

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended strong due to safe-haven bids arising mainly from fears of contagion from coronavirus; which gives rise to flu-related cases. The curve shifted lower as overall benchmark yields rallied between 3-5bps with the UST 2Y at 1.53% and the much-watched UST 10Y closing 5bps lower at 1.78%. Similarly dollar IG issuances were active with several financial issues coming to market. The Treasury's earlier statement on the likelihood of new 20Y issuances has seen investors scrambling to add corporate bonds tied to this maturity into their respective portfolios. The calendar for the remaining week is light with traders watching December's existing home sales and also Markit PMI indices.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.53	-3
5-yr UST	1.58	-4
10-yr UST	1.78	-5
30-yr UST	2.24	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.20	18	3.10	0
5-yr	3.15	-2	3.20	0
7-yr	3.25	3	3.26	0
10-yr	3.29	1	3.36	-1
15-yr	3.49	0	3.51	0
20-yr	3.58	0	3.65	0
30-yr	4.02	2	4.01	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.27	-1
3-yr	3.27	-2
5-yr	3.30	-2
7-yr	3.34	-2
10-yr	3.41	0

Source : Bloomberg

Upcoming Government Bond Tender

RM3.0b of 3Y re-opening of MGS 3/23 on Thursday, 23rd January 2020

MGS/GIII

- Local govies saw momentum ease slightly amid secondary market volume of RM3.87b with trades mainly seen again in the short off-the-run 20's, 28's, soon-to-be benchmark 3/23 and also existing benchmark 10Y, 20Y GII bonds. Overall benchmark yields however were mostly unchanged with some ending between -2 to +3bps ; save for the odd-lot trade on the 3Y. The benchmark 5Y MGS 6/24 declined by 2bps at 3.15% whilst the 10Y MGS 8/29 edged 1bps higher at 3.29%. GII bonds rose to form ~ 38% of overall trades. The curve was literally unchanged unlike prior day's steepening. The MPC will announce its decision on OPR today. Our house view sees no rate cut in Malaysia for now with GDP expected slightly lower at 4.3% (2019e: 4.5%). Meanwhile expect inter-bank players to focus attention to the upcoming 3Y MGS auction tomorrow.

