

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasury yields generally ended lower on Monday on safe-haven bids as reports surfaced about a mutation of COVID-19 virus strain in the UK which caused further lockdowns. The curve was flatter with overall benchmark yields closing mostly between 0-2bps lower. The UST 2Y yield ended within 1bps of prior day's close at 0.12% whilst the much-watched 10Y yield edged 1bps down at 0.94%. Meanwhile, the \$24b of UST 20Y auction saw strong bidding metrics; benefitting from short-covering demand with a BTC ratio of 2.39x (previous 4 auctions: 2.47x) whilst being awarded at 1.47%. Lawmakers in Washington are reported to have agreed in approving a \$900b COVID-19 relief package. The Fed is expected to allow its asset-purchase to 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. Expect some attention to keep an eye on reports on consumer confidence and existing home sales tonight.

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Tenure	Closing (%)	Chg (bps)
2-yr UST	0.12	0
5-yr UST	0.38	0
10-yr UST	0.94	-1
30-yr UST	1.67	-2

MGS			GII*	
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.87	-3	1.91	3
5-yr	2.12	1	2.26	1
7-yr	2.36	1	2.48	-2
10-yr	2.67	-7	2.78	1
15-yr	3.23	0	3.33	1
20-yr	3.43	-3	3.59	-1
30-yr	3.86	0	4.01	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.92	0
3-yr	2.07	-1
5-yr	2.24	0
7-yr	2.41	0
10-yr	2.63	0

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

##### MGS/GII

- On Monday, local govies ended mostly mixed with overall benchmark yields closing between -7 and +3bps amid the sustained low secondary market volume at ~RM1.15b. The 5Y MGS 9/25 yield edged 1bps higher at 2.12% whilst the 10Y MGS 4/31 rallied 7bps at 2.67%. Interest was mainly seen in the off-the-run 21's, 29's and also benchmark 15Y MGS. GII bond trades maintained to form ~27% of overall trades. Meanwhile IMF has stated in a report that the nation is expected to see a rebound in GDP growth of ~7.0%. The nation's yield curve is expected to continue trading at current steep levels amid wide fiscal deficit concerns which is expected at 6.0% for 2020. Nevertheless the wide investor base may help maintain current support. The data front today sees the release of Foreign Reserves as at 15th December.

##### Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw decent investor interest amid lower secondary market volume at RM396m. Interest was nevertheless seen across the curve as overall yields closed mostly mixed-to-higher in trades involving 35 various bonds. Both govt-guaranteed PTPTN 12/24 and BPMB 9/29 closed unchanged compared to previous-done levels at 2.29% and 3.06% each. The AAA-rated space saw energy-related BAKUN witness different fortunes with the 8/29 tranche spiking 18bps at 3.19% whilst the 8/31 tranche closed 6bps lower at 3.37%. The AA-rated sector saw Fortune Premier 25's edge 1bps lower between 3.17-20% area whereas MMCCorp 27-28's closed mixed between -2 and +4bps between 3.90-96%. Meanwhile the banking space saw CIMB Group Holdings 4/25 end unchanged at 2.87%.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.680	50	1.712	18/12/2020	-3
MGS 11/21	1.691	100	1.729	18/12/2020	-4
MGS 03/22	1.775	11	1.800	18/12/2020	-3
MGS 08/22	1.757	4	1.806	18/12/2020	-5
MGS 09/22	1.776	3	1.775	18/12/2020	0
MGS 03/23	1.871	11	1.898	18/12/2020	-3
MGS 04/23	1.922	52	1.912	18/12/2020	1
MGS 08/23	1.900	3	1.917	18/12/2020	-2
MGS 06/24	2.017	4	1.982	18/12/2020	3
MGS 07/24	1.990	33	2.013	18/12/2020	-2
MGS 09/24	2.060	61	2.038	18/12/2020	2
MGS 03/25	2.103	10	2.078	18/12/2020	3
MGS 09/25	2.122	46	2.113	18/12/2020	1
MGS 04/26	2.271	2	2.233	17/12/2020	4
MGS 07/26	2.284	10	2.286	18/12/2020	0
MGS 11/26	2.269	35	2.262	18/12/2020	1
MGS 05/27	2.359	22	2.349	18/12/2020	1
MGS 11/27	2.426	4	2.519	18/12/2020	-9
MGS 06/28	2.405	22	2.412	18/12/2020	-1
MGS 08/29	2.625	122	2.618	18/12/2020	1
MGS 04/30	2.696	2	2.690	18/12/2020	1
MGS 04/31	2.665	60	2.732	18/12/2020	-7
MGS 06/31	2.783	5	2.809	18/12/2020	-3
MGS 04/33	3.210	14	3.187	18/12/2020	2
MGS 11/33	3.260	2	3.250	18/12/2020	1
MGS 07/34	3.233	131	3.228	18/12/2020	0
MGS 05/35	3.225	2	3.244	16/12/2020	-2
MGS 04/37	3.399	1	3.390	18/12/2020	1
MGS 06/38	3.496	4	3.508	18/12/2020	-1
MGS 05/40	3.431	2	3.458	18/12/2020	-3
MGS 09/43	3.752	2	3.794	17/12/2020	-4
MGS 03/46	3.837	4	3.845	18/12/2020	-1
MGS 07/48	3.888	7	3.881	18/12/2020	1
MGS 06/50	3.859	1	3.854	18/12/2020	0
GII 05/23	1.915	94	1.888	17/12/2020	3
GII 10/23	1.972	100	1.999	17/12/2020	-3
GII 08/25	2.140	1	2.184	18/12/2020	-4
GII 03/26	2.265	1	2.257	18/12/2020	1
GII 09/27	2.480	1	2.504	18/12/2020	-2
GII 10/30	2.784	70	2.774	18/12/2020	1
GII 11/34	3.325	40	3.317	17/12/2020	1
GII 09/39	3.592	4	3.606	18/12/2020	-1
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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*
Perbadanan Tabung Pendidikan Tinggi Nasional	12/24	GG	2.289	50	2.294	02/12/2020	0	24
Bank Pembangunan Malaysia Berhad	09/29	GG	3.057	30	3.053	16/12/2020	0	43
Prasarana Malaysia Berhad	12/38	GG	3.758	10	3.780	17/12/2020	-2	31
Malaysia Airports Capital Berhad	12/22	AAA	2.712	10	3.283	21/04/2020	-57	92
Pengurusan Air Selangor Sdn Berhad	12/23	AAA	2.590	10	-	-	-	69
Pengurusan Air Selangor Sdn Berhad	12/25	AAA	2.890	15	-	-	-	77
DiGi Telecommunications Sdn Berhad	09/26	AAA	2.799	10	2.719	21/10/2020	8	50
Pengurusan Air Selangor Sdn Berhad	12/27	AAA	3.240	5	-	-	-	88
Bakun Hydro Power Generation Sdn Berhad	08/29	AAA	3.191	30	3.008	09/09/2020	18	56
Pengurusan Air Selangor Sdn Berhad	12/30	AAA	3.590	15	-	-	-	90
Bakun Hydro Power Generation Sdn Berhad	08/31	AAA	3.369	30	3.430	02/12/2020	-6	68
Danga Capital Berhad	09/33	AAA	3.589	10	3.439	24/11/2020	15	36
Danum Capital Berhad	02/35	AAA	3.771	6	3.770	18/12/2020	0	54
Bank Pembangunan Malaysia Berhad	11/35	AAA	3.860	10	3.594	09/11/2020	27	63
Tenaga Nasional Berhad	08/37	AAA	3.819	2	3.599	30/09/2020	22	59
CIMB Group Holdings Berhad	04/25	AA1	2.868	15	2.871	17/12/2020	0	82
Kuala Lumpur Kepong Berhad	04/26	AA1	2.879	10	2.823	16/11/2020	6	76
Sasaran Etika Sdn Berhad	04/27	AA1	3.235	1	4.001	20/01/2020	-77	94
Samalaju Industrial Port Sdn Berhad	12/28	AA1	3.298	3	3.205	25/11/2020	9	79
Fortune Premiere Sdn Berhad	09/25	AA	3.165	30	3.176	14/12/2020	-1	105
Fortune Premiere Sdn Berhad	10/25	AA	3.195	10	3.200	07/12/2020	-1	108
Gamuda Land (T12) Sdn Berhad	08/25	AA3	3.495	5	3.478	10/11/2020	2	138
Tadau Energy Sdn Berhad	07/28	AA3	3.956	3	3.860	09/11/2020	10	144
Edra Energy Sdn Berhad	01/33	AA3	4.035	10	4.039	09/12/2020	0	134
UEM Sunrise Berhad	12/24	AA-	3.992	5	3.991	15/12/2020	0	194
MMC Corporation Berhad	11/27	AA-	3.899	10	3.859	30/11/2020	4	153
MMC Corporation Berhad	03/28	AA-	3.959	10	3.979	09/12/2020	-2	159
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/39	AA-	5.189	2	5.139	06/11/2020	5	174
UMW Holdings Berhad	04/18	A1	4.664	1	4.299	17/12/2020	36	121
Alliance Bank Malaysia Berhad	10/35	A2	3.648	2	3.728	07/12/2020	-8	42
IJM Land Berhad	03/19	A2	4.743	15	4.500	03/12/2020	24	129
YNH Property Berhad	08/19	-	6.452	1	6.446	18/12/2020	1	300
Cypark Renewable Energy Sdn Berhad	09/20	-	6.323	1	6.470	06/10/2020	-15	287
WCT Holdings Berhad	09/19	A	5.337	10	5.335	20/11/2020	0	189
Tropicana Corporation Berhad	05/27	A+	5.540	10	5.539	20/11/2020	0	324
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\*spread against nearest indicative tenured MGS (Source : BPAM)

