

Global Markets Research

Fixed Income

| UST | | |
|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) |
| 2-yr UST | 0.16 | 0 |
| 5-yr UST | 0.38 | 0 |
| 10-yr UST | 0.84 | -1 |
| 30-yr UST | 1.64 | -4 |

| MGS | | GII* | | |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr | 1.76 | 2 | 1.81 | -1 |
| 5-yr | 2.09 | 0 | 2.13 | 0 |
| 7-yr | 2.40 | 5 | 2.41 | 5 |
| 10-yr | 2.63 | 2 | 2.58 | 0 |
| 15-yr | 3.08 | 2 | 3.23 | 8 |
| 20-yr | 3.41 | 1 | 3.51 | -2 |
| 30-yr | 3.78 | -6 | 4.04 | 0 |

* Market indicative levels

| MYR IRS Levels | | |
|----------------|-------------|-----------|
| IRS | Closing (%) | Chg (bps) |
| 1-yr | 1.87 | 0 |
| 3-yr | 1.94 | 0 |
| 5-yr | 2.16 | 3 |
| 7-yr | 2.36 | 3 |
| 10-yr | 2.64 | 1 |

Source : Bloomberg

Upcoming Government Bond Tender

Re-opening of RM5.0b 5Y GII 3/26 on Tuesday, 27th Oct, 2020

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries continued to bounce back and forth last Friday in what was deemed a rather choppy session amid a bitterly contested US presidential election that entered its final week coupled with the dragging of agreement over the proposed economic stimulus bill. Between the White House, Democrats and Republicans. Overall benchmark yields ended again mixed between -4bps to +0.5bps from prior session's close with the long-ends richer. The UST 2Y ended within 1bps higher at 0.16% whilst the much-watched UST 10Y edged 1bps lower to 0.84%. The 5s30s spreads have seen the steepest levels since 2016 well-ahead of this Thursday's 1st reading of 3Q2020 GDP; estimated at ~32% annual pace. Expect some attention to shift to the upcoming UST auctions of 2Y, 5Y and also 7Y notes this week.

MGS/GII

- Local govies continued to close weaker on Friday amid a slight improvement in secondary market volume to RM1.33b. Overall benchmark yields closed mostly higher between 0-8bps across the curve save for the long bond with the benchmark 5Y MGS 9/25 closing within 1bps lower at 2.09% whilst the 10Y MGS 4/31 rose 2bps at 2.63%. Interest was seen in both the 5Y, 15Y benchmark MGS and also the longer-end benchmark GII's. GII bond trades increased to form 32% of overall trades. Separately financial markets were generally impacted last week by the delicate political situation and swirling news of a possible declaration of a state of emergency that could result in the suspension of the Parliament. However this has been denied and rejected by the nation's King and rulers at the time of writing. Expect some attention to shift to Wednesday's release of the September trade figures.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw strong investor appetite amid a sustained secondary market volume of RM614m with interest seen across the GG-AA part of the curve as overall yields closed mostly mixed-to-lower. Govt-guaranteed PTPTN 23-24's saw yields fall between 11-15bps compared to previous-done levels between 2.02-2.09% whilst DANA 7/24 edge 1bps higher instead on substantial RM80m in nominal amounts. The AAA-rated PUTRAJAYA Bina and AMAN 26's closed 8-18bps lower at 2.75-76% levels whilst TENAGA 8/38 eased 2bps lower at 3.59%. The AA-space saw energy-related bonds i.e. EDRA 24-26's also close lower between 3.22-36% area whilst the 7/28 tranche rose 4bps instead at at 3.53%. TANJUNG Bin Power 8/26 and 8/28 similarly saw yields decline at 3.12% and 3.29% each. The banking space saw ALLIANCE Bank 30NC25 and 35NC30 make their debut at 3.38% and 3.85% respectively.

