

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.12	1
5-yr UST	0.37	1
10-yr UST	0.95	3
30-yr UST	1.69	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.88	-2	1.93	0
5-yr	2.11	-1	2.25	0
7-yr	2.38	0	2.50	0
10-yr	2.69	2	2.80	0
15-yr	3.26	1	3.35	0
20-yr	3.47	0	3.62	0
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	2.05	-2
5-yr	2.23	-2
7-yr	2.39	0
10-yr	2.63	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- Investors generally exited safe havens assets overnight as an upcoming Brexit deal boosted overall sentiment ahead of Christmas day. British and EU negotiators were reportedly to have made compromise on the ever thorny issue of fishing rights, paving way for a much anticipated agreement. US benchmark treasury yields rose 1 to 4bps across the curve where the spread between 2Y and 10Y yields steepened to the largest since Oct 2017. This was despite weaker US economic data (declines in personal spending & income, new home sales and still-elevated jobless claims number). Global yields rose generally on Brexit optimism. Yields jumped sharply in the UK as investors sold British gilts; the benchmark 10Y yield surged by 10bps. Yield on German 10Y government bond also picked up by nearly 5bps. The US bond market is expected to close earlier on Christmas' Eve.

MGS/GIII

- On Wednesday, local govies saw the front-end stronger as opposed to the belly and the long-ends as overall benchmark yields closed mostly mixed between -2 to +2bps amid a sustained secondary market volume of ~RM2.24b. The 5Y MGS 9/25 yield edged 1bp lower at 2.11% while the 10Y MGS 4/31 rose 2bps at 2.69%. Interest was mainly seen in the off-the-run 21', 23', 25's as well as 24' and 28's GII. GII bond trades jumped further to 45% 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 volume to remain low ahead of Christmas Day and long weekend.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw interest wane ahead of the year-end festivities with expectations of low staffing levels. Secondary market volume notched a mere RM273m with some interest seen across the GG to AA-part of the curve as overall yields closed mostly mixed in trades involving only 14 various bonds. Both govt-guaranteed DANA 3/27 and PTPTN 2/34 spiked 14-27bps compared to previous-done levels at 2.68% and 3.57% respectively. The AAA-rated space saw TELEKOM and MANJUNG 23's rally sharply on yields between 2.31-33%. The AA-rated sector saw KLK 9/29 edge 1bps lower at 3.25% on RM40m in noinal amounts. Meanwhile the banking space saw BPMB 11/26 rise 21bps instead at 2.91%. Expect activity to be subdued in the coming days as the year draws to a close.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.719	2	1.689	22/12/2020	3
MGS 09/21	1.734	182	1.713	22/12/2020	2
MGS 11/21	1.751	46	1.691	22/12/2020	6
MGS 03/22	1.722	4	1.771	22/12/2020	-5
MGS 03/23	1.890	180	1.892	22/12/2020	0
MGS 04/23	1.916	172	1.898	22/12/2020	2
MGS 07/24	2.034	20	2.037	22/12/2020	0
MGS 09/24	2.055	123	2.076	22/12/2020	-2
MGS 03/25	2.105	290	2.049	22/12/2020	6
MGS 09/25	2.117	21	2.125	22/12/2020	-1
MGS 07/26	2.295	10	2.281	22/12/2020	1
MGS 11/26	2.250	23	2.255	22/12/2020	0
MGS 11/27	2.380	1	2.411	22/12/2020	-3
MGS 06/28	2.403	10	2.399	22/12/2020	0
MGS 08/29	2.624	38	2.623	22/12/2020	0
MGS 04/31	2.687	21	2.665	22/12/2020	2
MGS 04/33	3.200	10	3.210	21/12/2020	-1
MGS 11/33	3.263	5	3.264	22/12/2020	0
MGS 07/34	3.256	69	3.244	22/12/2020	1
GII 03/22	1.810	50	1.810	22/12/2020	0
GII 07/22	1.851	20	1.822	22/12/2020	3
GII 11/22	1.920	130	1.926	22/09/2020	-1
GII 05/23	1.925	136	1.926	22/12/2020	0
GII 07/23	1.922	103	1.994	14/12/2020	-7
GII 11/23	2.074	40	2.031	16/12/2020	4
GII 10/24	2.138	180	2.129	22/12/2020	1
GII 08/25	2.159	4	2.205	22/12/2020	-5
GII 07/27	2.530	11	2.515	22/12/2020	1
GII 09/27	2.500	40	2.480	21/12/2020	2
GII 10/28	2.683	260	2.684	18/12/2020	0
GII 10/30	2.796	5	2.798	22/12/2020	0
GII 08/37	3.670	30	3.672	26/11/2020	0
		<u>2236</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*	
Danainfra Nasional Berhad	03/27	GG	2.680	10	2.540	24/09/2020	14	41
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	3.570	20	3.301	20/10/2020	27	32
Manjung Island Energy Berhad	11/22	AAA	2.308	10	2.295	11/12/2020	1	50
Telekom Malaysia Berhad	08/23	AAA	2.331	50	3.481	03/01/2020	-115	43
Manjung Island Energy Berhad	11/23	AAA	2.422	10	2.649	10/07/2020	-23	52
Bank Pembangunan Malaysia Berhad	11/26	AAA	2.913	20	2.700	02/09/2020	21	64
Tenaga Nasional Berhad	08/40	AAA	3.880	15	3.899	17/12/2020	-2	41
Abu Dhabi National Energy Company PJSC	03/22	AA1	3.136	10	3.188	02/12/2020	-5	142
GENM Capital Berhad	03/22	AA1	2.993	15	3.149	15/10/2020	-16	128
Kuala Lumpur Kepong Berhad	09/29	AA1	3.247	40	3.259	16/12/2020	-1	62
United Overseas Bank (Malaysia) Berhad	08/30	AA1	3.141	1	3.081	14/12/2020	6	46
Imtiaz Sukuk II Berhad	10/27	AA2	3.259	1	3.177	15/10/2020	8	89
Fortune Premiere Sdn Berhad	09/25	AA	3.165	70	3.165	21/12/2020	0	104
Mumtaz Rakyat Sukuk Berhad	06/26	AA3	2.591	1	2.609	17/12/2020	-2	47
			<u>273</u>					

