	08/07/2019	-21	69
Affin Bank Berhad	02/27	A1	3.657	10	3.698	14/01/2020	-4	41
CIMB Group Holdings Berhad	05/16	A1	4.236	1	4.218	15/01/2020	2	64
CIMB Group Holdings Berhad	05/16	A1	4.111	1	4.561	14/01/2020	-45	52
IJM Land Berhad	03/19	A2	4.789	1	4.503	13/01/2020	29	120
Eco World International Berhad	05/23	-	5.404	1	5.990	14/01/2020	-59	236
Mah Sing Group Berhad	04/17	-	5.875	4	5.823	06/01/2020	5	228
YNH Property Berhad	08/19	-	6.463	6	6.463	15/01/2020	0	287
Cerah Sama Sdn Berhad	01/29	AA-	4.048	20	5.039	24/01/2018	-99	76
				<u>1244</u>				

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

## Market/Corporate News: What's Brewing

**National carmaker Proton Holdings Bhd is targeting a 30% jump in vehicle sales to 132,000 for 2020, following a stellar performance last year.** Chief executive officer Li Chunrong said Proton will be launching its completely-knocked-down X70 "very soon," adding that the company will be launching a "brand new model" later in the year. "We're targeting 132,000 cars for 2020, but I challenge everyone in Proton to do more," he said in his speech at a media luncheon yesterday. "For exports, last year we sold 1,070 units without any support. "This year, we want to sell 4,000 units. "If we get the right type of support, we can achieve 6,000 units," said Li, without going into specifics. He added that Proton exported its cars to six countries last year. "This year, we try to export to more than 10 countries. "At the end of last year, we were back to two shifts. We want to produce more." Li said Proton launched six models in less than eight months last year. In terms of the group's vendor network, Li said Proton is targeting to grow its 3S (sales, service and spare parts) and 4S (sales, service, spare parts and body and paint services) centres to 150 by year-end from 121 currently. Proton's total domestic and export sales for 2019 surged by 36,077 units or 55.7% year-on-year to 100,821 units. Proton's car sales had in fact surpassed the 64,744 units sold in entire 2018 by September 2019. This made Proton the country's second-biggest car seller, a marked improvement from its fourth ranking in 2018. Overall market share for the year stood at 16.7%, the company's highest

since 2014. After a gap of 40 months, Proton returned to second spot in total sales for Malaysia's automotive market in July last year. The last time the company was in a similar position was in March 2016, while the last calendar year it finished second was in 2015. According to a statement by the company earlier this month, sales for the month of December were the highest for the whole of 2019, growing by 112% over the corresponding month in 2018, closing at 11,117 units. It was also the first time the company sold more than 11,000 cars in a month since July 2014. Proton's four models – X70, Saga, Exora and Persona – ended December as best-selling models in their respective segments. About 26,331 units of Proton X70, which was launched in Dec 2018, were sold in 2019, making it the leader within its segment. The Proton Saga was the most popular A-segment sedan, with total sales for 2019 closed at 38,144 units. The updated model was launched on Aug 6, 2019. Meanwhile, the Proton Persona, which is a B-segment family sedan, saw total sales volume grow by 29% to 21,876 units in 2019. Sales of other models such as Proton Iriz grew by 97% in 2019, while the seven-seater Exora posted a 40% sales growth. Proton recorded its highest sales volume in 2002 with 214,373 units. According to Frost & Sullivan, total industry volume continues to be more concentrated with the share of the top three players increased to 77.7%. "Perodua continues to dominate the passenger vehicle segment with a 44.3% market share followed by Proton in second place. Honda dropped to third position with 15.4%." It noted that the biggest market share gain in 2019 was registered by Proton. "The market share grew due to strong performance of the Proton Saga and Proton X70. In the process, Proton regained the second position after a gap of a few years. Perodua has an unassailable lead over all the other players and is expected to remain as the number one player in Malaysia." Perodua revised upwards its sales target for 2019 to 235,000 units from 231,000 cars previously, underpinned by sustained healthy demand for all its models. The company will be announcing its final sales numbers today. Frost & Sullivan last week announced that it expects flat growth for the local automotive sector in 2020, as ongoing global headwinds and repeated postponement of the National Automotive Policy may create uncertainty and affect consumer sentiment. The Malaysian Automotive Association (MAA) will announce last year's official TIV figures later this month. At its biannual media conference in July last year, the association maintained its 600,000 units TIV forecast for 2019, in light of the economic uncertainties. MAA president Datuk Aishah Ahmad said consumers and businesses were expected to remain cautious going into the second half of 2019, adding that this would only spur aggressive promotional campaigns by local car companies. (Source: *The Star*)

**Just when it is about to close the chapter on the stake sale in PLUS Malaysia Bhd, Khazanah Nasional Bhd has drawn its attention to the ailing national carrier, Malaysia Airlines Bhd in which it injected RM800 million, if not more, last year.** Tun Dr Mahathir Mohamad, the chairman of Khazanah, told the media yesterday that the government received five proposals for Malaysia Airlines. "There are about five proposals but of course some of them are just no go. We need to listen to everybody to find out what is the best solution," the prime minister was quoted by the media as saying in Langkawi yesterday. When contacted for further detail, Khazanah told theedgemarkets.com that it is still in the midst of identifying the best solution for its wholly owned Malaysia Airlines. "Khazanah Nasional continues to work closely with the government and Malaysia Airlines in finding the most appropriate solution for the airline to achieve sustainable growth and profitability. "While there have been several proposals in this regard, a review of the options available to us is still ongoing," a Khazanah spokesperson told theedgemarkets.com in a query. Speculations are rife that long haul low cost carrier AirAsia X Bhd (AAX) is among the airlines that have submitted a proposal. Khazanah's spokesperson neither confirmed nor denied the speculation on the proposed merger of both the loss-making airlines. Another source told theedgemarkets.com that no decision on the matter could be achieved yet, as "one or two Khazanah board members doubt merging two loss-making entities will make it profitable". Interestingly, in an interview with *The Edge Malaysia* weekly in September last year, AirAsia Group Bhd group chief executive officer Tan Sri Tony Fernandes said he was not interested in taking over Malaysia Airlines. "You try to not make the same mistake (following a failed share swap deal in 2012). Life is never as easy as one plus one equals two. There is politics (involved)," said Fernandes, who owns 34.28% stake in AirAsia X

via Tune Group Sdn Bhd and AirAsia. AAX has been in the loss for six out of the ten financial years since it was listed. To recap, in August 2011, the then-listed Malaysia Airline System Bhd (MAS), AirAsia and AAX entered into a comprehensive collaboration framework. The agreement involved Khazanah and Tune Air Sdn Bhd entering into a share swap agreement, so there will be cross-holding of shares resulting in Tune Air Sdn Bhd obtaining 20.5% stake in MAS and Khazanah obtaining 10% in AirAsia. The deal was intended to synergise the two Malaysian-born airlines and reduce competition against each other. However, it was called off in 2012, amid pressure from MAS workers' union due to fear of job cuts. (Source: *The Edgemarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Manjung Island Energy Berhad	RM3.86 bil Islamic Securities (2011/2030) (Series 1) and also the enhanced AAA(s)/Stable rating of its RM990 mil Islamic Securities (2011/2031) (Series 2)	AAA/Stable	Reaffirmed
irst Abu Dhabi Bank PJSC	Financial institution rating	AAA/Stable/P1	Reaffirmed

Source: RAM, MARC

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