Daily Trades : Government Bond

| Securities | Closing | Vol | Previous | Previous | Chg |
|------------|---------|-------------|----------|----------------------------|------|
| | YTM | (RM mil) | YTM | Trade Date (dd/mm/yyyy) | (bp) |
| MGS 07/21 | 1.430 | 60 | 1.419 | 22/10/2020 | 1 |
| MGS 09/21 | 1.450 | 80 | 1.471 | 21/10/2020 | -2 |
| MGS 11/21 | 1.552 | 12 | 1.557 | 22/10/2020 | 0 |
| MGS 03/22 | 1.607 | 1 | 1.631 | 21/10/2020 | -2 |
| MGS 08/22 | 1.702 | 101 | 1.678 | 22/10/2020 | 2 |
| MGS 03/23 | 1.759 | 10 | 1.736 | 22/10/2020 | 2 |
| MGS 08/23 | 1.817 | 2 | 1.794 | 22/10/2020 | 2 |
| MGS 07/24 | 1.922 | 4 | 1.914 | 22/10/2020 | 1 |
| MGS 09/24 | 1.938 | 1 | 1.943 | 22/10/2020 | -1 |
| MGS 03/25 | 2.031 | 2 | 2.056 | 16/10/2020 | -2 |
| MGS 09/25 | 2.093 | 159 | 2.096 | 22/10/2020 | 0 |
| MGS 11/26 | 2.261 | 39 | 2.257 | 22/10/2020 | 0 |
| MGS 05/27 | 2.397 | 78 | 2.348 | 22/10/2020 | 5 |
| MGS 11/27 | 2.380 | 10 | 2.389 | 22/10/2020 | -1 |
| MGS 06/28 | 2.510 | 1 | 2.498 | 22/10/2020 | 1 |
| MGS 08/29 | 2.654 | 50 | 2.620 | 22/10/2020 | 3 |
| MGS 04/31 | 2.632 | 72 | 2.610 | 22/10/2020 | 2 |
| MGS 06/31 | 2.789 | 18 | 2.765 | 22/10/2020 | 2 |
| MGS 04/33 | 3.104 | 20 | 3.072 | 22/10/2020 | 3 |
| MGS 07/34 | 3.084 | 156 | 3.068 | 22/10/2020 | 2 |
| MGS 04/37 | 3.436 | 1 | 3.339 | 22/10/2020 | 10 |
| MGS 06/38 | 3.536 | 5 | 3.549 | 21/10/2020 | -1 |
| MGS 05/40 | 3.412 | 19 | 3.397 | 22/10/2020 | 2 |
| MGS 09/43 | 3.846 | 1 | 3.875 | 22/10/2020 | -3 |
| MGS 07/48 | 3.974 | 3 | 3.955 | 22/10/2020 | 2 |
| GII 11/20 | 1.588 | 5 | 1.638 | 20/10/2020 | -5 |
| GII 03/22 | 1.638 | 4 | 1.620 | 19/10/2020 | 2 |
| GII 05/23 | 1.809 | 17 | 1.813 | 22/10/2020 | 0 |
| GII 10/24 | 1.988 | 10 | 1.974 | 21/10/2020 | 1 |
| GII 09/27 | 2.413 | 20 | 2.359 | 22/10/2020 | 5 |
| GII 07/29 | 2.715 | 40 | 2.687 | 22/10/2020 | 3 |
| GII 11/34 | 3.230 | 120 | 3.151 | 20/10/2020 | 8 |
| GII 09/39 | 3.506 | 150 | 3.522 | 21/10/2020 | -2 |
| GII 11/49 | 4.038 | 60 | 4.035 | 20/10/2020 | 0 |
| | | <u>1331</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 | 05/23 | GG | 2.023 | 25 | 2.536 | 05/06/2020 | -51 | 27 |
| Perbadanan Tabung Pendidikan Tinggi Nasional | 08/23 | GG | 2.020 | 35 | 2.128 | 22/09/2020 | -11 | 26 |
| Perbadanan Tabung Pendidikan Tinggi Nasional | 03/24 | GG | 2.091 | 25 | 2.245 | 19/08/2020 | -15 | 34 |
| DanaInfra Nasional Berhad | 07/24 | GG | 2.165 | 80 | 2.157 | 16/10/2020 | 1 | 21 |
| Prasarana Malaysia Berhad | 03/28 | GG | 2.680 | 15 | 2.632 | 03/08/2020 | 5 | 32 |
| Pelabuhan Tanjung Pelepas Sdn Berhad | 11/28 | GG | 2.750 | 5 | 3.547 | 21/08/2019 | -80 | 27 |
| First Abu Dhabi Bank PJSC | 12/20 | AAA | 2.050 | 5 | 2.137 | 01/10/2020 | -9 | 52 |
| Projek Lebuhraya Usahasama Berhad | 01/21 | AAA | 2.003 | 10 | 2.211 | 21/09/2020 | -21 | 47 |
| Aman Sukuk Berhad | 02/21 | AAA | 2.094 | 10 | 2.210 | 21/09/2020 | -12 | 56 |
