

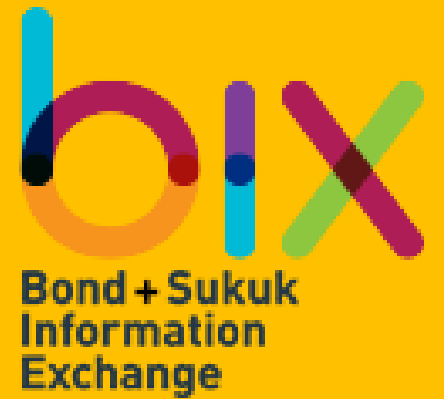
# **BOND+SUKUK INFORMATION EXCHANGE**

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## **NEWS UPDATE**

24 November 2020



# MARKET SUMMARY

US Treasury	Yield 23 Nov 20	Daily Change bps	Yield 20 Nov 20	Weekly Change bps	Yield 16 Nov 20	Monthly Change bps	Yield 23 Oct 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	0.22	1	0.21	-2	0.24	1	0.21	-140	1.62
5 YEAR	0.39	1	0.38	-2	0.41	2	0.37	-130	1.69
7 YEAR	0.64	2	0.62	-2	0.66	3	0.61	-119	1.83
10 YEAR	0.86	3	0.83	-5	0.91	1	0.85	-106	1.92

MGS	Yield 23 Nov 20	Daily Change bps	Yield 20 Nov 20	Weekly Change bps	Yield 16 Nov 20	Monthly Change bps	Yield 23 Oct 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	1.83	0	1.83	2	1.81	7	1.76	-115	2.98
5 YEAR	2.13	-1	2.14	1	2.12	4	2.09	-102	3.15
7 YEAR	2.45	-3	2.48	6	2.39	5	2.40	-85	3.30
10 YEAR	2.65	-1	2.66	-1	2.66	2	2.63	-65	3.30

GII	Yield 23 Nov 20	Daily Change bps	Yield 20 Nov 20	Weekly Change bps	Yield 16 Nov 20	Monthly Change bps	Yield 23 Oct 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	1.97	0	1.97	5	1.92	16	1.81	-109	3.06
5 YEAR	2.29	0	2.29	3	2.26	30	1.99	-90	3.19
7 YEAR	2.54	0	2.54	20	2.34	13	2.41	-76	3.30
10 YEAR	2.64	2	2.62	1	2.63	6	2.58	-78	3.42

AAA	Yield 23 Nov 20	Daily Change bps	Yield 20 Nov 20	Weekly Change bps	Yield 16 Nov 20	Monthly Change bps	Yield 23 Oct 20	YTD Change bps	Yield 31 Dec 19
3 YEAR	2.42	0	2.42	-1	2.43	1	2.41	-113	3.55
5 YEAR	2.68	0	2.68	2	2.66	5	2.63	-99	3.67
7 YEAR	2.91	1	2.90	5	2.86	9	2.82	-85	3.76
10 YEAR	3.17	1	3.16	5	3.12	8	3.09	-72	3.89

- 1 bps = 0.01%
- Increase in Yield = Decrease in the bond price/value

Source: US Treasury, BNM & BIX Malaysia

# NEWS UPDATE

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Today's headlines of interest and summaries as extracted from the international and local media.

## THE SUNDAILY

### *Year-to-date Malaysian government bond issuance hits record high*

Gross issuance of Malaysian Government Securities (MGS)/Government Investment Issues (GII) amounted to RM14.5 billion in October, bringing the total gross issuance year to date (YTD) to RM136.9 billion, the highest seen even for any given full year.

The higher supply was met by higher demand, evidenced by the improved monthly average bid-to-cover ratio of 2.4 times, compared with 1.9 times in September. "Moving into 2021, we expect gross issuance of MGS/GII to be between RM150 billion and RM160 billion. This is based on the fact that RM67.7 billion worth of MGS/GII is scheduled to mature in 2021, as well as the government's projected budget deficit of RM84.8 billion," said Malaysian Rating Corp Bhd (MARC).

As for long-term corporate bonds, gross issuance surged to RM16.2 billion (September: RM9 billion), the highest monthly issuance YTD. This was led by rated corporate bond issuers from the financial services sector. Rated corporate issuers (excluding Cagamas) were the largest contributor towards gross issuance for 2020 YTD; out of a total of RM79.4 billion, they collectively issued RM39.5 billion. In the secondary market space, the MGS market continued to record gains but performance was divergent between short- to medium-term tenures and longer-term tenures

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Today's headlines of interest and summaries as extracted from the international and local media.

## THE STAR

### *Cagamas issues RM545mil debt papers*

Cagamas Bhd has issued RM545mil of debt papers which comprised of RM300mil three-month conventional commercial papers (CCPs) and RM245mil three-month Islamic commercial papers (ICPs). The National Mortgage Corp of Malaysia said in a statement yesterday that proceeds from the issuances would be used to purchase housing loans and house financing from the financial system. Cagamas president/CEO Datuk Chung Chee Leong said despite the continued downside risks on the global outlook, the company had successfully priced its CCPs and ICPs issuances competitively at 21bps to 24bps, above the respective Malaysian Government Securities/ Malaysian Government Investment Issues.

He said global market players remained vigilant as early optimism boosted by the news of promising vaccine trials was tempered by the rising coronavirus cases and new shutdowns in many parts of the world-which may continue to threaten the recovery from the pandemic recession. "On the local front, the recent announcement of an improved Malaysian economy that recorded a smaller contraction of 2.7% in the third quarter of 2020 and continued expectation of further improvements moving forward, will provide a positive catalyst to attract foreign inflows to the local capital markets," he said.

[More Information on Bond and Sukuk issued by Cagamas Bhd](#)

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Today's headlines of interest and summaries as extracted from the international and local media.

## REUTERS

### *TREASURIES-Yields rise on vaccine optimism, Yellen news*

U.S. Treasury yields moved higher on Monday and the yield curve steepened on positive COVID-19 vaccine news and a report that former Federal Reserve Chairwoman Janet Yellen is President-elect Joe Biden's pick for Treasury secretary. The benchmark 10-year US10YT=RR yield was last up 2.6 basis points at 0.8553%.

A closely watched part of the U.S. Treasury yield curve measuring the gap between yields on two- and 10-year Treasury notes US2US10=RR, seen as an indicator of economic expectations, was last at 69.2 basis points, about 2.9 basis points higher than Friday's close. Yields ticked higher after Yellen's nomination was reported by the Wall Street Journal, which cited people familiar with the decision. "I think the market's gut reaction is that it's a positive for stocks, positive for higher rates -- little bit more growth, little bit more inflation," said Justin Hoogendoorn, head of fixed income strategy at Piper Sandler in Chicago. Meanwhile, investors seemed to be moving out of ultra-safe U.S. Treasuries as stocks and commodities markets rose, said Subadra Rajappa, head of U.S. rates strategy for Societe Generale.

Stocks got a boost as AstraZeneca Plc AZN.L on Monday became the latest major drugmaker to say its COVID-19 vaccine could be around 90% effective, while the U.S. health regulator is likely to approve in mid-December the distribution of Pfizer Inc's PFE.N vaccine.

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