

Global Markets Research

Fixed Income

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Tenure	Closing (%)	Chg (bps)
2-yr UST	0.12	-1
5-yr UST	0.36	-2
10-yr UST	0.92	-2
30-yr UST	1.65	-2

MGS			GII*	
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.90	3	1.93	1
5-yr	2.13	0	2.25	-2
7-yr	2.38	2	2.48	0
10-yr	2.67	0	2.80	1
15-yr	3.24	1	3.35	2
20-yr	3.47	4	3.62	2
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	0
5-yr	2.25	0
7-yr	2.39	-2
10-yr	2.63	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasury yields generally added strength on Tuesday whilst shrugging off the approval of the ~\$900b relief bill by Congress amid ongoing uncertainties over the new strain of COVID-19 virus. The curve shifted lower with overall benchmark yields closing mostly between 1-2bps lower. The UST 2Y yield edged 1bps lower at 0.12% whilst the much-watched 10Y yield moved 2bps down at 0.92%. Meanwhile, The Fed's continued monthly purchases of at least \$120b of UST's and MBS has facilitated the smooth ability of bank dealers to transact in such securities. Uncertainty surrounding the trade pact between the EU and UK is also seen driving some investors into the safety of UST's. The UK is set to leave the EU's single market on the 1st of January 2021. Expect some attention to shift to the upcoming weekly jobless claims, new home sales and also consumer sentiment.

