

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	1
5-yr UST	0.38	2
10-yr UST	0.86	3
30-yr UST	1.68	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.74	-1	1.82	0
5-yr	2.10	1	1.97	0
7-yr	2.35	0	2.36	1
10-yr	2.61	1	2.58	3
15-yr	3.07	1	3.15	0
20-yr	3.40	2	3.52	0
30-yr	3.84	3	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	2.13	-1
7-yr	2.33	0
10-yr	2.63	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries continued to drift weaker as House Speaker Pelosi remarked confidently that Washington lawmakers may yet reach an agreement over the proposed economic stimulus bill. Overall benchmark yields ended again 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 rising 3bps to its highest since June at 0.86%. Meanwhile, upbeat US economic data was seen to reduce the safe appeal of bonds as well with the initial jobless claims for week ending 17th October showing lesser-than-expected numbers. Slowing global growth and resurging infections may see more central banks support their respective economies and boost financial markets with further asset purchases. Expect some attention to shift to the release of the US PMI data manufacturing and services for October tonight.

MGS/GIII

- Local govvnies closed mostly weaker on Thursday amid tepid secondary market volume of a mere RM479m. Overall benchmark yields closed mostly higher between 0-3bps across the curve save for the short-end with both the benchmark 5Y MGS 9/25 and 10Y MGS 4/31 edging 1bps higher at 2.10% and 2.61% respectively. Some slight interest was seen in both the 5Y and 10Y benchmark MGS. GII bond trades fell to form 27% of overall trades. Separately the Fed announced that it had fined Goldman Sachs Inc ~\$154m for its role in the scandal involving the embezzlement of the nation's investment fund, 1MDB. The economic calendar remains today.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw improved investor appetite amid a higher secondary market volume of RM628m with interest seen across the GG to single-A part of the curve as overall yields closed mostly mixed-to-lower. The sole Govt-guaranteed trade involved PRASA 10/28 which made its debut trade at 2.78%. AAA-rated CAGAMAS saw a slew of 2022-2023 tranches printed with yields mostly lower compared to previous-done levels between 1.89-2.25%. The AA-space saw energy-related bonds i.e. EDRA 27's and 31's close mostly lower between 11-26 bps at 3.42-45% levels and 3.75% respectively; whilst JEP 6/22 ended sharply lower on yields @ 2.82% compared to its last done levels in Feb this year. The banking space saw MUAMALAT 11/21 grind RM60m in nominal amounts; with yields falling sharply at 3.84%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.419	2	1.450	21/10/2020	-3
MGS 08/22	1.678	3	1.679	21/10/2020	0
MGS 03/23	1.736	15	1.741	21/10/2020	-1
MGS 08/23	1.794	8	1.816	20/10/2020	-2
MGS 09/24	1.943	3	1.945	21/10/2020	0
MGS 09/25	2.096	110	2.087	21/10/2020	1
MGS 11/26	2.257	45	2.268	21/10/2020	-1
MGS 11/27	2.389	33	2.400	21/10/2020	-1
MGS 06/28	2.498	4	2.500	21/10/2020	0
MGS 08/29	2.620	27	2.626	21/10/2020	-1
MGS 04/31	2.610	82	2.601	21/10/2020	1
MGS 07/34	3.068	5	3.058	21/10/2020	1
MGS 05/40	3.397	3	3.378	19/10/2020	2
MGS 09/43	3.875	10	3.771	15/10/2020	10
GII 03/21	1.450	48	1.499	21/10/2020	-5
GII 05/23	1.813	38	1.819	21/10/2020	-1
GII 11/23	1.851	5	1.885	15/10/2020	-3
GII 10/25	2.075	20	2.214	15/10/2020	-14
GII 09/27	2.359	6	2.347	16/10/2020	1
GII 07/29	2.687	13	2.669	21/10/2020	2
		<u>479</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	10/28	GG	2.781	5	-	-	31	
Cagamas Berhad	03/22	AAA	1.895	20	2.603	25/06/2020	-71	36
Cagamas Berhad	03/22	AAA	1.896	40	-	-	190	36
Cagamas Berhad	04/22	AAA	1.893	5	2.010	20/10/2020	-12	22
Cagamas Berhad	05/23	AAA	1.988	100	2.281	19/08/2020	-29	23
Cagamas Berhad	08/23	AAA	2.131	40	2.308	02/10/2020	-18	38
Cagamas Berhad	10/23	AAA	2.250	10	-	-	-	50
Projek Lebuhraya Usahasama Berhad	01/24	AAA	2.498	20	2.578	29/09/2020	-8	74
Aman Sukuk Berhad	04/27	AAA	2.803	5	2.877	30/09/2020	-7	56
Sarawak Energy Berhad	06/35	AAA	3.416	40	3.459	07/10/2020	-4	36
Sarawak Energy Berhad	08/35	AAA	3.417	40	3.419	21/10/2020	0	36
Tenaga Nasional Berhad	08/38	AAA	3.608	40	3.610	21/10/2020	0	23
CIMB Bank Berhad	08/26	AA+	4.403	1	3.280	16/07/2020	112	216
Westports Malaysia Sdn Berhad	10/26	AA+	2.899	20	4.663	21/08/2017	-176	65
Tanjung Bin Power Sdn Berhad	08/22	AA2	2.766	10	2.837	09/10/2020	-7	109
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/20	AA-	2.612	4	2.956	17/06/2020	-34	108
BGSM Management Sdn Berhad	08/25	AA3	2.868	10	2.970	28/08/2020	-10	78
Edra Energy Sdn Berhad	01/27	AA3	3.423	10	3.384	07/08/2020	4	118
Edra Energy Sdn Berhad	07/27	AA3	3.450	20	3.559	15/07/2020	-11	110
Edra Energy Sdn Berhad	01/31	AA3	3.752	30	4.008	19/05/2020	-26	114
WCT Holdings Berhad	10/21	AA-	3.240	5	3.308	13/08/2020	-7	170
SAJ Capital Sdn Berhad	01/22	AA-	2.822	5	3.001	27/07/2020	-18	129
WCT Holdings Berhad	05/22	AA-	3.360	20	3.376	28/09/2020	-2	169
Jimah East Power Sdn Berhad	06/22	AA-	2.822	5	4.512	28/02/2018	-169	115
Affin Islamic Bank Berhad	10/28	A1	3.759	50	3.743	16/10/2020	2	129
CIMB Group Holdings Berhad	05/16	A1	3.859	1	3.481	12/10/2020	38	48
CIMB Group Holdings Berhad	05/16	A1	3.456	1	3.488	19/10/2020	-3	7
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/29	A3	3.572	10	3.579	12/10/2020	-1	100
Bank Muamalat Malaysia Berhad	11/21	A	3.839	60	4.775	19/10/2020	-94	230
Tropicana Corporation Berhad	10/23	A+	4.896	2	5.450	07/10/2020	-55	314
			<u>628</u>					

