

## Global Markets Research

### Fixed Income

C		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.12	0
5-yr UST	0.38	0
10-yr UST	0.95	2
30-yr UST	1.69	1

MGS			GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)	
3-yr	1.90	1	1.89		0
5-yr	2.11	-2	2.26		-1
7-yr	2.35	-4	2.50		-4
10-yr	2.73	4	2.77		-3
15-yr	3.23	-1	3.32		0
20-yr	3.46	1	3.61		1
30-yr	3.85	1	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	0
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 Treasury yields generally edged higher last Friday despite the cooling-off interest in risk assets as uncertainties over the relief bill kept players mainly sidelined. The curve bear-steepened again with overall benchmark yields closing between 0-2bps higher. The UST 2Y yield ended within 1bps lower at 0.12% whilst the much-watched 10Y yield edged 2bps up at 0.95%. Expect some volatilities as levels continue to adjust to the FOMC's decision not to extend its QE duration in bond purchases. 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. Nevertheless we'd expect current support for UST's from news of Brexit talks deadlock which is expected to partially offset any potential positive development in the COVID-19 relief package.

### MGS/GII

- On Friday, local govies saw strong support in the belly with the longer-ends slightly pressured as overall benchmark yields closed mixed between -4 to +4bps amid the halving of secondary market volume at ~RM1.44b. The 5Y MGS 9/25 yield edged 2bps lower at 2.11% whilst the 10Y MGS 4/31 spiked 4ps at 2.73%. Interest was mainly seen in the off-the-run 21's and also benchmark 20Y GII. GII bond trades rose to form ~30% of overall trades. Meanwhile the nation's yield curve is seen trading at steep levels amid wide fiscal deficit concerns; expected at 6.0% for 2020. Nevertheless the wide investor base may help maintain current support.

### Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space continued to draw solid investor interest amid a sustained secondary market volume at RM554m. Interest was again seen across the GG-AA-part of the curve as overall yields closed mostly mixed-to-lower in trades involving 31 various bonds. Govt-guaranteed PRASA 2/27 closed unchanged compared to previous-done levels. However, the long-end PRASA 41 edged 2bps up whilst DANA and PTPTN 41's spiked 13-37bps at 3.85% and 3.92%. The AAA-rated space saw energy-related BAKUN and TNB 30's rise 14-19bps at 3.29% and 3.18% respectively whereas SEB 4/31 ended 16bps higher at 3.29%. The AA-rated sector saw GAMUDA notch RM60m in nominal amounts with the 11/29 tranche ending unchanged at 3.74% whilst the 6/30 tranche moved 8bps higher at 3.78%. DUKE. 32-33's too saw yields jump 12bps to between 4.63-4.71% levels. Meanwhile the banking space was quiet.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.712	101	1.619	17/12/2020	9
MGS 09/21	1.653	120	1.648	17/12/2020	1
MGS 11/21	1.729	24	1.679	17/12/2020	5
MGS 03/22	1.800	23	1.780	17/12/2020	2
MGS 08/22	1.806	8	1.761	17/12/2020	5
MGS 09/22	1.775	2	1.804	17/12/2020	-3
MGS 03/23	1.898	20	1.891	17/12/2020	1
MGS 04/23	1.912	6	1.926	17/12/2020	-1
MGS 08/23	1.917	3	1.919	17/12/2020	0
MGS 06/24	1.982	13	1.955	17/12/2020	3
MGS 07/24	2.013	23	2.035	17/12/2020	-2
MGS 09/24	2.038	49	2.047	17/12/2020	-1
MGS 03/25	2.078	12	2.109	17/12/2020	-3
MGS 09/25	2.113	80	2.128	17/12/2020	-2
MGS 07/26	2.286	31	2.290	17/12/2020	0
MGS 11/26	2.262	49	2.320	17/12/2020	-6
MGS 05/27	2.349	85	2.390	17/12/2020	-4
MGS 11/27	2.519	30	2.464	17/12/2020	6
MGS 06/28	2.412	30	2.442	17/12/2020	-3
MGS 08/29	2.618	21	2.637	17/12/2020	-2
MGS 04/30	2.690	5	2.685	17/12/2020	0
MGS 04/31	2.732	24	2.688	17/12/2020	4
MGS 06/31	2.809	7	2.829	17/12/2020	-2
MGS 04/33	3.187	92	3.201	17/12/2020	-1
MGS 11/33	3.250	16	3.263	17/12/2020	-1
MGS 07/34	3.228	47	3.240	17/12/2020	-1
MGS 04/37	3.390	11	3.446	17/12/2020	-6
MGS 06/38	3.508	14	3.513	17/12/2020	0
MGS 05/40	3.458	18	3.451	16/12/2020	1
MGS 03/46	3.845	10	3.862	17/12/2020	-2
MGS 07/48	3.881	23	3.881	16/12/2020	0
MGS 06/50	3.854	4	3.846	17/12/2020	1
GII 03/21	1.742	36	1.881	15/12/2020	-14
GII 04/21	1.687	30	1.636	11/12/2020	5
GII 04/22	1.813	1	1.704	17/12/2020	11
GII 08/25	2.184	16	2.197	17/12/2020	-1
GII 03/26	2.257	60	2.266	17/12/2020	-1
GII 09/26	2.389	20	2.430	15/12/2020	-4
GII 09/27	2.504	52	2.549	15/12/2020	-4
GII 10/28	2.684	60	2.706	17/12/2020	-2
GII 10/30	2.774	54	2.802	17/12/2020	-3
GII 09/39	3.606	100	3.596	16/12/2020	1
GII 11/49	4.007	10	4.009	11/12/2020	0
		<u>1438</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*
Prasarana Malaysia Berhad	02/27	GG	2.649	30	2.654	17/12/2020	0	33
Lembaga Pembiayaan Perumahan Sektor Awam	11/27	GG	2.780	30	-	-	-	37
Prasarana Malaysia Berhad	10/28	GG	2.899	20	2.919	17/12/2020	-2	36
Prasarana Malaysia Berhad	12/30	GG	3.139	40	2.948	04/11/2020	19	43
Lembaga Pembiayaan Perumahan Sektor Awam	02/35	GG	3.580	20	-	-	-	34
Prasarana Malaysia Berhad	02/35	GG	3.579	20	3.609	11/12/2020	-3	34
Prasarana Malaysia Berhad	12/38	GG	3.780	10	3.651	24/11/2020	13	32
Lembaga Pembiayaan Perumahan Sektor Awam	04/39	GG	3.784	20	3.659	06/11/2020	13	32
Danainfra Nasional Berhad	07/39	GG	3.784	10	3.649	30/09/2020	14	32
Prasarana Malaysia Berhad	02/41	GG	3.850	30	3.829	25/11/2020	2	39
Danainfra Nasional Berhad	05/41	GG	3.853	20	3.719	16/10/2020	13	39
Perbadanan Tabung Pendidikan Tinggi Nasional	07/41	GG	3.918	10	3.550	25/08/2020	37	46
Danum Capital Berhad	02/25	AAA	2.637	10	2.530	19/08/2020	11	58
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak Energy Sdn Berhad)	08/30	AAA	3.292	20	3.148	28/07/2020	14	59
Tenaga Nasional Berhad	08/30	AAA	3.179	20	2.989	21/10/2020	19	47
Sarawak Energy Berhad	04/31	AAA	3.288	20	3.132	13/11/2020	16	58
Danum Capital Berhad	02/35	AAA	3.770	1	3.771	09/12/2020	0	53
Hong Leong Financial Group Berhad	06/29	AA2	3.102	10	3.100	08/12/2020	0	56
Edra Energy Sdn Berhad	01/29	AA3	3.767	20	3.561	29/09/2020	21	123
Gamuda Berhad	11/29	AA3	3.737	30	3.736	16/12/2020	0	108
Gamuda Berhad	06/30	AA3	3.782	30	3.699	26/11/2020	8	108
Edra Energy Sdn Berhad	01/31	AA3	3.894	20	3.777	26/11/2020	12	119
Edra Energy Sdn Berhad	07/34	AA3	4.149	40	4.148	17/12/2020	0	91
Edra Energy Sdn Berhad	01/35	AA3	4.191	40	4.028	04/09/2020	16	95
Segi Astana Sdn Berhad	01/24	AA-	4.058	1	5.201	13/01/2020	-114	215
Lebuh raya DUKE Fasa 3 Sdn Berhad	08/32	AA-	4.628	10	4.511	11/09/2020	12	192
Lebuh raya DUKE Fasa 3 Sdn Berhad	08/33	AA-	4.711	10	4.590	11/09/2020	12	147
TG Excellence Berhad	02/20	AA-	3.097	10	3.702	14/12/2020	-61	-36
CIMB Group Holdings Berhad	05/16	A1	3.864	2	3.850	01/12/2020	1	40
CIMB Group Holdings Berhad	05/16	A1	5.727	1	3.890	15/12/2020	184	227
YNH Property Berhad	08/19	-	6.446	1	6.400	15/12/2020	5	299
				<u>554</u>				

