

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries bear-steepened on Wednesday as markets were off the lows following the soild 20Y auction. Overall benchmark yields ended between 1-4bps higher from prior session's close with the UST 2Y edging 1bps up at 0.15% and the much-watched UST 10Y spiking 4bps at 0.82%. Risk appetite was given a lift as House Speaker Pelosi was confident of improvements in talks leading to a possibility of an agreement in the economic stimulus bill. Bond yields were seen to reach an almost 4-month high. Meanwhile, the slowing global growth and resurging infections may see more central banks support their respective economies and are expected to boost financial markets with massive asset purchases whilst pushing government borrowing costs to record lows. Expect some attention to shift to the release of jobless claims for week ending 17th October.

MGS/GII

- Local govies closed mostly unchanged-to-weaker in narrow ranges on Wednesday, ignoring the fall in September inflation data, which was expected. Overall benchmark yields closed mostly higher between 0-3bps across the curve save for the short-end amid secondary market volume of RM1.60b. The benchmark 5Y MGS 9/25 closed unchanged at 2.09% whilst the recently-issued 10Y MGS 4/31 edged 1bps higher at 2.60% respectively. Some interest was seen in the 3Y and 5Y benchmark MGS/GII. GII bond trades rose to form 35% of overall trades. Meanwhile the MYR is seen steady in rangebound mode as investors monitor the elevated COVID-19 infection tally and ongoing political developments. The economic calendar remains light this week.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space too saw decent secondary market volume of RM432m with interest seen across the GG-AA part of the curve as overall yields closed mostly mixed-to-lower. Govt-guaranteed DANA 3/32 and 4/35 ended between PRASA 12/23 edged 2-5bps compared to previous-done levels at 3.08% and 3.30% each whilst the longer-end tranche i.e. 9/40 edged 1bps lower instead at 3.65%. AAA-rated SEB saw several of the 2031-2032 tranches closed mixed on yields between 3.12-3.24%. The AA-space saw Southern Power 32-33's edge 0-1bps higher between 3.50-55%. The banking space was relatively quiet nevertheless.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	1
5-yr UST	0.36	2
10-yr UST	0.82	4
30-yr UST	1.64	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.74	0	1.82	0
5-yr	2.09	0	1.97	-2
7-yr	2.34	0	2.35	0
10-yr	2.60	1	2.56	0
15-yr	3.06	2	3.15	0
20-yr	3.38	0	3.52	3
30-yr	3.81	0	4.04	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.87	0
3-yr	1.94	0
5-yr	2.14	0
7-yr	2.33	0
10-yr	2.63	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date	(bp)
				(dd/mm/yyyy)	
MGS 07/21	2.087	101	1.470	20/10/2020	62
MGS 09/21	1.470	46	1.480	19/10/2020	-1
MGS 03/22	1.631	40	1.631	20/10/2020	0
MGS 08/22	1.679	60	1.685	20/10/2020	-1
MGS 09/22	1.678	1	1.687	20/10/2020	-1
MGS 03/23	1.741	5	1.743	20/10/2020	0
MGS 06/24	1.887	10	1.900	20/10/2020	-1
MGS 09/24	1.945	4	1.927	20/10/2020	2
MGS 09/25	2.087	282	2.088	20/10/2020	0
MGS 11/26	2.268	1	2.294	20/10/2020	-3
MGS 05/27	2.343	163	2.339	20/10/2020	0
MGS 11/27	2.400	21	2.407	19/10/2020	-1
MGS 08/29	2.626	2	2.626	20/10/2020	0
MGS 04/31	2.601	135	2.594	20/10/2020	1
MGS 06/31	2.779	80	2.767	20/10/2020	1
MGS 07/34	3.058	45	3.036	20/10/2020	2
MGS 06/38	3.549	10	3.467	15/10/2020	8
MGS 07/48	4.000	20	3.932	20/10/2020	7
GII 03/21	1.500	20	1.671	08/10/2020	-17
GII 05/23	1.819	350	1.824	20/10/2020	-1
GII 10/24	1.974	10	1.997	15/10/2020	-2
GII 08/25	2.120	60	2.134	20/10/2020	-1
GII 03/26	2.130	61	2.150	20/10/2020	-2
GII 09/26	2.312	40	2.317	15/10/2020	-1
GII 10/28	2.594	2	2.602	20/10/2020	-1
GII 07/29	2.669	1	2.674	20/10/2020	0
GII 09/39	3.522	20	3.490	20/10/2020	3
GII 05/47	4.058	10	3.981	09/10/2020	8
		<u>1597</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date	(bp)	Against	
					(dd/mm/yyyy)		MGS*	
Prasarana Malaysia Berhad	09/24	GG	2.144	10	2.893	21/04/2020	-75	20
Danainfra Nasional Berhad	03/32	GG	3.080	10	3.029	28/07/2020	5	47
Danainfra Nasional Berhad	04/35	GG	3.300	5	3.279	08/10/2020	2	24
Danainfra Nasional Berhad	09/40	GG	3.650	5	3.661	13/10/2020	-1	28
Manjung Island Energy Berhad	11/22	AAA	2.280	6	3.152	16/04/2020	-87	60
Pengurusan Air SPV Berhad	02/24	AAA	2.450	10	2.446	21/08/2020	0	69
Pengurusan Air SPV Berhad	02/24	AAA	2.450	40	3.290	06/02/2020	-84	69
Pengurusan Air SPV Berhad	06/24	AAA	2.480	20	2.552	23/07/2020	-7	53
Danum Capital Berhad	05/25	AAA	2.640	6	2.651	05/10/2020	-1	54
Sarawak Energy Berhad	06/26	AAA	2.720	30	2.768	23/07/2020	-5	47
DiGi Telecommunications Sdn Berhad	09/26	AAA	2.720	4	2.608	07/08/2020	11	47
Rantau Abang Capital Berhad	03/29	AAA	2.930	5	2.866	28/08/2020	6	46
Tenaga Nasional Berhad	08/30	AAA	2.990	10	2.998	15/10/2020	-1	38
Sarawak Energy Berhad	04/31	AAA	3.119	20	3.002	25/08/2020	12	51
Sarawak Energy Berhad	12/32	AAA	3.243	20	3.249	09/10/2020	-1	64
Danga Capital Berhad	09/33	AAA	3.291	10	3.349	30/09/2020	-6	24
Sarawak Energy Berhad	08/35	AAA	3.420	20	3.489	30/09/2020	-7	36
Tenaga Nasional Berhad	08/38	AAA	3.610	22	3.609	23/09/2020	0	24
Kuala Lumpur Kepong Berhad	09/22	AA1	2.363	40	2.381	09/10/2020	-2	69
Sepangar Bay Power Corporation Sdn Berhad	07/25	AA1	2.960	8	3.132	16/07/2020	-17	86
Anih Berhad	11/22	AA	2.690	10	3.334	16/04/2020	-64	101
Solar Management (Seremban) Sdn Berhad	10/22	AA3	3.330	5	3.400	20/10/2020	-7	165
Mumtaz Rakyat Sukuk Berhad	06/26	AA3	2.560	5	2.625	06/10/2020	-6	31
Solar Management (Seremban) Sdn Berhad	10/32	AA3	4.550	5	4.550	20/10/2020	0	194
Solar Management (Seremban) Sdn Berhad	10/33	AA3	4.650	5	4.650	20/10/2020	0	159
Southern Power Generation Sdn Berhad	10/32	AA-	3.502	10	3.488	21/09/2020	1	89
Southern Power Generation Sdn Berhad	04/33	AA-	3.548	10	3.551	30/09/2020	0	49
Cypark Ref Sdn Berhad	06/35	AA3	4.430	20	5.249	29/04/2020	-82	137
Solar Management (Seremban) Sdn Berhad	10/35	AA3	4.853	5	4.850	20/10/2020	0	180
Cypark Ref Sdn Berhad	06/36	AA3	4.530	10	5.409	08/01/2020	-88	147
Solar Management (Seremban) Sdn Berhad	10/36	AA3	4.950	5	4.950	20/10/2020	0	189
Solar Management (Seremban) Sdn Berhad	10/38	AA3	5.150	5	5.150	20/10/2020	0	178
Cypark Ref Sdn Berhad	06/39	AA3	4.840	30	5.050	11/08/2020	-21	147
Tan Chong Motor Holdings Berhad	11/21	A1	3.770	1	3.770	19/10/2020	0	223
Kedah Cement Sdn Berhad (Ika Lafarge Cement Sdn B	07/23	A1	4.340	2	-	-	-	258
CIMB Group Holdings Berhad	05/16	A1	3.910	1	3.456	20/10/2020	45	54
WCT Holdings Berhad	09/19	A	5.740	1	5.768	26/08/2020	-3	237
Quantum Solar Park (Sememanjung) Sdn Berhad	04/31	A+	4.881	2	5.030	08/07/2020	-15	227
				<u>432</u>				

