

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries ended stronger on Friday; led by the long-ends amid expectations of further QE accommodation and also flight to safety bids following US Treasury secretary Mnuchin's earlier comments to allow many of the Fed's COVID-19 emergency lending facilities to expire on 31<sup>st</sup> Dec-20 and the subsequent return of the unused funds. The curve flattened as overall benchmark yields closed between 0-2bps lower across the curve. Both the UST 2Y and much-watched 10Y yield edged within 1bps lower at 0.16% and 0.81% respectively. Separately, there will be an all-time record high issuances of \$169b consisting of \$56b UST 2Y, \$57b UST 5Y and \$56b UST 7Y auctions this week beginning Monday onwards. Meanwhile, expect some attention to shift to the release of Markit data on manufacturing and services for November.

##### MGS/GII

- Local govies ended mostly weaker again on Friday amid a drastic drop in secondary market volume @ RM715m. Overall benchmark yields ended between 0-5bps higher across the curve save for the long bonds. The 5Y MGS 9/25 yields moved 3bps up at 2.14% whilst the 10Y MGS 4/31 edged 2bps up at 2.66%. Some interest was seen in off-the-run 21's, 29's and also benchmark 15Y GII. GII bond trades eased to form 28% of overall trades. Separately, the MYR is expected to be resilient on USD weakness. Recent domestic bond purchases by EM central banks have partly caused the resilience of this year's performance by further suppressing interest rate volatility. Based on a recent survey on 30 economists by Bloomberg, the Malaysian economy is expected to contract by 4.0% in 4Q2020 with overall GDP for the year at -5.7%. Expect some attention to shift to the October inflation figures on this Wednesday.

##### Corp Bonds/Sukuk

- The Corporate Bond/Sukuk however saw a spike in investor interest resulting in doubling of secondary market volume of RM577m with interest seen across the GG to single-A part of the curve. Overall yields closed mostly mixed-to-higher in about 21 various bonds. Govt-guaranteed DANA 11/24 and 3/32 ended 6-8bps higher compared to previous done levels at 2.22% and 3.16%. AAA-rated PUTRAJAYA 7/21 however declined 3bps at 2.16%. The AA-space saw WESTPORT 5/21 edge 1bps up at 2.21% whilst Teknologi tenaga Perlis 7/21 rallied sharply at 3.15%. Meanwhile, the banking space saw CIMB 26NC21 spike 8bps at 2.60% levels whilst Hong Leong Financial Group perps 2117NC24 closed 28bps lower at 3.67%

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.16	0
5-yr UST	0.37	0
10-yr UST	0.81	0
30-yr UST	1.53	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.83	1	1.97	5
5-yr	2.14	3	2.29	-1
7-yr	2.48	3	2.54	2
10-yr	2.66	2	2.62	0
15-yr	3.15	0	3.24	0
20-yr	3.48	0	3.51	0
30-yr	4.04	-1	4.12	-2

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.91	0
3-yr	2.01	0
5-yr	2.21	0
7-yr	2.37	0
10-yr	2.62	0

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 11/21	1.585	62	1.550	19/11/2020	3
MGS 03/22	1.723	14	1.692	19/11/2020	3
MGS 09/22	1.684	12	1.732	19/11/2020	-5
MGS 03/23	1.834	34	1.833	19/11/2020	0
MGS 04/23	1.845	28	1.856	18/11/2020	-1
MGS 08/23	1.879	6	1.877	19/11/2020	0
MGS 06/24	2.033	20	2.037	19/11/2020	0
MGS 07/24	2.076	6	2.078	19/11/2020	0
MGS 09/24	2.078	6	2.075	19/11/2020	0
MGS 03/25	2.043	6	2.092	19/11/2020	-5
MGS 09/25	2.139	46	2.112	19/11/2020	3
MGS 04/26	2.309	1	2.264	18/11/2020	5
MGS 07/26	2.362	9	2.350	19/11/2020	1
MGS 05/27	2.476	8	2.442	19/11/2020	3
MGS 08/29	2.744	81	2.738	19/11/2020	1
MGS 04/31	2.664	8	2.648	19/11/2020	2
MGS 06/31	2.861	35	2.802	19/11/2020	6
MGS 04/32	2.997	20	2.862	10/11/2020	14
MGS 11/33	3.206	5	3.153	18/11/2020	5
MGS 07/34	3.146	87	3.147	19/11/2020	0
MGS 04/37	3.371	2	3.392	19/11/2020	-2
MGS 06/38	3.547	5	3.486	19/11/2020	6
MGS 09/43	3.989	4	3.934	18/11/2020	5
MGS 03/46	4.040	11	3.953	18/11/2020	9
MGS 07/48	4.042	1	4.028	19/11/2020	1
GII 08/21	1.688	13	1.660	18/11/2020	3
GII 05/23	1.970	4	1.922	19/11/2020	5
GII 11/23	1.983	10	1.980	18/11/2020	0
GII 03/26	2.294	50	2.300	19/11/2020	-1
GII 07/27	2.507	25	2.538	19/11/2020	-3
GII 09/27	2.542	50	2.526	19/11/2020	2
GII 08/28	2.727	10	2.727	19/11/2020	0
GII 10/28	2.709	2	2.658	18/11/2020	5
GII 07/29	2.717	32	2.695	19/11/2020	2
GII 06/33	3.196	2	3.260	18/11/2020	-6
		<u>715</u>			

## Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*	
Perbadanan Tabung Pendidikan Tinggi Nasional	06/22	GG	1.910	20	1.923	16/11/2020	-1	19
DanaInfra Nasional Berhad	11/24	GG	2.216	20	2.152	30/10/2020	6	19
Prasarana Malaysia Berhad	11/25	GG	2.395	30	-	-	-	28
DanaInfra Nasional Berhad	03/32	GG	3.160	10	3.080	21/10/2020	8	50
DanaInfra Nasional Berhad	05/32	GG	3.159	10	3.148	19/11/2020	1	50
Gulf Investment Corporation G.S.C	03/21	AAA	2.380	5	2.479	19/11/2020	-10	78
Putrajaya Holdings Sdn Berhad	07/21	AAA	2.161	20	2.191	23/09/2020	-3	56
Teknologi Tenaga Perlis Consortium Sdn Berhad	07/21	AA1	2.230	10	2.619	08/07/2020	-39	63
Encorp Systembilt Sdn Berhad	11/21	AA1	2.319	10	2.861	29/06/2020	-54	72
Westports Malaysia Sdn Berhad	05/21	AA+	2.208	20	2.194	16/10/2020	1	61
CIMB Bank Berhad	08/26	AA+	2.595	10	2.514	26/10/2020	8	27
Fortune Premiere Sdn Berhad	09/26	AA	3.249	1	3.212	02/11/2020	4	93
Bumitama Agri Ltd	07/26	AA3	3.229	3	3.233	05/11/2020	0	91
Press Metal Aluminium Holdings Berhad	10/26	AA3	4.049	10	-	-	-	173
MMC Corporation Berhad	03/28	AA-	3.903	2	3.918	11/11/2020	-2	146
Hong Leong Financial Group Berhad	11/17	A1	3.665	10	3.946	27/04/2020	-28	21
Tropicana Corporation Berhad	06/23	A+	5.485	1	5.104	02/10/2020	38	366
Tropicana Corporation Berhad	05/27	A+	5.539	20	5.542	19/11/2020	0	322
WCT Holdings Berhad	09/19	A	5.335	25	5.339	19/11/2020	0	188
Alliance Bank Malaysia Berhad	10/35	A2	3.949	1	3.866	19/11/2020	8	81
SUNREIT Perpetual Bond Berhad	04/19	-	4.197	340	-	-	-	74
			<u>577</u>					

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

### Market/Corporate News: What's Brewing

#### The Johor Baru-Singapore Rapid Transit System (RTS) Link ground-breaking ceremony was held today, kicking off construction works for the long-awaited infrastructure project.

In a statement today, Mass Rapid Transit Corp Sdn Bhd (MRT Corp) said the ceremony was carried out at the site of the future Immigration, Customs and Quarantine (ICQ) Building in Bukit Chagar, Johor. The ceremony was officiated virtually by Johor's Sultan Ibrahim Ibni Almarhum Sultan Iskandar from Istana Bukit Serene. "The RTS Link between Malaysia and Singapore will be a railway service with two stations, one at Bukit Chagar in Johor Baru, and the other at Woodlands North in Singapore. The link is targeted to begin operations by the end of 2026 and will provide an easy and efficient border crossing between Malaysia and Singapore," said the statement. MRT Corp chief executive officer Datuk Mohd Zarif Hashim said the RTS will cost Malaysia RM3.7 billion, which includes the construction of a station at Bukit Chagar, depot at Wadi Hana, viaducts through the city centre of Johor Baru and over the Straits of Johor to the Malaysia-Singapore boundary. In addition, the cost also covers the construction of the four-storey CIQ complex, which will be part of a transit-oriented development that will also feature a multimodal transport hub and mixed property development. According to him, Adil Permata Sdn Bhd, which is the developer of these property projects, has been appointed a contractor to undertake advance works such as site clearing, utility relocation works, and others. "Forty per cent of the total infrastructure construction cost will be allocated to bumiputera contractors, including those from Grade 1 to Grade 6 from Johor," he said, adding that as the depot is located at Wadi Hana, there will be many opportunities for local businesses to participate in the maintenance, repair and overhaul supply chain and in building local expertise in the rail technology industry. (Source: *The EdgeMarkets*)

#### Malaysia Airlines' parent company has sought financial aid from its sole shareholder, the nation's sovereign wealth fund, as debt restructuring talks with creditors drag on, the company said on Saturday.

"Malaysia Aviation Group has requested financial support from our shareholder Khazanah Nasional although the company isn't in a position to comment on amount at this point in time," it said in an email to Reuters. The group said it remains in talks for a restructuring and that it was targeting a commercial agreement in the first week of December. The airline could be seeking as much as US\$500 million, said *The Edge* weekly, which first reported the news, citing unnamed sources. Khazanah said any funding for the airline will depend on the outcome of discussions with creditors and lessors, which it said is crucial to the success of the restructuring. Malaysia Airlines is seeking to restructure after the Covid-19 pandemic forced it to slash operations. The parent company had warned leasing companies that Khazanah would stop funding the group and force it into a winding down process if restructuring talks with lessors were unsuccessful, Reuters reported last month. The carrier restructured after two deadly crashes in 2014, with Khazanah pumping in RM6 billion. This time the government has said it will not bail out the struggling company. Chief Executive Izham Ismail told staff in a memo last month that the restructuring talks were taking longer than planned. (Source: *The EdgeMarkets/Reuters*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Evyap Sabun Malaysia Sdn Bhd	Proposed RM500.0 million Sukuk Wakalah Programme.	AA-IS/Stable	Assigned

Source: RAM, MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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