| Sarawak Energy Berhad | 06/21 | AAA | 2.146 | 10 | 2.216 | 30/09/2020 | -7 | 61 |
| Bakun Hydro Power Generation Sdn Berhad (fka Sarav | 08/21 | AAA | 2.201 | 10 | 2.893 | 12/03/2020 | -69 | 67 |
| Projek Lebuhraya Usahasama Berhad | 01/22 | AAA | 2.261 | 10 | 3.647 | 02/07/2019 | -139 | 73 |
| Sarawak Energy Berhad | 01/22 | AAA | 2.228 | 10 | 2.298 | 30/09/2020 | -7 | 69 |
| Cagamas Berhad | 04/22 | AAA | 1.885 | 11 | 2.127 | 25/08/2020 | -24 | 35 |
| Bakun Hydro Power Generation Sdn Berhad (fka Sarav | 08/25 | AAA | 2.658 | 10 | 2.688 | 29/09/2020 | -3 | 57 |
| Putrajaya Bina Sdn Berhad | 09/26 | AAA | 2.748 | 10 | 2.829 | 20/07/2020 | -8 | 50 |
| Aman Sukuk Berhad | 10/26 | AAA | 2.759 | 4 | 2.939 | 14/07/2020 | -18 | 51 |
| Bank Pembangunan Malaysia Berhad | 10/27 | AAA | 2.999 | 8 | | | 300 | 64 |
| Manjung Island Energy Berhad | 11/30 | AAA | 3.039 | 10 | 3.061 | 20/10/2020 | -2 | 42 |
| Manjung Island Energy Berhad | 11/31 | AAA | 3.129 | 10 | 3.479 | 25/06/2020 | -35 | 51 |
| Bank Pembangunan Malaysia Berhad | 03/32 | AAA | 3.250 | 5 | 3.273 | 07/09/2020 | -2 | 63 |
| Tenaga Nasional Berhad | 08/38 | AAA | 3.589 | 10 | 3.608 | 22/10/2020 | -2 | 20 |
| UniTapah Sdn Berhad | 06/23 | AA1 | 2.774 | 10 | 3.215 | 24/06/2020 | -44 | 102 |
| Tanjung Bin Power Sdn Berhad | 08/26 | AA2 | 3.119 | 20 | 3.988 | 22/08/2019 | -87 | 87 |
| Tanjung Bin Power Sdn Berhad | 08/28 | AA2 | 3.289 | 10 | 3.339 | 02/09/2020 | -5 | 81 |
| Fortune Premiere Sdn Berhad | 11/23 | AA | 2.929 | 10 | 2.937 | 07/09/2020 | -1 | 117 |
| Gamuda Berhad | 11/22 | AA3 | 2.997 | 10 | 3.339 | 10/06/2020 | -34 | 133 |
| Edra Energy Sdn Berhad | 07/24 | AA3 | 3.223 | 10 | 3.567 | 11/03/2020 | -34 | 127 |
| Edra Energy Sdn Berhad | 01/25 | AA3 | 3.263 | 10 | 3.278 | 13/10/2020 | -2 | 131 |
| Edra Energy Sdn Berhad | 07/25 | AA3 | 3.320 | 10 | 4.411 | 17/09/2020 | -109 | 123 |
| Edra Energy Sdn Berhad | 01/26 | AA3 | 3.358 | 20 | 3.444 | 16/07/2020 | -9 | 127 |
| Mumtaz Rakyat Sukuk Berhad | 06/26 | AA3 | 2.555 | 5 | 2.556 | 21/10/2020 | 0 | 30 |
| Edra Energy Sdn Berhad | 07/28 | AA3 | 3.527 | 30 | 3.488 | 29/09/2020 | 4 | 105 |
| RHB Islamic Bank Berhad | 05/29 | AA3 | 2.959 | 3 | 3.009 | 18/08/2020 | -5 | 38 |
| Hong Leong Assurance Berhad | 01/30 | AA3 | 2.997 | 20 | 3.001 | 08/09/2020 | 0 | 42 |
| Konsortium KAJV Sdn Bhd | 05/22 | AA- | 3.917 | 10 | 4.833 | 06/01/2020 | -92 | 225 |
| Sports Toto Malaysia Sdn Berhad | 06/22 | AA- | 3.477 | 6 | 3.617 | 03/08/2020 | -14 | 181 |
| Konsortium KAJV Sdn Bhd | 05/23 | AA- | 4.080 | 3 | - | - | - | 232 |
| Southern Power Generation Sdn Berhad | 10/25 | AA- | 2.850 | 10 | 2.823 | 02/09/2020 | 3 | 76 |
| Alliance Bank Malaysia Berhad | 10/30 | A2 | 3.380 | 27 | - | - | - | 76 |
| Alliance Bank Malaysia Berhad | 10/35 | A2 | 3.850 | 53 | - | - | - | 76 |
| DRB-Hicom Berhad | 12/29 | A+ | 4.860 | 9 | 4.869 | 22/09/2020 | -1 | 228 |
| | | | | 614 | | | | |