MGS/GII

- On Tuesday, local govies relented and gave up gains seen in past several sessions as overall benchmark yields closed between 0-4bps higher amid the doubling of secondary market volume at ~RM2.35b. The 5Y MGS 9/25 yield edged within 1bps higher at 2.13% whilst the 10Y MGS 4/31 closed unchanged at 2.67%. Interest was mainly seen in the off-the-run 22', 24's and also benchmark 3Y GII. GII bond trades jumped to form ~36% of overall trades. The nation's yield curve is expected to continue trading at current steep levels amid wide fiscal deficit concerns; expected at 6.0% for 2020. Nevertheless the wide investor base may help maintain current support. Expect focus to shift to the release of November inflation data at noon today.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space continued to draw decent investor interest amid an increase in secondary market volume of RM436m. Trades were seen across the curve as overall yields closed mostly mixed in trades involving 35 various bonds. Both govt-guaranteed PASB 6/23 and PTPTN 1/33 closed 3bps lower compared to previous-done levels at 2.11% and 3.42% respectively. Nevertheless PLUS 1/38 spiked 40bps at 3.80% on substantial RM40m in nominal amounts. The AAA-rated space saw DANGA 9/33 edge 1bps up at 3.60% whilst DANUM 2/35 declined 2bps at 3.75%. The AA-rated sector saw a slew of PROHAWK tranches exchange hands previously seen traded mainly in the 1st half of the year. The 2027 and 2029 tranches saw yields sharply lower between 46-48bps at 3.23% and 3.48% each whilst the 2032 tranches closed mixed between 3.73-77% area. Meanwhile the banking space saw several odd-lot trades done on Hong Leong, MaybankAnd Alliance Bank related-names.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.689	40	1.680	21/12/2020	1
MGS 09/21	1.713	49	1.653	18/12/2020	6
MGS 11/21	1.691	36	1.691	21/12/2020	0
MGS 03/22	1.771	12	1.775	21/12/2020	0
MGS 08/22	1.820	2	1.757	21/12/2020	6
MGS 09/22	1.801	232	1.773	21/12/2020	3
MGS 03/23	1.892	170	1.871	21/12/2020	2
MGS 04/23	1.898	415	1.922	21/12/2020	-2
MGS 06/24	2.033	70	2.017	21/12/2020	2
MGS 07/24	2.037	4	1.988	21/12/2020	5
MGS 09/24	2.076	105	2.060	21/12/2020	2
MGS 03/25	2.049	26	2.103	21/12/2020	-5
MGS 09/25	2.125	41	2.122	21/12/2020	0
MGS 04/26	2.185	6	2.270	21/12/2020	-9
MGS 07/26	2.281	18	2.284	21/12/2020	0
MGS 11/26	2.255	14	2.269	21/12/2020	-1
MGS 05/27	2.380	18	2.359	21/12/2020	2
MGS 11/27	2.411	18	2.426	21/12/2020	-2
MGS 06/28	2.399	30	2.405	21/12/2020	-1
MGS 08/29	2.623	7	2.625	21/12/2020	0
MGS 04/30	2.694	6	2.695	21/12/2020	0
MGS 04/31	2.665	9	2.665	21/12/2020	0
MGS 06/31	2.813	9	2.783	21/12/2020	3
MGS 04/32	3.113	4	3.075	14/12/2020	4
MGS 11/33	3.264	5	3.260	21/12/2020	0
MGS 07/34	3.244	150	3.233	21/12/2020	1
MGS 05/40	3.472	10	3.431	21/12/2020	4
GII 08/21	1.630	7	1.640	14/12/2020	-1
GII 03/22	1.810	170	1.803	16/12/2020	1
GII 07/22	1.822	50	1.802	17/12/2020	2
GII 05/23	1.926	230	1.915	21/12/2020	1
GII 10/23	1.977	20	1.972	21/12/2020	1
GII 10/24	2.129	170	2.092	17/12/2020	4
GII 08/25	2.205	30	2.140	21/12/2020	6
GII 10/25	2.207	23	2.249	17/12/2020	-4
GII 03/26	2.249	1	2.265	21/12/2020	-2
GII 09/26	2.398	36	2.389	18/12/2020	1
GII 07/27	2.515	27	2.558	17/12/2020	-4
GII 07/29	2.760	10	2.764	18/12/2020	0
GII 10/30	2.798	12	2.784	21/12/2020	1
GII 11/34	3.350	40	3.325	21/12/2020	2
GII 09/39	3.616	20	3.592	21/12/2020	2
		<u>2352</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*
Pengurusan Air SPV Berhad	06/23	GG	2.112	70	2.142	04/12/2020	-3	31
Perbadanan Tabung Pendidikan Tinggi Nasional	01/33	GG	3.421	10	3.448	17/03/2020	-3	74
Projek Lebuhraya Usahasama Berhad	01/38	GG	3.799	50	3.400	26/08/2020	40	56
Danainfra Nasional Berhad	11/47	GG	4.200	20	4.231	04/12/2020	-3	74
Gulf Investment Corporation G.S.C	03/21	AAA	2.364	3	2.380	20/11/2020	-2	66
Aman Sukuk Berhad	04/24	AAA	2.478	20	2.495	09/12/2020	-2	58
Projek Lebuhraya Usahasama Berhad	01/26	AAA	2.887	10	2.754	03/09/2020	13	76
Pengurusan Air SPV Berhad	06/26	AAA	2.754	10	2.689	11/11/2020	6	63
Pengurusan Air SPV Berhad	06/29	AAA	3.108	30	3.110	15/12/2020	0	60
Danga Capital Berhad	09/33	AAA	3.600	10	3.589	21/12/2020	1	36
Danum Capital Berhad	02/35	AAA	3.748	10	3.771	21/12/2020	-2	50
Imtiaz Sukuk II Berhad	05/22	AA2	2.524	2	2.527	10/12/2020	0	82
UMW Holdings Berhad	11/25	AA2	3.032	10	-	-	-	91
Konsortium ProHAWK Sdn Berhad	06/27	AA2	3.226	10	3.710	31/01/2020	-48	86
Hong Leong Financial Group Berhad	06/29	AA2	3.101	1	3.102	18/12/2020	0	59
Konsortium ProHAWK Sdn Berhad	12/29	AA2	3.476	10	3.938	20/01/2020	-46	85
Konsortium ProHAWK Sdn Berhad	06/32	AA2	3.730	10	3.578	25/08/2020	15	105
Konsortium ProHAWK Sdn Berhad	12/32	AA2	3.774	10	3.989	04/05/2020	-22	109
Fortune Premiere Sdn Berhad	03/23	AA	2.877	1	2.879	16/12/2020	0	108
Anih Berhad	11/29	AA	3.460	1	3.356	15/09/2020	10	83
IJM Corporation Berhad	04/29	AA3	3.808	30	3.679	14/10/2020	13	130
Edra Energy Sdn Berhad	01/33	AA3	4.034	10	4.035	21/12/2020	0	135
Malayan Banking Berhad	02/17	AA3	3.500	1	3.100	14/09/2020	40	4
Cerah Sama Sdn Berhad	01/23	AA-	2.964	20	4.501	26/09/2016	-154	116
UEM Sunrise Berhad	12/24	AA-	3.988	5	3.992	21/12/2020	0	194
Penang Port Sdn Berhad	12/31	AA-	3.611	10	3.598	11/12/2020	1	93
UiTM Solar Power Sdn Berhad	04/34	AA-	4.819	10	5.984	11/12/2018	-117	158
UiTM Solar Power Sdn Berhad	04/36	AA-	5.045	10	6.220	11/12/2018	-118	180
DRB-Hicom Berhad	12/26	A+	4.479	2	4.479	11/12/2020	0	219
Tropicana Corporation Berhad	05/27	A+	5.538	10	5.540	21/12/2020	0	325
WCT Holdings Berhad	09/19	A	5.334	10	5.337	21/12/2020	0	188
Alliance Bank Malaysia Berhad	10/35	A2	3.630	4	3.648	21/12/2020	-2	39
IJM Land Berhad	03/19	A2	4.741	15	4.743	21/12/2020	0	129
Eco World Capital Assets Berhad	08/24	-	6.163	1	5.630	17/12/2020	53	412
YNH Property Berhad	08/19	-	6.407	1	6.452	21/12/2020	-4	295
				<u>436</u>				

