

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended stronger on risk-off bids amid continued fears of coronavirus-related flu spreading from China. That along with some spillover effects from bund-led gains boosted UST's on Thursday. Overall benchmark yields extended their decline between 1-4bps with the UST 2Y at 1.51% and the much-watched UST 10Y closing 4bps lower at 1.73%. The curve bull-flattened as investors were seen capping risks by shifting into UST's. The Treasury's earlier statement on the likelihood of new 20Y issuances has seen investors add corporate bonds tied to this maturity in their books. Meanwhile Fed speakers are expected to be in a quiet period ahead of the 28-29th Jan FOMC meeting. Up next on the data front are the manufacturing and services PMI numbers expected out today.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.51	-1
5-yr UST	1.55	-3
10-yr UST	1.73	-4
30-yr UST	2.18	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.80	-5	2.93	-16
5-yr	2.97	-5	3.06	-13
7-yr	3.13	-10	3.15	-1
10-yr	3.16	0	3.23	5
15-yr	3.25	-11	3.37	-14
20-yr	3.44	-14	3.52	-4
30-yr	3.82	-20	3.87	-14

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.08	-2
3-yr	3.10	-4
5-yr	3.15	-3
7-yr	3.21	-2
10-yr	3.31	1

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GIII

- Local govies extended their rally amid strong momentum following BNM's Overnight Policy Rate cut on Wednesday. Investors were seen bidding up bonds as overall secondary market volume maintained at RM8.52b with interest seen mainly in the off-the-run 20's and 5Y, 10Y and 15Y bonds. Overall benchmark yields ended sharply lower between 0-20bps. The benchmark 5Y MGS declined 5bps below the 3.00% handle whilst the 10Y MGS 8/29 ended unchanged at 3.16% each. GII bonds maintained at about ~ 48% of overall trades. Meanwhile the 3rd auction for the year involving 3Y MGS 3/23 saw decent bidding metrics of 2.18x; averaging 2.858%. Expect investors to continue searching for yields amid a backdrop of massive amounts of negative-yielding global bonds.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk space continued to see high volumes of RM901m post-OPR cut with interest was seen across the GG-AA part of the curve. Overall yields declined on 42 different names with AAA-rated bonds making up one-third of overall interest. PRASA 27's saw yields closing between 0-11bps lower compared to previous-done levels between 3.33-45% whilst the long-end DANA 11/49 moved 11bps lower at 3.98% levels. AAA-rated SEB 12/32 and DANGA 33 closed 7bps 3.65% and 3.69% each. AA-rated energy bonds like YTL power, JEP, TBEI and EDRA were among the popular names traded. YTL Power 5/27 saw RM130m in nominal amounts traded about 8bps lower at 3.86%. A slew of ANIH 2022-2025 tranches exchanged hands; closing sharply lower on yields between 348-64% levels. In the banking space, Bank islam 25NC20 closed 13bps lower at 3.28%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/20	2.875	183	2.731	22/01/2020	14
MGS 10/20	2.799	276	2.881	22/01/2020	-8
MGS 02/21	2.812	100	2.813	22/01/2020	0
MGS 07/21	2.857	83	3.044	21/01/2020	-19
MGS 11/21	2.866	1	2.877	22/01/2020	-1
MGS 03/22	2.802	80	2.856	22/01/2020	-5
MGS 03/23	2.860	290	2.900	22/01/2020	-4
MGS 06/24	2.975	535	3.028	22/01/2020	-5
MGS 07/24	3.030	219	3.153	22/01/2020	-12
MGS 09/24	3.052	226	3.032	22/01/2020	2
MGS 03/25	3.085	40	3.208	14/01/2020	-12
MGS 09/25	3.049	122	3.184	22/01/2020	-14
MGS 07/26	3.131	135	3.234	22/01/2020	-10
MGS 11/26	3.147	81	3.260	22/01/2020	-11
MGS 03/27	3.142	1	3.259	17/01/2020	-12
MGS 05/27	3.125	160	3.076	22/01/2020	5
MGS 11/27	3.163	125	3.157	22/01/2020	1
MGS 06/28	3.185	90	3.162	22/01/2020	2
MGS 08/29	3.164	473	3.167	22/01/2020	0
MGS 04/30	3.252	20	3.374	22/01/2020	-12
MGS 06/31	3.321	30	3.413	22/01/2020	-9
MGS 04/33	3.335	180	3.519	21/01/2020	-18
MGS 11/33	3.363	70	3.504	22/01/2020	-14
MGS 07/34	3.248	561	3.358	22/01/2020	-11
MGS 06/38	3.500	62	3.632	22/01/2020	-13
MGS 05/40	3.437	80	3.576	20/01/2020	-14