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

## Market/Corporate News: What's Brewing

**A project management consultant will be appointed soon to expedite the Sarawak portion of the Pan Borneo Highway project, which has been delayed following the Covid-19 pandemic and change of government, said Senior Works Minister Datuk Seri Fadillah Yusof.** He said the consultant would assist the State Public Works Department (JKR Sarawak) to monitor the project, as well as carry out verification processes and other related tasks that could speed up the 786.41-km highway project involving 12 work packages, which is only 51% completed so far. "Hopefully (the appointment will be announced) by January next year. (The appointment) is more or less confirmed but we are waiting for the MOF (Finance Ministry) to finalise it," he told reporters after attending a gathering with Sarawak media editors here today. According to him, the plan to appoint a consultant had been justified by the fact that JKR Sarawak would not be able to cope with the sheer volume of work involved to complete the projects, which had been approved by the Federal and state governments. He hoped that with the appointment, the project would be expedited and be 70% completed by the end of next year. Meanwhile, Fadillah said his ministry was working with the Housing and Local Government Ministry to encourage the adoption of the Building Information Modelling (BIM) concept in designing building plans. He said that although the ministry planned to make it compulsory for the BIM concept to be used in the submission of building plans in the future, it would not be so soon as there were not many architects qualified to do so. "What we have done now with Sarawak first, we are working closely with Swinburne University of Technology here together with the CIDB (Construction Industry Development Board) to create a BIM centre," he added. (Source: *The EdgeMarkets*)

**Gas Malaysia Bhd has received the government's directive on the average natural gas selling price for the distribution segment by its wholly-owned subsidiary Gas Malaysia Energy and Services Sdn Bhd.** The directive, issued via a letter from the Energy Commission, is for a period of one year beginning Jan 1 to Dec 31, 2021, with the average natural gas selling price to be decided every quarter, said Gas Malaysia. The group said the applicable average natural gas selling price and the natural gas selling price by tariff category for the one-year period will only be announced at the beginning of each quarter. "The natural gas selling price shall include the transportation tariff of RM1.19 per million British Thermal Units (MMBtu), the legacy Gas Cost Pass Through of 62 sen per MMBtu and Distribution Tariff of RM1.88 per MMBtu as previously approved by the Energy Commission," it said in a filing with Bursa Malaysia. Gas Malaysia clarified that this selling price determination is not applicable to sales of natural gas for natural gas vehicle and liquefied petroleum gas supplied in gas cylinder or in bulk. The group said the selling price determination will continue to contribute positively towards its financial position for the financial year ending Dec 31, 2021. (Source: *The EdgeMarkets*)

**Bermaz Auto Bhd, the official distributor of Mazda cars and spare parts in Malaysia, today issued two Sukuk Wakalah Programmes worth RM1 billion.** The sukuk comprises an Islamic seven-year Commercial Papers (ICPs) programme of RM500 million and an Islamic Perpetual Medium Term Notes (IMTNs) programme of RM500 million. In a filing with Bursa Malaysia today, the company said the first tranche of ICPs totalled RM100 million in nominal value with a tenure of six months, while the first tranche of IMTNs totalled RM100 million in nominal value with three years' tenure. "The proceeds may be utilised to refinance existing financing/debt obligations and any maturing Sukuk Wakalah and/or to finance working capital requirements, investments, acquisition, capital expenditure and general corporate purposes," it said. Bermaz said the ICPs and IMTNs were assigned ratings of "P1" and "AA3" respectively by RAM Rating Services Bhd. It said Hong Leong Investment Bank Bhd has been appointed as the principal adviser, lead arranger and lead manager for the Sukuk Wakalah Programmes. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Batu Kawan Berhad	RM500 mil Islamic Medium-Term Notes Programme (2013/2023)	AA1/Stable	Reaffirmed
MMC Corporation Berhad's (MMC)	RM2.5 billion Sukuk Murabahah Programme	AA-IS	Affirmed
Projek Lebuhraya Usahasama Berhad (PLUS)	RM23.35 billion Sukuk Musharakah Programme	From AAA-IS /Developing to AAA-IS/Stable	Affirmed with change on Outlook
UiTM Solar Power Dua Sdn Bhd	Proposed Green SRI Sukuk of up to RM100.0 million.	AA-IS/Stable	Assigned

Source: RAM, MARC

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