

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries ended mostly weaker on Tuesday, as the commencement of the presidential transition spurred appetite for risk assets; sending equities to a record high and oil above \$45/ barrel. President-elect Biden was allowed to start talking to federal agency officials and prepare to move into the White House and is also set to nominate former Fed Chair Janet Yellen as US Treasury Secretary. The curve continued to steepen as overall benchmark yields closed between 0-5bps higher across the curve. The UST 2Y closed within 1bps higher at 0.16% whilst the much-watched 10Y rose 3bps at 0.87%. Meanwhile the record-sized UST auction of \$56b 7Y benefitted from month-end extensions and recent cheapening on curve; yielding 0.653% on a BTC ratio of 2.37x (previous 6 auctions average: 2.44x). Meanwhile the economic calendar is laden with upcoming data releases such as Q32020 GDP revision, weekly jobless claims and October durable goods and new home sales.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.16	0
5-yr UST	0.39	0
10-yr UST	0.87	3
30-yr UST	1.61	5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.85	2	1.94	-3
5-yr	2.13	0	2.29	0
7-yr	2.46	1	2.54	0
10-yr	2.65	0	2.64	0
15-yr	3.19	2	3.29	2
20-yr	3.51	3	3.55	4
30-yr	4.06	0	4.18	6

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.91	0
3-yr	2.03	2
5-yr	2.20	0
7-yr	2.40	4
10-yr	2.61	3

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

##### MGS/GIII

- Local govies ended mostly weaker on Tuesday amid a slight uptick in secondary market volume at RM1.27b. Overall benchmark yields ended between 0-6bps across the curve save for the short 3Y GII. Both the 5Y MGS 9/25 and the 10Y MGS 4/31 yields edged within 1bps higher at 2.13% and 2.65% respectively. Some interest was seen in longer-ends that included the benchmark 10Y, 30Y MGS/GII. GII bond trades rose to form 32% of overall trades. It is believed that lower forex volatility in the form of a currency-hedged approach may help continue the drive for offshore carry in EM local rates which have seen active participation by EM central banks as well. Expect some attention to shift to the October inflation figures today.

