

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US financial markets were closed on Thursday to celebrate Thanksgiving Day with Friday seeing an early close as well. Interestingly, US Treasuries saw the first half of the year with intense volatility as the COVID-19 pandemic sparked a market sell-off. Nevertheless the later half of the year to date displayed the opposite with less volatility and positive moves. To recap; the recent minutes for the FOMC meeting in November shows that policymakers were cautiously optimistic about the economic recovery and the impacts of monetary policy tools on the economic outlook. As negative interest rate has been ruled out, the Fed's future policy tool is dependent on asset purchases (QE). While members agreed that adjustment could be made on the size of purchases and the average maturity, they were not in a hurry to make the changes. However they were interested in improving communication with the public about potential changes through guidance in the policy statement. Meanwhile the economic calendar remains light until 30th November.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.16	0
5-yr UST	0.39	0
10-yr UST	0.87	0
30-yr UST	1.63	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.87	3	1.97	4
5-yr	2.11	1	2.30	1
7-yr	2.50	5	2.61	2
10-yr	2.68	2	2.66	-8
15-yr	3.25	6	3.31	0
20-yr	3.56	3	3.55	0
30-yr	4.09	4	4.08	8

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.93	1
3-yr	2.05	0
5-yr	2.23	0
7-yr	2.43	2
10-yr	2.64	2