## Market/Corporate News: What's Brewing

**Gamuda Bhd has returned to the black with a net profit of RM109.28 million for the first quarter ended Oct 31, 2020 (1QFY21), from a net loss of RM17.34 million in the preceding quarter.** Revenue for the quarter totalled RM763.95 million, down 17.54% from RM926.52 million in the fourth quarter ended July 31, 2020 (4QFY20), according to the group's filing to Bursa Malaysia today. The group said its financial performance for 1QFY21 continued to be resilient despite the re-imposition of Conditional Movement Control Order in most parts of Malaysia at the tail-end of this quarter. "Following the easing of movement restrictions in early May 2020, works at all construction and property projects gradually picked up pace while traffic plying the expressways were returning to pre-movement restrictions level," it said. On a year-on-

year basis, Gamuda's net profit dropped 37% from RM173.61 million in 1QFY20, while revenue declined 30.28% from RM1.09 billion. The group did not declare any interim dividend for the first quarter. Gamuda said overseas sales, especially in Vietnam and Singapore, continued to spearhead the group's property division, contributing two-thirds of overall sales. The group expects this year's performance to also be driven by overseas property sales, and the continued progress of the MRT Putrajaya Line (MRT2). "Moving forward, the resilience of the group is underpinned by its construction order book of RM6.1 billion and unbilled property sales totalling RM3.2 billion which will see it through the next two years," said Gamuda. On top of that, it said it has a healthy balance sheet with a prudent gearing of 0.3 times. (Source: *The EdgeMarkets*)

**Aeon Credit Service (M) Bhd's net profit fell 18.6% quarter-on-quarter to RM42.15 million in the third quarter ended Nov 30, 2020 (3QFY21), from RM51.81 million in the immediate preceding quarter of 2QFY21, mainly due to higher impairment losses.** Earnings per share, accordingly, slid to 16.51 sen, from 18.31 sen. This was despite revenue rising 10.3% to RM401.47 million from RM363.97 million, its stock exchange filing to Bursa Malaysia today showed. No dividend was declared for the current quarter. On a year-on-year (y-o-y) basis, net profit dropped 39.7% from RM69.93 million, though revenue slipped just a marginal 0.2% from RM402.46 million. Likewise, the lower y-o-y earnings were no thanks to the increase in operating expenses, which was mainly due to higher impairment losses on financing receivables of RM156.909 million, compared with RM114.470 in 3QFY20. For the cumulative nine months ended Nov 30, 2020, its net profit declined 41% to RM120.24 million from RM203.66 million last year, while revenue was down by 2.5% to RM1.16 billion, from RM1.19 billion. "The decrease [in earnings] was mainly due to the impact of lower fee income of RM30.263 million and increased impairment losses on financing receivables of RM80.789 million occasioned by the effects of Covid-19 pandemic," said Aeon Credit. On prospects, Aeon Credit said the ongoing pandemic is expected to have a negative bearing on the company's financial performance for the year. "The company will continue to closely monitor and assess the inherent credit risk in its financing portfolio, with proactive attention focused on enhancement of asset quality, prudent cost and cash management and improvement on financial and operational efficiencies by leveraging on its positive business fundamentals and extensive customer reach," Aeon Credit noted. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Credit Guarantee Corporation Malaysia Berhad (CGC)	Financial Institution (FI) rating	AAA/Stable	Affirmed
Gamuda Berhad	RM800 mil IMTN Programme (2008/2028) RM800 mil IMTN Programme (2013/2038) RM5 bil IMTN Programme (2015/2045) RM2 bil ICP Programme (2015/2022)	AA3/Stable/P1	Reaffirmed
Bandar Serai Development Sdn Bhd	RM1 bil IMTN Programme (2014/2044) RM500 mil ICP Programme (2014/2021)	AA3/Stable/P1	Reaffirmed
Gamuda Land (T12) Sdn Bhd	RM2 bil IMTN Programme (2020/2050) RM500 mil ICP Programme (2020/2027)	AA3/Stable/P1	Reaffirmed
Edra Energy Sdn Bhd	Sukuk Wakalah of up to RM5.085 bil in nominal value (2018/2038)	AA3/Stable	Reaffirmed

Source: RAM, MARC

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