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

Market/Corporate News: What's Brewing

Malaysia Airports Holdings Bhd (MAHB) claimed today that the filing of the group's RM78.16 million suit against AirAsia X Bhd (AAX) will not derail AirAsia X's proposed debt restructuring scheme because MAHB acknowledges the importance of AirAsia as a key partner in the aviation sector, which is facing very challenging and difficult times due to the Covid-19 pandemic. In a statement today, MAHB claimed that the debt owed to the airport operator by long-haul budget airline AirAsia X is less than 0.01% of the total debt owed by AAX under its debt restructuring scheme. "We have always treated all our airline partners equally and fairly. Agreeing to any haircut to one airline will set a precedent for the rest. Nevertheless, we acknowledge the importance of AirAsia as a key partner and we shall continue engaging them to find the best solution forward. "MAHB is pursuing its legal rights to recover the debt from AirAsia X which is critical for the upkeep and maintenance of the airports. The outstanding aeronautical charges comprise regulated charges by the government including the passenger service charges, passenger service security charges, aircraft parking and landing charges, as well as aerobridge charges, check-in counter charges, and late payment charges. "These monies are to be ploughed back into the business to sustain the operation of the airport and ensure the service levels continue to be delivered to the passengers," MAHB said. According

to MAHB, the aviation industry is facing very challenging and difficult times due to the pandemic as airlines and airports are facing the same prospects in terms of passenger traffic contraction and loss of revenue. MAHB said that while some airlines have inevitably collapsed due to the extreme business conditions, airports are facing the same extreme conditions as well. "However, closing down the airports is not a conceivable option for the nation (Malaysia). Airports are strategic and critical national infrastructure and [they have] remained operational throughout the pandemic and will have to continue to survive to the best of [their] ability to serve the public and to ensure the country is not crippled in terms of connectivity. "The board of MAHB has the responsibility to act in the best interest of the company in order to protect its shareholders, the country's air transport infrastructure and more than 10,000 people nationwide under the company's employment," MAHB said. According to MAHB's Bursa Malaysia filing last Thursday, MAHB's wholly owned subsidiary Malaysia Airports (Sepang) Sdn Bhd (MASSB) initiated a civil suit against AAX on that day to claim the RM78.16 million from AAX. MAHB said MASSB filed a writ of summons and statement of claim at the Kuala Lumpur High Court against AAX. Last Friday, MAHB said MASSB filed an application to intervene in and be excluded from AAX's proposed debt restructuring scheme because AAX had named MASSB as one of its unsecured creditors. "The intervention application seeks to exclude MASSB from this proposed debt restructuring scheme on the basis that, pursuant to the express terms of the conditions of use for Kuala Lumpur International Airport, MASSB is a secured creditor of AirAsia X. In particular, MASSB is a lien holder whose debt is secured by a contractual lien over the user properties of AirAsia X," MAHB said. Today, MAHB said its statement is in response to a news report published by The Star titled "MAHB checkmates AirAsia X" yesterday. (Source: *The EdgeMarkets*)

| Rating Action | | | |
|--|--|-----------------------------------|----------|
| Isuser | PDS Description | Rating/Outlook | Action |
| Projek Lebuhraya Usahasama Berhad (PLUS) | RM23.35 billion Sukuk Musharakah Programme | From AAA-IS /Stable to Developing | Extended |

Source: RAM, MARC

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