

Global Markets Research

Fixed Income

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	1.83	-2	1.93	-1
5-yr	2.10	-3	2.29	0
7-yr	2.46	0	2.59	5
10-yr	2.65	0	2.73	9
15-yr	3.19	0	3.31	2
20-yr	3.53	2	3.55	0
30-yr	4.06	-1	4.00	-18

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.92	1
3-yr	2.05	2
5-yr	2.23	2
7-yr	2.41	1
10-yr	2.62	1

Source : Bloomberg

Upcoming Government Bond Tender

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

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended mixed on Wednesday after the November FOMC meeting minutes failed to address the conditions under which the Fed would change the scope of its asset purchases. The curve bear-steepened slightly; heading into the long-holiday weekend (Thursday is Thanksgiving holiday and Friday will be an early close) with overall benchmark yields edged mostly between 0-2bps higher across the curve. The UST 2Y closed unchanged at 0.16% whilst the much-watched 10Y ended within 1bps higher at 0.87%. It is believed that the recent movement in the shape of the UST yield curve has been following predictions about whether the Fed will change the duration or composition of its purchases. Meanwhile ongoing cross currents persist with still high COVID-19 cases and more stringent lockdowns, against increasingly promising vaccine news; whilst economic data showed weakness in jobless claims but strength in durable goods orders.