Source : Bloomberg

Upcoming Government Bond Tender

Re-opening of RM3.0b 15Y MGS 7/34 on Friday, 27th Nov 2020

MGS/GII

- Local govies ended mostly weaker on Thursday following risk-on mode with equities being main beneficiary as the proposed National Budget 2021 was passed in Parliament. However a 2nd round of debates beckons with specific budget provisions up for approval. The curve shifted higher amid a rise in secondary market volume of RM2.36b. Overall benchmark yields ended between 0-8bps higher across the curve save for the 10Y GII. The 5Y MGS 9/25 yields edged 1bps up at 2.11% whilst the 10Y MGS 4/31 yields closed 2bps higher at 2.68%. Some interest was seen in off-the-run 21's and also benchmark 5Y MGS and 7Y GII. GII bond trades jumped to form 53% of overall trades. Expect attention to shift to the upcoming 15Y MGS auction today.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk saw muted investor interest with secondary market volume slipping slightly to RM246m as interest was seen along the GG and AA part of the curve. Overall yields closed mostly mixed-to-higher in about 33 various bonds. Govt-guaranteed DANA dominated the space with the 2032 ranches closing mixed between -3 to +8bps within the 3.24-32% range. AAA-rated PUTRAJAYA 4/24 however rallied 42bps at 2.46%. The AA-space saw several tranches of CYPARK 32-38's exchange hands; closing unchanged between 4.13-90% area while GAMUDA 6/30 rose 5bps at 3.70%. EDRA 31's closed mixed on yields between 3.78-82%. Meanwhile, the banking space was relatively quiet with odd-lot trades done in Sabah Development Bank 2024 and 2026 tranches.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	02/21	1.579	22	1.580	23/11/2020	0
MGS	09/21	1.527	100	1.571	25/11/2020	-4
MGS	11/21	1.620	132	1.516	25/11/2020	10
MGS	08/22	1.674	1	1.667	25/11/2020	1
MGS	09/22	1.756	11	1.684	20/11/2020	7
MGS	03/23	1.864	57	1.832	25/11/2020	3
MGS	04/23	1.905	63	1.861	25/11/2020	4
MGS	08/23	1.917	3	1.895	25/11/2020	2
MGS	06/24	2.093	62	2.056	25/11/2020	4
MGS	07/24	2.057	47	2.066	25/11/2020	-1
MGS	03/25	2.163	20	2.074	25/11/2020	9
MGS	07/25	2.169	2	2.077	25/08/2020	9
MGS	09/25	2.109	250	2.097	25/11/2020	1
MGS	07/26	2.410	6	2.354	25/11/2020	6
MGS	05/27	2.504	5	2.457	25/11/2020	5
MGS	11/27	2.543	1	2.500	25/11/2020	4
MGS	06/28	2.672	59	2.589	25/11/2020	8
MGS	08/29	2.800	76	2.745	25/11/2020	5
MGS	04/30	2.807	20	2.762	25/11/2020	4
MGS	04/31	2.676	52	2.652	25/11/2020	2
MGS	06/31	2.876	2	2.882	24/11/2020	-1
MGS	04/33	3.174	1	3.180	25/11/2020	-1
MGS	11/33	3.226	10	3.208	25/11/2020	2
MGS	07/34	3.251	7	3.194	25/11/2020	6
MGS	05/40	3.557	70	3.525	25/11/2020	3
MGS	09/43	3.921	40	3.951	25/11/2020	-3
MGS	06/50	4.094	2	4.056	25/11/2020	4
GII	03/21	1.609	20	1.641	18/11/2020	-3
GII	04/21	1.616	40	1.637	09/11/2020	-2
GII	08/21	1.660	40	1.688	20/11/2020	-3
GII	03/22	1.750	10	1.707	18/11/2020	4
GII	07/22	1.730	36	1.746	24/11/2020	-2
GII	05/23	1.965	114	1.929	25/11/2020	4
GII	10/24	2.088	10	2.066	24/11/2020	2
GII	03/26	2.303	228	2.292	25/11/2020	1
GII	09/26	2.406	10	2.317	18/11/2020	9
GII	09/27	2.610	480	2.590	25/11/2020	2
GII	10/28	2.756	10	2.709	20/11/2020	5
GII	12/28	2.760	10	2.601	08/10/2020	16
GII	07/29	2.811	43	2.717	20/11/2020	9
GII	10/30	2.660	81	2.734	25/11/2020	-7
GII	08/37	3.672	20	3.498	16/11/2020	17
GII	09/39	3.553	20	3.550	24/11/2020	0
GII	11/49	4.084	70	4.000	25/11/2020	8
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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	10/31	GG	3.210	30	3.009	30/09/2020	20	52
DanaInfra Nasional Berhad	03/32	GG	3.239	10	3.160	20/11/2020	8	55
DanaInfra Nasional Berhad	05/32	GG	3.250	5	3.280	25/11/2020	-3	56
DanaInfra Nasional Berhad	11/32	GG	3.320	20	3.299	02/06/2020	2	63
DanaInfra Nasional Berhad	02/48	GG	4.199	20	3.839	04/09/2020	36	62
Putrajaya Holdings Sdn Berhad	10/22	AAA	2.307	15	2.296	11/11/2020	1	57
Putrajaya Holdings Sdn Berhad	04/24	AAA	2.463	15	2.886	13/05/2020	-42	61
Aman Sukuk Berhad	10/26	AAA	2.818	5	2.759	23/10/2020	6	47
Aman Sukuk Berhad	05/29	AAA	3.108	5	3.359	11/06/2020	-25	41
Sabah Development Bank Berhad	04/24	AA1	3.845	1	4.112	25/11/2020	-27	199
Sabah Development Bank Berhad	04/26	AA1	3.997	1	4.198	27/10/2020	-20	183
IJM Corporation Berhad	06/22	AA3	2.953	10	3.000	25/09/2020	-5	122
Gamuda Berhad	06/30	AA3	3.699	12	3.651	02/11/2020	5	101
Edra Energy Sdn Berhad	01/31	AA3	3.777	20	3.752	22/10/2020	3	109
Cypark Ref Sdn Berhad	06/31	AA3	4.053	10	4.055	25/11/2020	0	137
Edra Energy Sdn Berhad	07/31	AA3	3.820	20	4.578	17/09/2020	-76	113
Cypark Ref Sdn Berhad	06/32	AA3	4.131	5	4.133	25/11/2020	0	144
Cypark Ref Sdn Berhad	06/36	AA3	4.475	10	4.476	25/11/2020	0	122
Cypark Ref Sdn Berhad	06/37	AA3	4.570	5	4.570	25/11/2020	0	132
Cypark Ref Sdn Berhad	06/38	AA3	4.680	10	4.680	25/11/2020	0	110
Cypark Ref Sdn Berhad	06/39	AA3	4.788	5	4.788	25/11/2020	0	121
Cypark Ref Sdn Berhad	06/40	AA3	4.898	5	4.899	25/11/2020	0	132
WCT Holdings Berhad	05/22	AA-	3.875	2	3.877	23/11/2020	0	226
UEM Sunrise Berhad	06/23	AA-	3.843	4	3.843	25/11/2020	0	199
CIMB Group Holdings Berhad	05/16	A1	3.538	1	3.104	24/11/2020	43	-4
Mah Sing Group Berhad	04/17	-	4.580	1	5.143	11/11/2020	-56	100
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Genting Bhd's net loss narrowed to RM130.75 million in the third quarter ended Sept 30, 2020 (3QFY20) from RM786.05 million in the preceding quarter. The gaming giant said the bigger loss in 2QFY20 was largely due to losses suffered in the leisure and hospitality division following the temporary closure of the resort operations and which have since resumed business with reduced capacity. Revenue surged by 197.74% to RM3.3 billion, from RM1.11 billion in 2QFY20, the group's stock exchange filing showed. On a year-on-year basis, however, the 3QFY20 net loss compares to a net profit of RM305.68 million reported for 3QFY19. The quarterly revenue was also lower by 38% compared with the RM5.3 billion a year earlier. For the nine months ended Sept 30, Genting saw its net loss balloon to RM1.05 billion from a net profit of RM1.47 billion in 9MFY19. Revenue for the period also fell by almost half to RM8.52 billion from RM16.31 billion a year prior. On its prospects, Genting said the state of the global leisure, hospitality and tourism sectors globally still remains highly uncertain. "The recovery prospects of the leisure, hospitality, and tourism sectors globally remain highly uncertain as the Covid-19 situation continues to evolve. While the regional gaming markets have registered signs of early recovery, the industry is expected to remain challenging in the near-term," it said. (Source: *The EdgeMarkets*)