Corp Bonds/Sukuk

- The Corporate bonds/Sukuk space saw secondary market volume maintain at RM440m on Tuesday with solid investor interest seen across the GG-AA part of the curve. Overall yields mostly declined on 29 various bonds which were lesser than prior day. PRASA 12/27 and 2/31 closed between 2-4bps lower compared to previous-done levels at 3.45% and 3.55% respectively. AAA-rated GAS Malaysia 12/22, SEB 27 and TELEKOM 10/28 edged 1bps lower at 3.46% and 3.53% and 3.62% each. AA-rated KESTURI 26-27's closed mixed between -2 to +1bps between 4.00-4.04% levels. Expect corporate bond space to continue to exhibit vibrancy.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/20	2.919	205	2.769	20/01/2020	15
MGS	07/20	2.896	170	2.857	20/01/2020	4
MGS	10/20	2.898	119	2.918	20/01/2020	-2
MGS	07/21	3.044	41	3.026	20/01/2020	2
MGS	09/21	3.032	95	3.039	20/01/2020	-1
MGS	11/21	3.033	115	3.011	20/01/2020	2
MGS	03/22	3.200	147	3.022	20/01/2020	18
MGS	09/22	3.090	100	3.073	16/01/2020	2
MGS	03/23	3.047	20	3.069	20/01/2020	-2
MGS	04/23	3.102	30	3.090	20/01/2020	1
MGS	06/24	3.146	90	3.163	20/01/2020	-2
MGS	07/24	3.163	21	3.169	17/01/2020	-1
MGS	09/25	3.184	137	3.205	20/01/2020	-2
MGS	07/26	3.251	23	3.217	20/01/2020	3
MGS	11/26	3.263	3	3.261	20/01/2020	0
MGS	05/27	3.264	70	3.260	20/01/2020	0
MGS	11/27	3.282	20	3.283	20/01/2020	0
MGS	06/28	3.281	240	3.307	17/01/2020	-3
MGS	08/29	3.291	113	3.284	20/01/2020	1
MGS	04/30	3.400	140	3.386	20/01/2020	1
MGS	06/31	3.438	2	3.444	16/01/2020	-1
MGS	04/33	3.519	1	3.514	20/01/2020	1
MGS	11/33	3.509	42	3.513	16/01/2020	0
MGS	07/34	3.491	117	3.495	20/01/2020	0
MGS	04/37	3.608	1	3.604	20/01/2020	0
MGS	06/38	3.628	40	3.639	20/01/2020	-1
MGS	09/43	3.901	1	3.874	17/01/2020	3
MGS	03/46	4.003	140	3.998	20/01/2020	0
MGS	07/48	4.019	168	4.003	20/01/2020	2
GII	04/20	2.835	1	2.982	17/01/2020	-15
GII	05/20	2.960	51	2.961	14/01/2020	0
GII	03/21	3.036	30	3.063	20/01/2020	-3
GII	04/22	3.080	10	3.080	20/01/2020	0
GII	07/23	3.135	16	3.107	20/01/2020	3
GII	11/23	3.152	60	3.156	20/01/2020	0
GII	08/24	3.211	80	3.214	20/01/2020	0
GII	10/24	3.195	70	3.195	20/01/2020	0
GII	08/25	3.240	34	3.246	17/01/2020	-1
GII	03/26	3.258	130	3.263	20/01/2020	0
GII	07/27	3.326	1	3.327	16/01/2020	0
GII	10/28	3.348	1	3.355	17/01/2020	-1
GII	07/29	3.358	370	3.365	20/01/2020	-1
GII	06/33	3.521	120	3.526	20/01/2020	0
GII	11/34	3.514	70	3.514	20/01/2020	0
GII	08/37	3.676	150	3.687	16/01/2020	-1
GII	09/39	3.649	230	3.648	20/01/2020	0
GII	05/47	4.023	30	4.026	20/01/2020	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*
Prasarana Malaysia Berhad	12/27	GG	3.450	70	3.489	04/10/2019	-4	17
Lembaga Pembiayaan Perumahan Sektor Awam	10/28	GG	3.450	30	3.672	06/12/2019	-22	16
DanaInfra Nasional Berhad	11/29	GG	3.470	10	3.469	17/01/2020	0	18
Prasarana Malaysia Berhad	02/31	GG	3.549	15	3.570	13/01/2020	-2	26
DanaInfra Nasional Berhad	02/34	GG	3.621	20	3.799	02/01/2020	-18	13
DanaInfra Nasional Berhad	11/49	GG	4.091	5	4.069	08/01/2020	2	50
Bakun Hydro Power Generation Sdn Berhad (fkc	08/20	AAA	3.266	10	3.220	08/01/2020	5	31
Cagamas MBS Berhad	12/20	AAA	3.375	25	3.450	05/11/2019	-8	42
AI Dzahab Assets Berhad	03/21	AAA	3.687	15	4.568	29/11/2018	-88	73
Gas Malaysia Berhad	12/22	AAA	3.446	20	3.457	10/01/2020	-1	40
Telekom Malaysia Berhad	12/24	AAA	3.496	10	3.577	03/12/2019	-8	34
Sarawak Energy Berhad	01/27	AAA	3.521	35	3.534	20/01/2020	-1	26
GENM Capital Berhad	07/28	AAA	4.266	1	4.089	21/11/2019	18	99
Telekom Malaysia Berhad	10/28	AAA	3.621	5	3.631	15/01/2020	-1	33
Rantau Abang Capital Berhad	05/31	AAA	3.669	20	3.691	14/01/2020	-2	38
Genting RMTN Berhad	11/34	AAA	4.252	26	4.240	06/11/2019	1	76
UMW Holdings Berhad	06/20	AA2	3.289	10	4.059	18/04/2019	-77	33
Tanjung Bin Power Sdn Berhad	08/22	AA2	3.623	10	4.132	30/05/2019	-51	58
Krung Thai Bank Public Company Limited	07/25	AA2	3.783	6	3.806	07/01/2020	-2	63
Besraya (M) Sdn Berhad	07/20	AA3	3.451	29	3.461	02/01/2020	-1	49
Exsim Capital Resources Berhad	01/22	AA3	4.066	4	4.066	20/01/2020	0	105
Perbadanan Kemajuan Negeri Selangor	05/22	AA3	3.664	10	3.716	09/12/2019	-5	64
Konsortium Lebuhraya Utara-Timur (KL) Sdn Be	12/26	AA-	3.999	10	3.986	05/09/2019	1	73
Konsortium Lebuhraya Utara-Timur (KL) Sdn Be	12/27	AA-	4.039	10	4.061	20/01/2020	-2	76
Tanjung Bin Energy Issuer Berhad	09/26	AA3	3.738	10	3.759	14/01/2020	-2	47
CIMB Group Holdings Berhad	05/16	A1	4.465	1	4.109	20/01/2020	36	87
WCT Holdings Berhad	09/19	A	5.440	10	5.598	26/12/2019	-16	185
Mah Sing Group Berhad	04/17	-	5.876	10	5.875	16/01/2020	0	228
YNH Property Berhad	08/19	-	6.463	3	7.375	20/01/2020	-91	287
				<u>440</u>				