MGS 03/46	3.854	64	4.005	22/01/2020	-15
MGS 07/48	3.815	149	4.019	21/01/2020	-20
GII 04/20	2.810	89	2.812	22/01/2020	0
GII 04/20	2.793	35	2.794	22/01/2020	0
GII 05/20	2.801	475	2.800	22/01/2020	0
GII 03/21	2.825	90	3.008	22/01/2020	-18
GII 08/21	2.861	20	3.015	17/01/2020	-15
GII 03/22	2.928	60	3.083	22/01/2020	-16
GII 04/22	2.958	10	2.939	22/01/2020	2
GII 11/22	2.951	20	3.097	16/01/2020	-15
GII 05/23	2.910	22	3.062	07/01/2020	-15
GII 10/23	2.965	60	3.146	22/01/2020	-18
GII 11/23	2.967	180	2.986	22/01/2020	-2
GII 10/24	3.058	440	3.189	22/01/2020	-13
GII 08/25	3.106	90	3.112	22/01/2020	-1
GII 10/25	3.123	40	3.240	15/01/2020	-12
GII 03/26	3.145	6	3.152	22/01/2020	-1
GII 07/27	3.303	10	3.303	22/01/2020	0
GII 10/28	3.210	280	3.348	21/01/2020	-14
GII 07/29	3.227	660	3.181	22/01/2020	5
GII 06/33	3.420	244	3.430	22/01/2020	-1
GII 08/33	3.424	50	3.433	22/01/2020	-1
GII 11/34	3.369	400	3.506	22/01/2020	-14
GII 10/35	3.498	40	3.605	17/01/2020	-11
GII 08/37	3.537	70	3.676	22/01/2020	-14
GII 09/39	3.522	210	3.559	22/01/2020	-4
GII 05/47	3.900	380	4.023	21/01/2020	-12
GII 11/49	3.869	100	4.008	17/01/2020	-14
		<u>8517</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	09/27	GG	3.327	20	3.432	20/01/2020	-11	18
Prasarana Malaysia Berhad	12/27	GG	3.450	10	3.450	21/01/2020	0	30
DanaInfra Nasional Berhad	05/28	GG	3.460	40	3.653	13/11/2019	-19	31
Pelabuhan Tanjung Pelepas Sdn Berhad	11/33	GG	3.579	100	4.890	31/10/2018	-131	29
Perbadanan Tabung Pendidikan Tinggi Nasiona	02/34	GG	3.508	20	3.571	22/01/2020	-6	22
DanaInfra Nasional Berhad	02/49	GG	3.979	50	4.110	08/01/2020	-13	53
DanaInfra Nasional Berhad	11/49	GG	3.984	15	4.091	21/01/2020	-11	53
Danga Capital Berhad	04/20	AAA	3.136	50	3.236	14/01/2020	-10	32
Aman Sukuk Berhad	04/22	AAA	3.263	50	3.339	08/01/2020	-8	41
Manjung Island Energy Berhad	11/24	AAA	3.381	15	3.618	27/11/2019	-24	38
Putrajaya Holdings Sdn Berhad	05/26	AAA	3.488	10	3.688	25/11/2019	-20	41
Pengurusan Air SPV Berhad	06/29	AAA	3.670	4	3.616	15/01/2020	5	50
Sarawak Energy Berhad	04/31	AAA	3.579	10	3.808	26/12/2019	-23	42
Sarawak Energy Berhad	12/32	AAA	3.649	40	3.718	22/01/2020	-7	36
Danga Capital Berhad	01/33	AAA	3.694	20	3.764	16/01/2020	-7	40
TNB Northern Energy Berhad	05/33	AAA	3.739	20	4.030	22/07/2019	-29	45
Danga Capital Berhad	09/33	AAA	3.711	10	3.749	22/01/2020	-4	42
TNB Northern Energy Berhad	11/33	AAA	3.759	20	3.996	18/12/2019	-24	47
TNB Northern Energy Berhad	05/36	AAA	3.849	10	3.879	11/09/2019	-3	56
Tenaga Nasional Berhad	08/38	AAA	3.887	40	3.959	22/01/2020	-7	44
MBSB Bank Berhad (fka Asian Finance Bank E	12/20	AA1	3.489	10	3.528	13/12/2019	-4	67
YTL Power International Berhad	05/27	AA1	3.862	130	3.938	22/01/2020	-8	74
TRIpIc Medical Sdn Berhad	10/32	AA1	4.009	10	4.209	22/10/2019	-20	72
Alliance Bank Malaysia Berhad	10/25	A2	3.844	0	3.992	22/01/2020	-15	77
IJM Land Berhad	03/19	A2	4.488	20	4.617	13/01/2020	-13	104
IJM Land Berhad	03/19	A2	4.401	1	4.845	14/01/2020	-44	95
Anih Berhad	11/22	AA	3.475	10	3.666	18/09/2019	-19	60
Anih Berhad	11/23	AA	3.523	15	3.920	09/08/2019	-40	56
Anih Berhad	11/24	AA	3.564	15	3.777	03/01/2020	-21	57
Anih Berhad	11/25	AA	3.636	10	3.727	16/01/2020	-9	56
CIMB Group Holdings Berhad	12/25	AA	3.847	1	3.856	04/11/2019	-1	77
Sime Darby Plantation Sdn Bhd	03/16	AA	3.728	30	3.902	08/11/2019	-17	28
Jimah East Power Sdn Berhad	12/29	AA-	3.947	20	4.238	20/11/2019	-29	79
Bank Islam Malaysia Berhad	04/25	A1	3.277	10	3.406	25/09/2019	-13	28
YNH Property Berhad	08/19	-	6.462	7	6.462	22/01/2020	0	301
Eco World International Berhad	04/23	-	5.942	3	5.449	22/01/2020	49	307
Imtiaz Sukuk II Berhad	05/20	AA2	3.098	15	3.343	24/10/2019	-25	28
AmBank (M) Berhad	06/20	AA2	3.291	1	3.361	21/11/2019	-7	47
Bumitama Agri Ltd	07/24	AA3	3.679	5	3.694	22/01/2020	-2	72
Tanjung Bin Energy Issuer Berhad	03/31	AA3	3.828	20	4.049	18/12/2019	-22	67
Edra Energy Sdn Berhad	01/32	AA3	4.208	15	4.035	06/12/2019	17	105
CIMB Group Holdings Berhad	04/60	AA3	3.848	1	3.763	27/12/2019	9	40
				<u>901</u>				