MGS/GII

- Local govies ended mostly mixed on Wednesday with both-ends of the curve slightly richer amid a slight uptick in secondary market volume of RM1.72b. Overall benchmark yields ended between -3 to +9bps across the curve save for the 30Y GII. The 5Y MGS 9/25 was well-bid with yields declined 3bps at 2.10% whilst the 10Y MGS 4/31 yields closed within 1bps lower at 2.65%. Some interest was seen in off-the-run 21's, 23's and also benchmark 7Y GII. GII bond trades maintained to form 32% of overall trades. The lower forex volatility in the form of a currency-hedged approach may help continue the drive for offshore carry in EM local rates. Separately, the government plans to issue its first sustainability bond for environmental social initiatives next year. Expect some attention to shift to the upcoming 15Y MGS auction tomorrow.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk however saw a dip in investor interest with secondary market volume decreasing to RM330m with interest seen across the GG-AA part of the curve. Overall yields closed mostly mixed again in about 33 various bonds. Govt-guaranteed PASB 6/22 notched RM45m in nominal trades; rising 4bps compared to previous done levels at 1.95%. DANA saw several tranches exchange hands with the 11/28, 5/32 and 7/35 spiking between 11-15bps to close at 2.84%, 3.28% and 3.50% each. AAA-rated PLUS 22 and AMAN 4/27 rose 5bps each at 2.31% and 2.85% respectively. DANUM 5/30 edged 2bps up at 3.11%. The AA-space saw energy-related YTL Power 6/22 fall 5bps at 2.78% whilst EDRA 33-35's saw yields decline 2-24bps between 3.95-4.12%. Meanwhile, the banking space saw MBSB 12/31 close sharply lower on yields at 3.94% whilst Hong Leong Financial Group 29NC24 rose 11bps at 3.06%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 09/21	1.571	42	1.541	24/11/2020	3
MGS 11/21	1.516	113	1.632	24/11/2020	-12
MGS 03/22	1.716	9	1.738	24/11/2020	-2
MGS 08/22	1.667	8	1.703	17/11/2020	-4
MGS 03/23	1.832	75	1.845	24/11/2020	-1
MGS 04/23	1.861	167	1.861	24/11/2020	0
MGS 08/23	1.895	37	1.891	24/11/2020	0
MGS 06/24	2.056	29	2.024	24/11/2020	3
MGS 07/24	2.066	6	2.084	24/11/2020	-2
MGS 09/24	2.084	30	2.071	24/11/2020	1
MGS 03/25	2.074	8	2.115	24/11/2020	-4
MGS 09/25	2.097	43	2.132	24/11/2020	-4
MGS 04/26	2.225	5	2.283	24/11/2020	-6
MGS 07/26	2.354	45	2.336	23/11/2020	2
MGS 11/26	2.372	20	2.379	24/11/2020	-1
MGS 05/27	2.457	62	2.457	24/11/2020	0
MGS 11/27	2.500	23	2.471	24/11/2020	3
MGS 06/28	2.589	39	2.547	24/11/2020	4
MGS 08/29	2.745	42	2.749	24/11/2020	0
MGS 04/30	2.762	60	2.793	24/11/2020	-3
MGS 04/31	2.652	58	2.654	24/11/2020	0
MGS 04/33	3.180	1	3.185	24/11/2020	0
MGS 11/33	3.208	9	3.190	23/11/2020	2
MGS 07/34	3.194	57	3.191	24/11/2020	0
MGS 05/35	3.305	4	3.313	23/11/2020	-1
MGS 04/37	3.373	18	3.363	23/11/2020	1
MGS 06/38	3.562	1	3.553	24/11/2020	1
MGS 05/40	3.525	44	3.507	24/11/2020	2
MGS 09/43	3.951	41	3.935	23/11/2020	2
MGS 07/48	4.072	3	4.042	20/11/2020	3
MGS 06/50	4.056	78	4.064	24/11/2020	-1
GII 04/22	1.736	17	1.765	23/11/2020	-3
GII 05/23	1.929	90	1.943	24/11/2020	-1
GII 11/23	1.921	7	1.983	20/11/2020	-6
GII 08/25	2.132	1	2.200	23/11/2020	-7
GII 03/26	2.292	20	2.290	24/11/2020	0
GII 09/27	2.590	230	2.542	20/11/2020	5
GII 10/30	2.734	140	2.644	23/11/2020	9
GII 11/34	3.310	9	3.289	24/11/2020	2
GII 11/49	4.000	33	4.177	24/11/2020	-18
		<u>1720</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*
Pengurusan Air SPV Berhad	06/21	GG	1.913	2	2.028	24/09/2020	-12	31
Pengurusan Air SPV Berhad	06/22	GG	1.951	45	1.909	02/09/2020	4	22
DanaInfra Nasional Berhad	11/28	GG	2.841	10	2.731	02/11/2020	11	29
DanaInfra Nasional Berhad	05/32	GG	3.280	5	3.159	20/11/2020	12	63
Prasarana Malaysia Berhad	07/35	GG	3.499	10	3.351	18/11/2020	15	31
DanaInfra Nasional Berhad	11/38	GG	3.769	5	3.560	07/10/2020	21	25
Prasarana Malaysia Berhad	02/41	GG	3.829	5	3.750	04/11/2020	8	31
DanaInfra Nasional Berhad	05/46	GG	4.100	5	3.959	04/11/2020	14	58
Prasarana Malaysia Berhad	02/50	GG	4.300	20	3.759	26/08/2020	54	78
Projek Lebuhraya Usahasama Berhad	01/22	AAA	2.314	10	2.261	23/10/2020	5	71
Aman Sukuk Berhad	04/24	AAA	2.496	10	2.523	23/11/2020	-3	66
Aman Sukuk Berhad	04/27	AAA	2.849	20	2.795	27/10/2020	5	52
Abu Dhabi National Energy Company PJSC	03/22	AA1	2.910	10	3.066	24/09/2020	-16	131
YTL Power International Berhad	06/22	AA1	2.776	10	2.830	24/09/2020	-5	105
Encorp Systembilt Sdn Berhad	11/22	AA1	2.456	10	3.546	30/08/2019	-109	73
Sabah Development Bank Berhad	04/24	AA1	4.112	1	3.499	10/11/2020	61	227
CIMB Bank Berhad	12/25	AA+	2.270	2	4.669	09/11/2020	-240	16
Hong Leong Financial Group Berhad	06/29	AA2	3.059	10	2.954	27/10/2020	11	41
Gamuda Berhad	03/23	AA3	2.995	10	3.018	24/08/2020	-2	127
Cypark Ref Sdn Berhad	06/31	AA3	4.055	10	4.349	07/08/2020	-29	141
Cypark Ref Sdn Berhad	06/32	AA3	4.133	5	4.351	22/09/2020	-22	148
Edra Energy Sdn Berhad	07/33	AA3	3.949	10	4.177	03/07/2020	-23	76
Edra Energy Sdn Berhad	01/34	AA3	3.989	10	4.011	23/11/2020	-2	80
Edra Energy Sdn Berhad	07/34	AA3	4.029	10	4.049	23/11/2020	-2	84
Edra Energy Sdn Berhad	07/35	AA3	4.120	10	4.359	19/05/2020	-24	93
Cypark Ref Sdn Berhad	06/36	AA3	4.476	10	4.528	21/10/2020	-5	129
Cypark Ref Sdn Berhad	06/37	AA3	4.570	5	4.570	17/11/2020	0	138
Cypark Ref Sdn Berhad	06/38	AA3	4.680	10	4.680	17/11/2020	0	116
MMC Corporation Berhad	11/25	AA-	3.659	10	3.662	18/11/2020	0	155
MMC Corporation Berhad	11/27	AA-	3.852	10	3.849	18/11/2020	0	141
Malaysian Resources Corporation Berhad	08/30	AA-	4.229	20	4.245	22/09/2020	-2	158
Alliance Bank Malaysia Berhad	10/35	A2	3.650	1	3.949	20/11/2020	-30	46
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	3.939	10	4.274	05/11/2020	-34	129
				<u>330</u>				