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

Market/Corporate News: What's Brewing

With the recent relaxation on domestic travel, Malaysia Airports Holdings Bhd (MAHB) is expecting an increase in passengers at its network of airports during the upcoming long holidays. "Our main hub, KL International Airport (IATA code: KUL) is expecting more than 99,000 domestic passengers and 19,000 international passengers for the period between Dec 24-31, 2020, a four-fold increase from the same period last month. "As such, airports nationwide have increased their vigilance to ensure that all safety measures that have been put in place are well implemented so that passengers are assured of a safe and joyful travel experience in the new normal," said MAHB group chief executive officer Datuk Mohd Shukrie Mohd Salleh in a statement. Mohd Shukrie said MAHB's airports are ready to accommodate the increase in passenger movement with the strictest compliance to the new standard operating procedures (SOPs). "Our airport frontliners will be on the ground to help passengers and ensure the processes at each touchpoint are carried out efficiently and for their utmost safety. "As we strive to provide the best service to all our guests, we would like to remind all passengers to also play their part in adhering to the new norms of travelling, that is by wearing face masks, practising physical distancing and frequently sanitising and washing hands to keep them clean," he added. To ensure a seamless journey this holiday season, MAHB has issued a travel advisory for all guests during the busy period. In this regard, passengers are reminded to check respective airlines on the latest flight schedule; their eligibility to travel based on the latest SOPs announced by the government; requirements for any additional documents or medical tests (COVID-19 swab test) needed before arriving at the airport, and to arrive at least three hours before the flight departure time. (Source: *The Edge Markets*)

With the rally in crude palm oil (CPO) prices owing to stronger global demand and lower production, the world's two largest palm oil exporting countries, Indonesia and Malaysia, are taking advantage of the higher prices through increased taxes on the commodity. In just weeks after Indonesia raised its taxes on CPO exports, Malaysia has followed suit by re-imposing the export duty on the vegetable oil starting January 2021 at a rate of 3%-8% for CPO prices above RM2,250 per tonne. The government has previously exempted the CPO export duty from July to December 2020 under the Penjana stimulus package. In addition to the export duty, oil palm growers may also face additional RM5 cess on every tonne of CPO and crude palm kernel oil (CPKO) produced next year, as compared to RM14 currently. The one-off cess, proposed by the Malaysian Palm Oil Board, is also slated to be effective from January. (Source: *Staronline*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Tenaga Nasional Berhad	RM2.0 billion Al-Bai' Bithaman Ajil Islamic Financing Bonds (sukuk)	AAA/Stable	Affirmed
Kuwait Finance House (Malaysia) Berhad	Financial Institution (FI) Ratings	AA+/MARC-1/Stable	Affirmed
Kenanga Investment Bank	Financial Institution (FI) Ratings	A+/MARC-1/Stable	Affirmed
Leader Energy Sdn Bhd	RM260b ASEAN Green Sustainable and Responsible Investment (SRI) Sukuk Wakalah	AA-is/Stable	Affirmed

Source: RAM, MARC

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