

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.16	0
5-yr UST	0.39	1
10-yr UST	0.84	3
30-yr UST	1.56	3

MGS			GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)	
3-yr	1.83	0	1.97	0	0
5-yr	2.13	-1	2.29	-1	-1
7-yr	2.45	-3	2.54	0	0
10-yr	2.65	-1	2.64	2	2
15-yr	3.17	3	3.27	3	3
20-yr	3.48	0	3.51	0	0
30-yr	4.07	3	4.12	0	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.91	0
3-yr	2.01	0
5-yr	2.20	0
7-yr	2.35	-2
10-yr	2.58	-4

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended weaker on Monday, pressured by additional upbeat news regarding potential COVID-19 vaccine discovery coupled with record-sized auctions for both the UST 2Y and 5Y. The curve steepened as overall benchmark yields closed between 0-3bps higher across the curve. The UST 2Y closed within 1bps higher at 0.16% whilst the much-watched 10Y rose 3bps at 0.84%. Meanwhile the UST auctions turned in mixed results with the \$56b 2Y auction yielding 0.165% on a BTC ratio of 2.71x (previous 6 auctions average: 2.11x) whilst the \$57b 5Y notched 0.397% on a BTC ratio of 2.38x (previous 6 auctions average: 2.47x) Separately, President-elect Biden has chosen former Fed Chair Janet Yellen as the new Treasury Secretary. She was known to have kept rates at zero for a long duration during her tenure and is expected to be a proponent of additional fiscal stimulus.