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

Market/Corporate News: What's Brewing

Serba Dinamik Holdings Bhd has won contracts with a total value of RM10.87 billion year-to-date, triple the value of contracts won in 2019 of RM3.5 billion, bringing the group's current order book to RM18.5 billion. Managing director and chief executive officer Datuk Dr Mohd Abdul Karim Abdullah said despite the tough times in 2020, the group still holds a strong presence in six regions and 24 countries. Although the company has experienced share price volatility, its fundamentals remain solid and it is looking to an exciting year in 2021. "We are looking forward to 2021 as we have many plans in the pipeline. Our information and communications technology (ICT) segment saw a significant rise in contribution to our revenue, demonstrating our commitment to expand this segment to provide a brighter future for the Group, which is in line with the world's rapid shift towards digitalisation. "Besides our ICT segment, we will also continue to seek opportunities in oil and gas (O&G), utilities and space technology in 2021," he said in a statement. Abdul Karim said Serba Dinamik, via its ICT-tech arm, SDIT AI Inc (SDIT), has decided to roll out its operations largely in California, United States, known as the birthplace of Silicon Valley tech companies, thus creating opportunities for business fortune. Meanwhile, SDIT will continue its collaboration with Stanford University in enhancing its artificial intelligence (AI) capabilities in robotics. "This technical input will augment greatly its existing AI tech elements for our in-house apps. Over the years, SDIT has managed to progress rapidly in its knowledge and capabilities in frontier technologies within the Industrial Revolution (IR) 4.0 space and it is high time to execute this initiative globally. "Our local experts will focus mainly on cybersecurity, AI, financial technology, and mixed reality

capabilities integrated solutions with target customers from institutional and the mass consumers," he said, adding the group is set to expand largely in 2021 with its existing affiliation programme with Stanford University for technological expansion," he said. Abdul Karim said the group had identified 23 partners in the African continent with potential in telecommunications, smart city, e-Governance and various customisable solutions to the countries. "Serba Dinamik is also aggressively eyeing for more projects in Africa and Central Asia by riding on the group's four key capabilities — operations and maintenance; engineering, procurement, construction, and commissioning; ICT-tech; and education and training," he added. (Source: *The EdgeMarkets*)

The Federal Land Development Authority (Felda) is eyeing to take FGV Holdings Bhd private after its unconditional takeover offer for the latter's shares. In a filing with the bourse, Felda said it does not intend to maintain the listing status of FGV on the Main Market of Bursa Malaysia. However, the delisting of FGV will only go through if Felda and its associates are able to acquire in aggregate 90% or more of FGV's shares in the takeover offer at RM1.30 per share. On Dec 8, Felda announced that it was planning to launch the takeover offer if it succeeded in acquiring a 6.1% stake held by Retirement Fund Inc (KWAP) and a 7.78% interest held by Urusharta Jamaah Sdn Bhd for RM658 million cash. The acquisitions would raise Felda's stake to 50.49%, thus triggering the requirement for the agency to extend the unconditional mandatory takeover offer. The recent development comes after all the fuss about the Cabinet granting its approval to Felda to terminate its land lease agreement (LLA) with FGV and how it wanted to take over the listed unit's oil palm mills. Under the LLA, FGV is supposed to get compensation as a result of the termination, although the group previously maintained that it still had not received any notice of the termination from Felda. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
MUFG Bank (Malaysia) Berhad	USD500 million Multi-Currency Sukuk Wakalah Bi Al-Istithmar Programme	AAA(BG)/Stable	Reaffirmed
	Financial Institution rating	AAA/Stable/P1	Reaffirmed

Source: RAM, MARC

Hong Leong Bank Berhad

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