##### Corp Bonds/Sukuk

- The Corporate Bond/Sukuk however saw a spike in investor interest with secondary market volume rising three-fold to RM606m with some interest seen along the GG to single-A part of the curve. Overall yields closed mostly mixed in about 28 various bonds. Govt-guaranteed LPPSA 24's saw RM70m in nominal trades; declining 6-12bps compared to previous done levels between 2.15-20%. AAA-rated TELEKOM 23-24's however rose 5-8bps between 2.33-42% levels. DANUM 5/30 edged 2bps up at 3.11%. The AA-space saw several energy-related bonds JEP, Southern Power and TADAU exchange hands. JEP 21's saw yields fall sharply at 2.63%. Meanwhile, the banking space saw AFFIN 27NC22 close 2-3bps lower between 3.31-39% area whilst CIMB Group perps 2116NC24 rallied 11bps at 3.10%.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.576	59	1.520	23/11/2020	6
MGS 09/21	1.541	50	1.560	23/11/2020	-2
MGS 11/21	1.632	52	1.630	23/11/2020	0
MGS 03/22	1.738	27	1.704	23/11/2020	3
MGS 03/23	1.845	41	1.832	23/11/2020	1
MGS 04/23	1.861	2	1.841	23/11/2020	2
MGS 08/23	1.891	9	1.879	20/11/2020	1
MGS 06/24	2.024	9	2.056	23/11/2020	-3
MGS 07/24	2.084	5	2.083	23/11/2020	0
MGS 09/24	2.071	20	2.062	23/11/2020	1
MGS 03/25	2.115	7	2.043	20/11/2020	7
MGS 09/25	2.132	13	2.128	23/11/2020	0
MGS 04/26	2.283	8	2.270	23/11/2020	1
MGS 11/26	2.379	1	2.366	23/11/2020	1
MGS 05/27	2.457	6	2.450	23/11/2020	1
MGS 11/27	2.471	5	2.494	23/11/2020	-2
MGS 06/28	2.547	5	2.574	20/11/2020	-3
MGS 08/29	2.749	89	2.717	23/11/2020	3
MGS 04/30	2.793	10	2.736	23/11/2020	6
MGS 04/31	2.654	133	2.651	23/11/2020	0
MGS 06/31	2.882	5	2.840	23/11/2020	4
MGS 04/33	3.185	62	3.223	23/11/2020	-4
MGS 07/34	3.191	21	3.172	23/11/2020	2
MGS 06/38	3.553	6	3.547	20/11/2020	1
MGS 05/40	3.507	90	3.476	23/11/2020	3
MGS 03/46	3.990	6	4.039	23/11/2020	-5
MGS 06/50	4.064	130	4.065	23/11/2020	0
GII 07/22	1.746	50	1.769	18/11/2020	-2
GII 05/23	1.943	47	1.970	20/11/2020	-3
GII 08/24	2.066	40	1.817	03/11/2020	25
GII 10/24	2.066	90	2.033	17/11/2020	3
GII 03/26	2.290	32	2.287	23/11/2020	0
GII 11/34	3.289	50	3.269	23/11/2020	2
GII 09/39	3.550	2	3.510	11/11/2020	4
GII 11/49	4.177	90	4.115	20/11/2020	6
		<u>1273</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*
DanaInfra Nasional Berhad	03/24	GG	2.150	10	2.341	14/07/2020	-19	31
Lembaga Pembiayaan Perumahan Sektor Awam	04/24	GG	2.148	40	2.207	14/08/2020	-6	31
Lembaga Pembiayaan Perumahan Sektor Awam	09/24	GG	2.197	30	2.318	17/09/2020	-12	16
Prasarana Malaysia Berhad	12/38	GG	3.651	30	3.600	09/10/2020	5	15
Puncak Wangi Sdn Berhad	11/21	AAA	2.930	70	2.930	19/11/2020	0	133
Berjaya Land Berhad	12/21	AAA	2.791	10	2.890	14/08/2020	-10	119
Telekom Malaysia Berhad	04/23	AAA	2.326	20	2.277	28/08/2020	5	60
Telekom Malaysia Berhad	03/24	AAA	2.422	20	2.344	03/09/2020	8	59
Bakun Hydro Power Generation Sdn Berhad (fka Sarav	08/25	AAA	2.689	20	2.681	06/11/2020	1	58
Aman Sukuk Berhad	05/27	AAA	2.869	10	2.889	23/11/2020	-2	55
Danum Capital Berhad	05/30	AAA	3.114	100	3.090	23/11/2020	2	47
Rantau Abang Capital Berhad	05/31	AAA	3.210	20	3.169	17/07/2020	4	55
Danga Capital Berhad	09/33	AAA	3.439	25	3.289	21/10/2020	15	26
Encorp Systembilt Sdn Berhad	11/21	AA1	2.319	10	2.319	20/11/2020	0	72
Samalaju Industrial Port Sdn Berhad	12/23	AA1	2.651	20	4.257	21/03/2019	-161	81
Fortune Premiere Sdn Berhad	10/25	AA	3.167	9	3.870	13/01/2020	-70	105
Pac Lease Berhad	03/21	AA3	2.605	30	3.302	04/03/2020	-70	100
Jimah Energy Ventures Sdn Berhad	11/21	AA3	2.626	10	4.428	18/01/2018	-180	102
Jimah Energy Ventures Sdn Berhad	11/21	AA3	2.627	10	2.692	29/09/2020	-7	103
Tadau Energy Sdn Berhad	07/23	AA3	3.305	8	3.324	16/11/2020	-2	147
Malaysian Resources Corporation Berhad	08/23	AA-	3.587	10	3.576	11/09/2020	1	175
Malaysian Resources Corporation Berhad	08/27	AA-	4.008	10	3.998	24/09/2020	1	156
Southern Power Generation Sdn Berhad	04/30	AA-	3.284	8	3.538	14/07/2020	-25	64
Southern Power Generation Sdn Berhad	10/34	AA-	3.760	10	3.758	17/11/2020	0	58
Southern Power Generation Sdn Berhad	10/35	AA-	3.880	10	3.880	17/11/2020	0	70
Affin Bank Berhad	02/27	A1	3.305	20	3.321	17/11/2020	-2	98
Affin Bank Berhad	09/27	A1	3.385	20	3.414	12/11/2020	-3	94
CIMB Group Holdings Berhad	05/16	A1	3.104	15	3.214	16/11/2020	-11	-40
				<u>606</u>				