MGS/GII

- Local govies ended mostly mixed on Monday amid a slightly higher secondary market volume of RM1.04b. Overall benchmark yields ended between -3 to +3bps across the curve with the belly ending richer. Both the 5Y MGS 9/25 and the 10Y MGS 4/31 yields edged 1bps lower at 2.13% and 2.65% respectively. Some interest was seen in off-the-run 21's and also benchmark 5Y MGS/GII. GII bond trades eased to form 24% of overall trades. Domestic bond purchases by EM central banks have partly caused the resilience of this year's performance by further suppressing interest rate volatility. Expect some attention to shift to the October inflation figures tomorrow.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk however saw a drastic drop in investor interest resulting in the fall of secondary market volume at RM187m with some interest seen along the GG-AAA part of the curve. Overall yields closed mostly higher in about 18 various bonds. Govt-guaranteed MDV 1/22 say yields fall sharply compared to previous done levels at 2.03% whilst PRASA 12/32 rose 5bps instead at 3.22%. AAA-rated DANUM and DANGA 27's rose 22bps and 2bps each between 2.84-85% levels. Additional tranches of DANUM i.e. the 5/30 and 2/34 saw a rise of 4bps each at 3.09% and 3.48% respectively. The longer-end SEB 4/36 edged 2bps higher at 3.57%. The AA-space saw EDRA 34's rally sharply on yields to close between 4.01-05%. Meanwhile, the banking space saw nil trades.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 02/21	1.580	16	1.492	12/11/2020	9
MGS 07/21	1.520	172	1.500	19/11/2020	2
MGS 09/21	1.560	3	1.592	19/11/2020	-3
MGS 11/21	1.630	50	1.585	20/11/2020	4
MGS 03/22	1.704	5	1.723	20/11/2020	-2
MGS 03/23	1.832	24	1.834	20/11/2020	0
MGS 04/23	1.841	2	1.845	20/11/2020	0
MGS 06/24	2.056	2	2.033	20/11/2020	2
MGS 07/24	2.083	53	2.076	20/11/2020	1
MGS 09/24	2.062	24	2.078	20/11/2020	-2
MGS 09/25	2.128	183	2.139	20/11/2020	-1
MGS 04/26	2.270	9	2.309	20/11/2020	-4
MGS 07/26	2.336	5	2.362	20/11/2020	-3
MGS 11/26	2.366	18	2.356	20/11/2020	1
MGS 05/27	2.450	46	2.476	20/11/2020	-3
MGS 11/27	2.494	24	2.531	20/11/2020	-4
MGS 08/29	2.717	1	2.744	20/11/2020	-3
MGS 04/30	2.736	1	2.750	18/11/2020	-1
MGS 04/31	2.651	70	2.664	20/11/2020	-1
MGS 06/31	2.840	4	2.861	20/11/2020	-2
MGS 04/33	3.223	31	3.116	19/11/2020	11
MGS 11/33	3.190	10	3.206	20/11/2020	-2
MGS 07/34	3.172	12	3.146	20/11/2020	3
MGS 05/35	3.313	1	3.310	20/11/2020	0
MGS 05/40	3.476	1	3.476	20/11/2020	0
MGS 09/43	3.935	1	3.989	20/11/2020	-5
MGS 03/46	4.039	1	4.040	20/11/2020	0
MGS 06/50	4.065	30	4.035	20/11/2020	3
GII 04/22	1.765	2	1.730	18/11/2020	3
GII 08/25	2.200	2	2.133	19/11/2020	7
GII 03/26	2.287	223	2.294	20/11/2020	-1
GII 07/27	2.536	10	2.507	20/11/2020	3
GII 10/30	2.644	2	2.624	19/11/2020	2
GII 11/34	3.269	10	3.244	18/11/2020	2
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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*	
Malaysia Debt Ventures Berhad	01/22	GG	2.029	30	2.749	05/03/2020	-72	43
Prasarana Malaysia Berhad	12/32	GG	3.221	10	3.169	15/07/2020	5	57
Aman Sukuk Berhad	04/24	AAA	2.523	20	2.644	11/08/2020	-12	69
Aman Sukuk Berhad	05/27	AAA	2.889	5	2.750	07/09/2020	14	57
Danum Capital Berhad	05/27	AAA	2.840	5	2.618	07/08/2020	22	52
Danga Capital Berhad	09/27	AAA	2.850	5	2.830	12/11/2020	2	41
Pengurusan Air SPV Berhad	10/29	AAA	3.059	10	2.920	14/08/2020	14	41
Danum Capital Berhad	05/30	AAA	3.090	5	3.049	14/10/2020	4	44
Manjung Island Energy Berhad	11/30	AAA	3.099	20	3.039	23/10/2020	6	45
Danum Capital Berhad	02/34	AAA	3.479	40	3.444	17/11/2020	4	31
Sarawak Energy Berhad	04/36	AAA	3.569	10	3.549	16/11/2020	2	40
Edra Energy Sdn Berhad	01/34	AA3	4.011	10	4.218	03/07/2020	-21	84
Edra Energy Sdn Berhad	07/34	AA3	4.049	10	4.789	02/04/2020	-74	88
Dialog Group Berhad	11/20	A1	3.943	2	3.903	17/11/2020	4	47
Eco World International Berhad	04/23	-	5.883	1	5.843	21/10/2020	4	416
YNH Property Berhad	08/19	-	6.522	1	6.524	13/11/2020	0	305
WCT Holdings Berhad	05/22	AA-	3.877	3	3.897	12/11/2020	-2	228
MMC Corporation Berhad	03/28	AA-	3.904	1	3.903	20/11/2020	0	147
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Sunway Real Estate Investment Trust's (REIT) net property income (NPI) for the three months ended Sept 30, 2020 (1QFY21) stood at RM68.09 million, down 42.8% year-on-year (y-o-y) from RM119.07 million in the corresponding three months a year ago, as it saw lower contributions from its retail and hotel segments. Revenue was down 30.8% y-o-y to RM107.44 million from RM155.35 million, its filing with Bursa Malaysia showed. The quarter is classified as "other" as the REIT had recently changed its financial year end to Dec 31, from June 30. In particular, it noted that its retail segment saw lower revenue due to its ongoing rental support programme, while the hotel segment was affected by the closure of Sunway Resort Hotel to undertake phased refurbishment and the loss of business due to inbound travel restrictions. On Oct 12, the REIT announced an interim income distribution of 90 sen per unit for the quarter — down 64% from the corresponding quarter last year — which it paid in advance on Nov 10, prior to the issuance of new units under a private placement exercise. It raised RM710 million from the exercise, which was completed on Oct 28, with part of the proceeds used to complete the acquisition of The Pinnacle Sunway on Nov 20. On a quarter-on-quarter (q-o-q) basis, the REIT's NPI is down 12.3% from RM77.61 million in the three months ended June 30, as it recorded higher property operating expenses, mainly due to the provision of doubtful debts for the retail segment. Still, its latest revenue is up 2.4% q-o-q from RM104.93 million, as retail tenants and hotel operators progressively resumed business operations under the Recovery Movement Control Order (RMCO) that started from June 10. "We are encouraged by the recovery in the retail footfall during the RMCO period. That said, tenants' sales have not fully recovered to pre-pandemic level and it is imperative to continue to support our tenants to survive through this difficult period," said the REIT manager's chief executive officer Datuk Jeffrey Ng in a statement. "The reimposition of Conditional Movement Control Order in the Klang Valley and selective states in Malaysia amidst the recent resurgence of Covid-19 transmission is hindering the recovery process for the quarter ending Dec 31, 2020, particularly for the retail and hotel segments. These cyclical segments are more vulnerable to any tightening measures imposed in managing the containment of the pandemic," Ng added. Having said that, he noted that the recent recovery during the RMCO in June suggests these segments are on track for a gradual recovery in the later part of the financial period when the pandemic stabilises. "Sunway REIT's earnings are also partially cushioned by its diversified asset portfolio and new income contribution from the recently acquired The Pinnacle Sunway," Ng said. Going forward, despite the prevailing tough operating environment, the REIT will continue to pursue its midterm aspirations that include growing its property value to RM15 billion by financial year 2025, as outlined in its TRANSCEND 2025 plan. "We see opportunities of asset disposals by vendors with stretched balance sheet, demand for assets within the emerging sub-sectors as well as mergers and acquisitions opportunities," Ng added.. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Sunsuria Berhad	RM500.0 million Sukuk Wakalah Programme	A+ IS/Stable	Assigned
Manulife Holdings Berhad	Corporate credit rating	AA3/Stable/P	Reaffirmed
Toyota Capital Malaysia Sdn Bhd	RM2.5 billion Conventional and Islamic CP/MTN Programme.	AAA(s)/Stable/P1(s)	Reaffirmed

Source: RAM, MARC

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