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

Market/Corporate News: What's Brewing

Petronas Gas Bhd's 65%-owned subsidiary Pengerang LNG (Two) Sdn Bhd (PLNG2) has made a Sukuk Murabahah issuance worth RM1.7 billion. In a statement to Bursa Malaysia today, Petronas Gas said PLNG2 will utilise the RM1.7 billion Sukuk Murabahah, which is pursuant to an RM3 billion Islamic Medium Term Notes programme, to repay its outstanding US dollar-denominated shareholders' loans in full. "Based on the group's financial position as at June 30, 2020, there will be no material change to Petronas Gas' gearing. "The issuance will not have material impact on the earnings, earnings per share and net assets per share of the group for the current financial year," it said. The RM1.7 billion Sukuk Murabahah will be issued in 20 tranches with tenors ranging between one and 20 years. "CIMB Investment Bank Bhd is the sole principal adviser, sole lead arranger and lead manager for the Sukuk, while CIMB, AmInvestment Bank Bhd, Maybank Investment Bank Bhd and RHB Investment Bank Bhd are the joint lead managers/joint bookrunners for the RM1.7 billion Sukuk Murabahah," it said.. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Gas District Cooling (Putrajaya) Sdn Bhd	RM300.0 million Al-Bai' Bithaman Ajil Islamic Debt Securities (BaIDS)	AAA-IS/Stable	Affirmed
APM Automotive Holdings Berhad	RM1.5 bil IMTN Programme (2016/2036)	AA2/Stable	Reaffirmed

Source: RAM, MARC

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