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

Market/Corporate News: What's Brewing

UMW Holdings Bhd returned to the black with a net profit of RM101.28 million for its third quarter ended Sept 30, 2020 (3QFY20), versus a net loss of RM78.44 million it posted in the immediate preceding 2QFY20, as all three of its core business segments registered improvements with the easing of movement restrictions that were implemented to curb the spread of the Covid-19 pandemic. Revenue jumped 74% quarter-on-quarter to RM2.66 billion from RM1.53 billion, the group said in a statement today. On a year-on-year basis, the group's net profit is down 8% from the RM110.29 million it recorded in 3QFY19, when revenue came in higher at RM2.89 billion. UMW Holdings president and group chief executive officer Datuk Ahmad Fuaad Kenali said the group is gradually registering improved financial results with the easing of the Movement Control Order (MCO) while the group's continued cost optimisation initiatives have resulted in sustainable improvements to its bottom line. In particular, he noted that the group's automotive sales grew following the Government's announcement of the sales tax exemption on completely knocked down (CKD) vehicles and completely built up (CBU) vehicles, effective June 15-Dec 31, which is targeted at spurring the growth of the local automotive market. The automotive segment's revenue jumped 93.1% q-o-q to RM2.13 billion which brought profit before tax of RM131.6 million versus a loss before tax of RM41.7 million previously. As for its equipment segment, revenue rose 27.3% q-o-q to RM297 million from RM233.2 million while PBT grew 38.1% to RM34 million on improved demand for the segment's products and services. Meanwhile, its improved auto component and lubricant sub-segments lifted its manufacturing and engineering segment's revenue to RM242.3 million, up 32.1% q-o-q from RM183.3 million previously, while PBT jumped over two times to RM20.3 million from RM8 million. For the nine months ended Sept 30, however, the group's net profit sank 74% to RM67.16 million from RM253.98 million last year as revenue fell 27% to

RM6.31 billion from RM8.64 billion. Moving forward, the group expects the domestic sales of its auto components to further improve following the sales tax “holiday” given to locally assembled cars until year end, coupled with lower interest rates — both of which are expected to spur the local automotive market. As for the lubricants sub-segment, UMW said it will continue to leverage on its original equipment manufacturer partners and strengthen its domestic and overseas sales. “We will continue to focus on strengthening our core business segments and cost optimisation initiatives to improve our business performance and productivity. Amidst the challenging business environment, we will strive to maintain our performance and continue to deliver value to our customers and shareholders,” Ahmad Fuaad added. (Source: *The EdgeMarkets*)

MMC Corp Bhd’s net profit fell 8.16% to RM60.03 million in the third quarter ended Sept 30, 2020 (3QFY20), from RM66.34 million a year ago, on lower revenue. The group said revenue fell 10.22% to RM1.12 billion from RM1.25 billion, mainly due to the lower progress of the MRT2 (Putrajaya Line) project and lower passenger and cargo volumes at Senai Airport due to the Movement Control Order. On a quarter-to-quarter basis, MMC’s net profit declined 21.24% from RM77.36 million in 2QFY20, despite revenue rising 12.9% from RM990.68 million. The group declared an interim dividend of 1.5 sen per share, payable on Dec 23. For the nine-month period ended Sept 30, MMC’s net profit rose 4.86% to RM196.17 million from RM187.08 million a year earlier, while revenue fell 11.69% to RM3.2 billion from RM3.62 billion. On prospects, MMC said it views positively the standard operating procedures set in place by the Government to contain the spread of Covid-19 cases, noting that it is “timely and effective” and allows economic and business activities to resume progressively. Notwithstanding the positive developments, the group said it will continuously monitor and ensure timely response to the Covid-19 situation to facilitate recovery and growth of its businesses. MMC said its port and logistics division has been showing an improvement in performance, underpinned by economic recovery momentum since the resumption of global and domestic trade activities. “The division will continue to utilise its assets and resources in the most optimal ways coupled with on-going cost management on the back of a positive container volume outlook for the rest of the year. “Continuous investments into the ports’ infrastructures, operational efficiency and cost-synergy initiatives across the group are expected to be the key drivers to the overall port & logistics performance in the short and medium terms,” it added. For the energy & utilities division, MMC said it remains resilient to the impact of Covid-19 and is expected to contribute steady earnings from its two associated companies, namely Malakoff Bhd and Gas Malaysia Bhd. The engineering division, meanwhile, is expected to provide earnings visibility for the group from its substantial existing order book, anchored by MRT2 project. “Moving forward, under this challenging but improving business environment, the group is committed to strengthening our financial and market positions by focusing on operational excellence and cost optimization, whilst exploring new business opportunities,” said MMC managing director Datuk Seri Che Khalib Mohamad Noh in a statement. “Notwithstanding the exceptional challenges this year, the group expects the financial performance for the current financial year to be satisfactory,” he concluded. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Sime Darby Property Berhad	RM4.5 billion Sukuk Musharakah Programme	AA+ IS/Stable	Assigned

Source: RAM, MARC

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