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

Market/Corporate News: What's Brewing

The National Mortgage Corporation of Malaysia, Cagamas Bhd, has priced a combined issuance of its maiden ASEAN Sustainability SRI Sukuk and Islamic Medium Term Notes (IMTN) totalling RM450 million. The issuance, conducted via a public book building exercise by RHB Investment Bank, received an overwhelming response from investors and achieved a total order close to RM2 billion at initial price guidance. In a statement today, Cagamas said the issuance comprises a three-year RM100 million SRI Sukuk and RM350 million IMTN, and is based on the Islamic principle of Murabahah under the company's existing RM60 billion IMTN programme. "The proceeds from the SRI Sukuk will be used to fund Islamic financing related to affordable housing, while proceeds from the IMTN will be used to fund Islamic home financing," it said. The transaction marks the company's 17th issuance exercise for the year and will bring the year-to-date issuance amount to RM6.68 billion. (Source: *The EdgeMarkets*)

Malaysia Airports Holdings Bhd (MAHB) has gone ahead to initiate a lawsuit against AirAsia X Bhd (AAX) to demand the payment of an owed sum, saying the action is necessary to "best protect its interest". The airport operator said its wholly-owned subsidiary Malaysia Airports (Sepang) Sdn Bhd filed the suit at the High Court today over outstanding aeronautical charges of RM78.16 million. "The outstanding aeronautical charges are comprised of passenger service charges, passenger service security charges, aerobridge charges, aircraft parking charges, check-in counter charges, landing charges and late payment charges," MAHB said in a filing with Bursa Malaysia. The Edge reported earlier today that MAHB had sent a legal letter to AAX, demanding the RM78.16 million sum and also challenging the airline's classification of the airport operator as an unsecured creditor to be included in AAX's proposed debt restructuring scheme. However, MAHB made no mention of the unsecured creditor classification in its filing today. The airport operator said its claim is pursuant to the Malaysian Aviation Commission (Aviation Services) Charges Regulations 2016 and the Conditions of Use for Kuala Lumpur International Airport. "As part of the civil suit, the plaintiff is also seeking an order that the plaintiff's contractual and continual lien over the defendant's user properties under the Conditions of Use shall only be discharged upon full settlement by the defendant of the full sum owing to the plaintiff." "User properties are defined in the Conditions of Use as any aircraft, parts, accessories, vehicles, equipment and/or any other property belonging to and/or under the defendant's control or any ground handler appointed by the defendant," added MAHB. The airport operator said its board is of the opinion that it is necessary to pursue the suit to best protect its interest. It added that the suit is not expected to have any material impact on the operational position of the company. The Edge, in its report, cited sources as saying that MAHB's solicitors sent the legal letter to AAX's lawyers on Oct 14. MAHB, the report noted, wants to be excluded from AAX's RM63 billion debt restructuring scheme, failing which it will intervene when the debt restructuring is heard in court. AAX has classified all its creditors, including Airbus and aircraft lessors, as unsecured. It will require 75% of them to agree to the plan to restructure RM2 billion of current debts and another RM61 billion in future liabilities, which are mainly linked to purchases and leasing of planes. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Bank Pembangunan Malaysia Berhad	Financial Institution rating	AAA/Stable/P1	Reaffirmed
	RM7 billion Conventional MTN and/or Islamic Murabahah MTN Programmes (2006/2036).	AAA/Stable	Reaffirmed

Source: RAM, MARC

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