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

Market/Corporate News: What's Brewing

Investors are going bargain hunting in Malaysia as they expect government policy changes to start bearing fruit. Global funds from Aviva Investors to BNP Paribas SA are picking out cheap deals in the country after its benchmark stock index had the worst year since 2008. Sentiment appears to be on the mend as inflows into Malaysian equities swell to US\$121mil so far in January, the biggest monthly purchase in a year. Prime Minister Tun Dr Mahathir Mohamad has sought to rein in debt, restructure state-linked firms and spur economic growth since returning to power two years ago. That has led to billion-dollar projects being revised or cancelled and leadership changes at the country's biggest companies – moves that have roiled the markets. Still, the worst may be over. “I consider Malaysia a rare gem as there are not many opportunities in this region where you get to invest in a market with a new government carrying out reforms,” said Clint Loh, a regional fund manager at Phillip Capital Management Sdn Bhd. “Others appear to flee on herd mentality, but there are pockets of opportunities to generate returns on this backdrop.” Sentiment also got a boost after the central bank rolled out measures to deepen onshore markets ahead of a decision by FTSE Russell on

whether to retain ringgit bonds in its World Government Bond Index. On Wednesday, policymakers unexpectedly cut the benchmark rate to the lowest since 2011. Malaysia's economy is set to expand 4.8% this year, from an estimated 4.7% in 2019, as receding trade-war concerns and infrastructure spending spurs investment. So far, 2020 has been good to some Malaysian assets. The ringgit has gained 0.6%, the best performance in Asia after Indonesia's rupiah and the Chinese yuan. The yield on benchmark 10-year bonds has dropped 15 basis points, while the FBM KLCI of stocks has declined 1%. (Source: *The Star*)