YTL Corp Bhd returned to the black in the first quarter ended Sept 30, 2020 (1QFY21) with a net profit of RM1.29 million or 0.01 sen per share after reporting a net loss of RM252.23 million or 2.36 sen per share in the preceding fourth quarter. This was supported by 19% higher revenue in the quarter of RM4.18 billion against RM3.52 billion in 4QFY20. In a filing today, it said the significant improvement was primarily attributable to the better performance in its cement manufacturing and trading as well as utilities segments, coupled with the absence of the share of fair value loss on investment properties recorded by Starhill Global Real Estate Investment Trust (REIT), in which it has a 37.48% stake directly and via subsidiaries. "The loss after taxation in the preceding quarter was mainly due to the recognition of deferred tax expenses arising from the increase in UK corporation tax rate from 17% to 19%," it added. Year-on-year, it reported a net profit drop of 92% from RM15.31 million last year or 0.14 sen per share, as revenue also fell 21% from RM5.28 billion, reflecting the direct impact of Covid-19 on the performance of its operating business segments. On its prospects, YTL said the group's businesses have been cushioned by its utilities segment which by nature is classified as essential services and therefore had continued operating throughout the various Movement Control Orders. As operations gradually return back to normal, its construction and cement segments have also recommenced activity in stages, it noted. "The impact of the Covid-19 pandemic in the longer term cannot be accurately estimated as there are still significant uncertainties on how and when this pandemic can be contained and full business activity to be resumed," it said. Despite the challenging outlook, the group expects the performance of its business segments to remain resilient as these segments' operations are substantially essential in nature, it said.. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Special Power Vehicle Berhad	RM800 mil Class A Islamic MTN (IMTN) Facility (2005/2022)	A1/Stable	Reaffirmed
Jimah Energy Ventures Sdn Bhd	RM4.85 bil Senior IMTN Facility (2005/2025)	AA3/Stable	Reaffirmed

Source: RAM, MARC

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