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

Market/Corporate News: What's Brewing

Mudajaya Group Bhd has bagged a RM31.99 million contract to supply and maintain street lighting and traffic light system for the Sungai Besi-Ulu Kelang Elevated Expressway (SUKE) project. The contract — which entails the supply, delivery, installation, testing, commissioning and maintenance of street lighting, high mast and traffic light system — was awarded to its wholly-owned subsidiary Mudajaya Corp Bhd by Turnpike Synergy Sdn Bhd. With this contract award, Mudajaya said its outstanding order book now stands at RM1.4 billion. The project is targeted to be completed by July 2020, with a construction period of six months from the date of site possession. "The project is expected to contribute positively to the group's earnings for the financial year ending 31 December 2020," Mudajaya said in a filing with Bursa Malaysia. Mudajaya had returned to the black with a net profit of RM812,000 for the third quarter ended Sept 30, 2019, after logging 13 consecutive quarters of losses. This was despite revenue contracting 25.6% year-on-year to RM110.18 million, from RM148.18 million previously, due to completion of its 49mw solar photovoltaic energy plant in Sungai Siput in November 2018, and the slow progress of the LRT3 project. (Source: *The EdgeMarkets*)

The concessionaires of four highways in the Klang Valley hope the government will be able to make a decision on the takeover of the highway concessions latest by end-March this year. Chief executive officer of Lingkaran Trans Kota Sdn Bhd (Littrak) and Sistem Penyuraian Trafik KL Barat Sdn Bhd (Sprint) Sazally Saidi said this was because the discussions on the takeover are still ongoing without a final decision from the government. "For the takeover process, discussions between the shareholders of the highway concessions and the government are still ongoing, however, there's no answer yet (from the government) until

now. "We hope all the discussions would be finalised by end-March this year," he said to reporters after presenting contributions in the form of necessities in conjunction with the Chinese New Year (CNY) this Saturday to the senior citizens of Rumah Sejahtera, Jenjarom here, today. Present were Shah Alam Expressway (Kesas) chief operating officer (COO) Mohammed Shah Samin and Syarikat Mengurus Air Banjir dan Terowong Sdn Bhd (Smart) acting COO Mohd Noor Mohd Ali. Sazally said this when asked to comment on the developments relating to the takeover of the four highway concessions, namely Kesas, Smart, Damansara-Puchong Expressway (LDP) and Sprint announced by the government last year. The government through the Minister of Finance Incorporated (MoF Inc) last year presented takeover offers to the four concessionaires of the highways for RM6.2 billion in an effort to lighten the burden of the people via toll reduction. The breakdown of the offer prices are LDP for RM2.47 billion, Sprint (RM1.984 billion); Kesas (RM1,377 billion) and Smart for RM369 million. In another development, Sazally said the management of Sprint, Kesas and Smart highways will deploy patrol officers at their respective routes to assist and facilitate highway users' travel during the run-up to the CNY celebrations this weekend. "Usually two and three days before a festive season there will be congestion on the highways as vehicles leave the cities for the villages. Hence, patrol officers will be deployed at certain locations to help keep the traffic smooth and facilitate the users' journey back home. "Sprint will deploy 68 patrol officers, Kesas 45 while Smart will have 16 officers," he said.. (Source: *The Edgemarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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