Malayan Cement Bhd, formerly known as Lafarge Malaysia Bhd, has obtained its minority shareholders' greenlight to go ahead with RM1.87 billion worth of related-party transactions (RPTs) with its new controlling shareholder, YTL Cement Bhd. The approval at the company's extraordinary general meeting yesterday is notable, considering the minorities had previously blocked RM3.51 billion worth of RPTs with YTL Cement last September, just three months after YTL Cement took control of 76.98% of then Lafarge Malaysia. YTL Cement is 98% owned by YTL Corp Bhd. Amanah Saham Bumiputera is the second largest shareholder of Malayan Cement, with 8.24%, according to Bloomberg data. "Last time, we rushed for it, thinking it was a boilerplate [issue], and we wanted to quickly synergise [the companies] together. But the sum looked very big ... this time, we explained it [to minority shareholders]. People will worry about certain issues if we do not explain them well. They (the minority shareholders) might think it is a disadvantage to them. Now, they understand this (the RPTs) is for the good of Malayan Cement. So, we got the approval," Malayan Cement executive chairman Tan Sri Dr Francis Yeoh Sock Ping told *The Edge Financial Daily* yesterday. According to Malayan Cement's circular to shareholders, the proposed new mandate would allow the company to deal with YTL Cement on, among others, the sale and purchase of materials such as clinker, cement, aggregates, sand and concrete products. A total of 98 shareholders representing 99.995% of voted shares were in favour of the RPTs, while three shareholders representing the balance 0.005% voted shares were against it. Positive indicators seen On prospects for the loss-making company this year, Yeoh, who is also executive chairman at YTL Corp, said things are looking "bright". "We are starting to see some positive indicators in the take-up, in terms of the orders of cement," he said. Yeoh also pointed to the government's plan to use up the balance of its 2019 development budget this year, on top of the year's allocated development expenditure, which Finance Minister Lim Guan Eng previously said would create a double-barrel effect. "This should have an impact [on the industry and Malayan Cement's outlook]," he said, adding he is confident of turning Malayan Cement around. "If you look at our track record, when a company loses money, we [are able to make it] lose less, because we are very efficient. When we took over a company like this in the past, we turned it around quite fast, within a year and a half or two years. We will do exactly what we had done before," he said. For the three months ended Sept 30, 2019, Malayan Cement reported a net loss of RM37.3 million, on revenue of RM465.89 million. For the cumulative nine months, it recorded a net loss of RM132.65 million, on RM1.48 billion revenue. There are no comparative figures as the group has changed its financial year end from Dec 31 to June 30. According to its annual report, Malayan Cement had been loss-making for two straight financial years. For the financial year 2017 (FY17) ended Dec 31, it reported a net loss of RM213.59 million, which expanded to RM318.87 million for FY18, as revenue declined from RM2.25 billion to RM2.12 billion. YTL Corp sprang a surprise last year when it took up a controlling stake in then rival Lafarge Malaysia via YTL Cement. Starting with a 51% stake buy for RM1.63 billion or RM3.75 per share from Swiss cement giant LafargeHolcim Ltd, which was seeking to exit the Malaysian market, YTL Cement ended up with a 76.98% stake in Lafarge Malaysia following the end of the mandatory general offer it had to extend for the rest of the shares it did not own in the target company. All in, YTL Cement spent RM2.46 billion on the deal. The acquisition, completed in June, made YTL Group the country's largest cement maker today.. (Source: *The Edgemarkets*)

Rating Action

Issuer	PDS Description	Rating/Outlook	Action
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FIXED INCOME

January 24, 2020



TG Excellence Berhad	Proposed RM3.0 billion Perpetual Sukuk Wakalah Programme.	AA-IS	Assigned
Cahaya Mata Sarawak Berhad	RM2.0 bil Islamic MTN Programme (2017/2037)	AA3/Stable	Reaffirmed
Konsortium ProHAWK Sdn Bhd	M900 million Islamic MTN Programme (2013/2033)	AA2/Stable	Reaffirmed
Malayan Banking Berhad/ Maybank Islamic Berhad/ Maybank Investment Bank Berhad	Financial institution rating	AAA/Stable/P1	Reaffirmed

Source: RAM, MARC

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