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

## Market/Corporate News: What's Brewing

**While UEM Sunrise Bhd remained in the red in the third quarter ended Sept 30, 2020 (3QFY20), the net loss narrowed to RM28.87 million, from RM93.36 million in 2QFY20.** This was achieved on the back of a 94% jump in revenue to RM217.44 million, from RM111.96 million in 2QFY20, the group's stock exchange filing showed. The property developer said the higher revenue was due to higher sales and construction activities during the Recovery Movement Control Order (RMCO) where restrictions were relaxed. The lower loss was in line with higher revenue, the absence of costs on written down inventories and lower unfavourable share of results from joint ventures and associates, it added. UEM Sunrise's 3QFY20 performance however compares unfavourably against its 3QFY19 results. The group had reported a net profit of RM27.1 million in 3QFY19. The revenue then was RM327.61 million, up 33.63% compared with the 3QFY20 figure. The poorer top line and bottom line performance compared with 3QFY19 were due to lower contributions from both the group's international and domestic projects, as well as the slower completion of work during the MCO and Conditional MCO periods. Additionally, it saw an unfavourable share of results from joint ventures and associates. UEM Sunrise posted a net loss of RM144.17 million for the nine months ended Sept 30, 2020, compared with a net profit of RM97.56 million in the same period last year. Nine-month revenue fell to RM572.5 million, from RM1.75 billion a year ago. In a separate statement, UEM Sunrise said property sales had picked up in 3QFY20 on the back of its high-rise developments Residensi AVA in Kiara Bay, Residensi Astrea in Mont'Kiara and Residensi Solaris Parq in Dutamas, with an average take-up of some 70% at the end of September. Total sales plus commitment as at the end of October stood at RM700 million, with Residensi AVA being the main contributor, followed by Serene Heights Bangi and Estuari Gardens in

Puteri Harbour. UEM Sunrise said it launched RM250 million worth of properties to-date with plans to launch another RM700 million before the end of the year, the bulk of it from Residensi Allevia in Mont'Kiara, with a total gross development value (GDV) of RM545 million. "The two towers with 294 residential units have registered strong interests among potential buyers looking for expansive built-up areas," the group said. This is followed by Senadi Hillsin Iskandar Puteri with a total GDV of RM100 million, and Serene Heights Bangi (Phase 1F), with a GDV of RM50 million. The group said it is also focused on reducing inventories which as at Sept 30 is RM498 million. The group's unbilled sales as at the end of the period is RM1.7 billion. UEM Sunrise is maintaining its GDV and sales (including land sales) targets of RM1 billion each for the remaining part of the year. (Source: *The EdgeMarkets*)

**Tan Chong Motor Holdings Bhd narrowed its net loss to RM7.33 million for its third quarter ended Sept 30, 2020 (3QFY20), from RM79.36 million in 2QFY20, as it saw a rebound in vehicle sales following the lifting of movement restrictions.**

The sales tax exemption for locally assembled vehicles that took effect on June 15 also boosted sales. Revenue expanded by 88% quarter-on-quarter (q-o-q) to RM964.54 million from RM512.89 million, the Nissan car distributor's bourse filing today showed. It also announced an interim dividend of 1.5 sen per share, to be paid on Dec 28. Besides a stronger automotive segment, which saw a 91% q-o-q jump in revenue to RM940.3 million, its financial services segment recorded a 19% improvement in revenue to RM18.5 million, the group noted. Compared with the corresponding 3Q a year ago, however, the group fell into the red from a net profit position of RM9.25 million, when revenue was higher at RM1.05 billion. Meanwhile, for the cumulative nine months ended Sept 30, 2020, the group posted a net loss of RM95.96 million, versus a net profit of RM44.66 million a year earlier, as revenue dropped 31% to RM2.21 billion from RM3.2 billion. "The disruptions caused by the Covid-19 pandemic have led to a decline in automotive revenue and EBITDA (earnings before interest, taxes, depreciation and amortisation) compared to the preceding year," Tan Chong said. Going ahead, the group expects the government's full sales tax exemption for locally assembled vehicles and 50% exemption for imported completely built-up (CBU) vehicles from June 15 to Dec 31 to continue to benefit the industry for the remainder of the year. "However, the group expects challenging conditions ahead in view of the uncertainties surrounding the economic recovery in Malaysia as well as in the region. "In response to the challenging conditions caused by the pandemic, the group will continue to focus on optimising its operations and expects to mitigate the adverse impact through cost containment initiatives in order to maintain a sustainable financial position," it said. In the mean time, the group noted it launched its all-new Almera Turbo on Nov 1 across Malaysia, while two new models of its MG brand sport utility vehicle were introduced in Vietnam in August. "These highly anticipated new models are expected to drive sales growth for the group," it added.

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Sunway Berhad	RM2.0 billion Commercial Papers/Medium-Term Notes (CP/MTN) programmes	MARC-1/AA-/Stable	Affirmed
Sunway Treasury Sukuk Sdn Bhd	RM2.0 billion Sukuk Programme and RM10.0 billion Islamic Commercial Paper/Islamic Medium-Term Notes (ICP/IMTN) programmes	MARC-1IS(CG)/AA-IS(CG)	Affirmed
Sports Toto Malaysia Sdn Bhd	RM800.0 million 15-year Medium-Term Notes (MTN) Programme ending in 2032	AA-/Stable	Affirmed

Source: RAM, MARC

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