

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.12	0
5-yr UST	0.36	0
10-yr UST	0.93	0
30-yr UST	1.66	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.91	2	1.93	0
5-yr	2.14	3	2.27	0
7-yr	2.38	0	2.48	-3
10-yr	2.67	-2	2.79	-2
15-yr	3.27	0	3.35	0
20-yr	3.44	-4	3.57	-5
30-yr	3.86	0	4.01	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.93	1
3-yr	2.06	1
5-yr	2.25	1
7-yr	2.40	0
10-yr	2.63	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- Treasury yields came off intraday highs, erasing stimulus-related gains to close the day on a flat note. Yields had rose in the earlier session as investors sold bonds amid uplifting news that President Trump had signed the \$2.3trillion funding bill that includes the \$900b coronavirus stimulus aids. The \$600 direct payment to household alongside the additional \$300 jobless benefits are seen as positives for US consumer spending which appeared to have slowed last month. Overall yields were flat at the end of the day; yield on benchmark 10Y treasuries hit an intraday high of 0.96 before retreating to 0.92%, unchanged from the prior session. The 2Y10Y curve has initially steepened with spread widening as high as 83bps but narrowed at the end while trading faded. The auctions of \$58b 2Y notes attracted lacklustre demand, commanding a bid-to-cover ratio of 2.45 (vs 2.71 prior). The \$59b 5Y saw a steadier demand with BTC at 2.39 (slightly higher than 2.38 prior).

MGS/GII

- Trading in the MYR government bond space remained subdued even though secondary market volume picked up somewhat to RM962m yesterday. Transaction in MGS and GII saw a switch with GII making up two thirds of overall trades, a rather sizeable pick-up from just one third last Thursday. Focus was on the 7Y benchmark GII 9/27, which was last dealt at 2.48% (-3bps) with RM190m changed hands, and 20Y GII 9/39 at 3.57% (-5bps) with RM110m done. For MGS, the 15Y benchmark 7/34 took center stage, trading flat at 3.27%. Expect volume to remain thin this week as the year concludes.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space also regained some traction although overall trading activities remained soft with RM232m dealt in the secondary market. Interests continued to concentrate on the GG to AA-rated papers, across 22 various papers. PRASA '50 took center stage in the GG segment, with RM20m last dealt at 4.20%, down 10bps from its last trade in end-November. Other than this, energy names attracted the most interests. AAA-rated TENAGA '30 saw RM20m done unchanged at 3.18% while AA-rated EDRA '35 saw a combined RM40m done. MMC '11/27 and '3/28 collectively saw RM50m done flat at 3.90% and 3.96% respectively. AA-rated Svyap Sabun Malaysia '12/25 made its debut with RM30m done at 4.05%.

Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 07/21	1.699	40	1.699	24/12/2020	0
MGS 09/21	1.653	71	1.733	24/12/2020	-8
MGS 03/22	1.775	0	1.722	23/12/2020	5
MGS 03/23	1.905	31	1.890	23/12/2020	2
MGS 04/23	1.921	1	1.903	24/12/2020	2
MGS 09/25	2.142	0	2.117	23/12/2020	2
MGS 11/27	2.411	2	2.380	23/12/2020	3
MGS 06/28	2.403	1	2.403	23/12/2020	0
MGS 04/30	2.721	0	2.694	22/12/2020	3
MGS 04/31	2.665	20	2.688	24/12/2020	-2
MGS 04/33	3.220	0	3.219	24/12/2020	0
MGS 11/33	3.257	30	3.263	23/12/2020	-1
MGS 07/34	3.266	97	3.268	24/12/2020	0
MGS 04/37	3.415	1	3.399	21/12/2020	2
MGS 05/40	3.437	0	3.472	22/12/2020	-4
MGS 09/43	3.829	0	3.836	24/12/2020	-1
MGS 03/46	3.863	0	3.837	21/12/2020	3
MGS 06/50	3.857	42	3.860	24/12/2020	0
GII 07/23	1.940	130	1.922	23/12/2020	2
GII 11/23	1.995	60	1.987	24/12/2020	1
GII 09/27	2.484	190	2.515	24/12/2020	-3
GII 10/28	2.668	30	2.683	23/12/2020	-1
GII 07/29	2.741	40	2.760	22/12/2020	-2
GII 10/30	2.790	6	2.807	24/12/2020	-2
GII 08/37	3.655	10	3.666	24/12/2020	-1
GII 09/39	3.568	110	3.616	22/12/2020	-5
GII 11/49	4.009	50	4.007	18/12/2020	0
		<u>962</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	02/35	GG	3.600	1	3.579	18/12/2020	2	35
Prasarana Malaysia Berhad	02/50	GG	4.202	10	4.300	25/11/2020	-10	73
Toyota Capital Malaysia Sdn Berhad	01/25	AAA	3.010	9	3.037	08/12/2020	-3	96
Aman Sukuk Berhad	05/27	AAA	2.830	5	2.869	24/11/2020	-4	56
Tenaga Nasional Berhad	08/30	AAA	3.178	20	3.179	18/12/2020	0	49
Tenaga Nasional Berhad	08/40	AAA	3.840	1	3.880	23/12/2020	-4	37
Malaysia Airport Holdings Berhad	12/14	AA2	3.742	1	4.084	17/06/2020	-34	27
Anih Berhad	11/26	AA	3.151	10	4.127	25/03/2020	-98	88
Besraya (M) Sdn Berhad	07/21	AA3	2.537	1	3.021	27/05/2020	-48	82
Edra Energy Sdn Berhad	01/35	AA3	4.188	20	4.191	18/12/2020	0	94
Edra Energy Sdn Berhad	07/35	AA3	4.228	20	4.120	25/11/2020	11	98
MMC Corporation Berhad	04/23	AA-	3.396	10	3.421	15/09/2020	-2	159
SAJ Capital Sdn Berhad	01/24	AA-	3.071	10	3.979	03/04/2020	-91	117
Swyap Sabun Malaysia Sdn Berhad	12/25	AA-	4.050	30	-	-	-	-
Jimah East Power Sdn Berhad	06/27	AA-	3.380	4	3.268	26/10/2020	11	111
MMC Corporation Berhad	11/27	AA-	3.904	20	3.899	21/12/2020	0	153
MMC Corporation Berhad	03/28	AA-	3.956	30	3.959	21/12/2020	0	159
Jimah East Power Sdn Berhad	12/29	AA-	3.594	10	3.469	03/09/2020	13	97
Jimah East Power Sdn Berhad	06/31	AA-	3.683	10	3.578	18/11/2020	11	100
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/39	AA-	5.188	10	5.189	21/12/2020	0	172
Eco World International Berhad	05/23	-	5.711	1	5.722	15/12/2020	-1	390
YNH Property Berhad	08/19	-	6.260	1	6.407	22/12/2020	-15	279
			<u>232</u>					

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

Market/Corporate News: What's Brewing

Kerjaya Prospek Group Bhd announced today it has won a RM61.9 million contract from Aspen (Group) Holdings Ltd, to develop a proposed residential project in Penang. Kerjaya Prospek told Bursa Malaysia that its wholly owned subsidiary, Kerjaya Prospek (M) Sdn Bhd, won the contract from Aspen Vision City Sdn Bhd, an indirect subsidiary of Aspen (Group) Holding. The contract shall commence on Jan 5, 2021 and be completed within 24 months from the commencement date. "The contract is expected to provide an additional stream of revenue for the group over the next two years," said Kerjaya Prospek. In a separate statement, Kerjaya Prospek said the latest contract lifted the value of the contracts won year-to-date to RM1.5 billion. "Its strong outstanding order book of RM3.5 billion will provide earnings visibility for the next few years," it said. Kerjaya Prospek dropped two sen to RM1.05 today, valuing the group at RM1.3 billion. (Source: The Edge)

Apex Equity Holdings Bhd (AEHB) said it intends to dispose of four parcels of freehold land in Shah Alam measuring 23,915.34 square metres for RM37 million cash. In a filing with Bursa Malaysia, AEHB said its wholly owned subsidiary, Apex Equity Capital Sdn Bhd (AEC) today entered into a sale and purchase agreement with KlangRealty Integrated Sdn Bhd. AEHB said the proposed disposal is expected to result in a gain of approximately RM4.6 million for the financial year ending Dec 31, 2021. It said the sales proceeds would be utilised for working capital. KlangRealty Integrated is an entity registered in Klang, Selangor. The directors of the group are Ong Kwee Lee, Lee Chang Soo, Gan Thiam Kok and On Boon Seng. Meanwhile, the shareholders are KlangRealty Holdings Sdn Bhd, Koh Sing Yap and Lee Tiek Shien. "The proposed disposal will allow AEC an opportunity to realise the gain without assuming the risk of completion of the construction and sales of commercial properties under the current weak market sentiments and exit from non-core business assets, which are the pledged properties derived from loan recovery in previous years," said AEHB. It added that the proposed disposal is expected to be completed within 12 months from the date of the sale and purchase agreement. At the closing bell today, shares in AEHB dropped one sen to 91.5 sen, bringing a market capitalisation to RM195.41 million. (Source: The Edge)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By

accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.