

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.15	-1
5-yr UST	0.36	-3
10-yr UST	0.83	-4
30-yr UST	1.58	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.89	2	1.98	1
5-yr	2.16	5	2.32	1
7-yr	2.57	7	2.67	6
10-yr	2.71	3	2.70	4
15-yr	3.38	13	3.31	0
20-yr	3.71	15	3.55	0
30-yr	4.14	4	4.08	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.94	0
3-yr	2.06	2
5-yr	2.26	3
7-yr	2.44	1
10-yr	2.65	1

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended stronger and captured solid bids in last Friday's short trading session post Thanksgiving Day going into the weekend. Overall benchmark yields closed between 1-5bps lower across the curve with today's month-end extension possibly in focus amid a pull-back in equities. The UST 2Y yields edged 1bps up 0.15% whilst the much-watched 10Y rallied, pushing yields down 4bps at 0.83%. The Fed's purchases of ~\$4.0b helped boost the longer-ends. The COVID-19 situation continued to cause shut-downs that are also supporting bonds. Meanwhile, as the negative interest rate outlook has been ruled out, the Fed's future policy tool is dependent on asset purchases (QE) with adjustments made on the size of purchases and the average maturity. Elsewhere, there was also some concerns over potential tensions with Iran after it threatened retaliation following the death of a top nuclear scientist. Expect some attention to shift to the upcoming release of ISM manufacturing data tomorrow.

MGS/GII

- Local govies ended weaker last Friday following lukewarm sentiment arising from the tepid 15Y GII auction exercise which was awarded at 3.432% on a mere BTC ratio of 1.481x. Some lingering concerns over the fiscal deficit also seemed to cloud investors afterthought following the cabinet's approval of the National Budget 2021 in Parliament. Nevertheless, a 2nd round of debates beckons with specific budget provisions up for approval. The curve shifted higher and steepened slightly amid a drop in secondary market volume to RM1.88b. Overall benchmark yields ended between 0-15bps higher across the curve. The 5Y MGS 9/25 yields spiked 5bps at 2.16% whilst the 10Y MGS 4/31 yields closed 3bps higher at 2.71%. Some interest was seen in off-the-run 21's and also benchmark 15Y MGS and 7Y GII. GII bond trades fell to form 30% of overall trades. Expect range-bound trading activity in the absence of fresh catalysts for now.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk continued to see muted investor interest with secondary market volume slipping further to RM190m with some interest seen along the GG-AAA part of the curve. Overall yields closed mostly higher overall in most of the bond transactions. Govt-guaranteed LPPSA 10/25 closed unchanged compared to previous-done levels at 2.39% whilst the 10/28 tranche spiked 30bps instead at 2.94%. AAA-rated SEB 11/28 notched RM40m in nominal amounts; closing 6bps higher at 2.95% whereas TNB 8/35 rose 24bps at 3.80%. The AA-space saw YTL Power 8/23 exchange hands some 6bps higher at 3.02%. Meanwhile, the banking space was relatively quiet with only MUAMALAT 11/21 falling sharply lower on yields at 3.50%.

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	44	1.579	26/11/2020	0
MGS 07/21	1.601	110	1.532	26/11/2020	7
MGS 09/21	1.551	57	1.527	26/11/2020	2
MGS 11/21	1.605	19	1.620	26/11/2020	-2
MGS 03/22	1.696	53	1.716	25/11/2020	-2
MGS 09/22	1.742	40	1.756	26/11/2020	-1
MGS 03/23	1.884	38	1.864	26/11/2020	2
MGS 06/24	2.034	62	2.093	26/11/2020	-6
MGS 07/24	2.118	4	2.057	26/11/2020	6
MGS 03/25	2.115	1	2.163	26/11/2020	-5
MGS 09/25	2.163	86	2.109	26/11/2020	5
MGS 07/26	2.434	110	2.410	26/11/2020	2
MGS 11/26	2.418	1	2.382	26/11/2020	4
MGS 05/27	2.571	61	2.504	26/11/2020	7
MGS 11/27	2.610	40	2.543	26/11/2020	7
MGS 08/29	2.866	110	2.800	26/11/2020	7
MGS 04/30	2.847	26	2.807	26/11/2020	4
MGS 04/31	2.710	51	2.676	26/11/2020	3
MGS 06/31	2.917	2	2.876	26/11/2020	4
MGS 04/33	3.270	20	3.174	26/11/2020	10
MGS 07/34	3.380	325	3.251	26/11/2020	13
MGS 05/35	3.351	1	3.305	25/11/2020	5
MGS 04/37	3.471	1	3.373	25/11/2020	10
MGS 05/40	3.706	30	3.557	26/11/2020	15
MGS 03/46	4.045	1	3.990	24/11/2020	5
MGS 06/50	4.136	3	4.094	26/11/2020	4
GII 05/23	1.977	20	1.965	26/11/2020	1
GII 03/26	2.316	160	2.303	26/11/2020	1
GII 09/26	2.459	1	2.406	26/11/2020	5
GII 09/27	2.666	238	2.610	26/11/2020	6
GII 10/28	2.809	50	2.756	26/11/2020	5
GII 12/28	2.798	10	2.760	26/11/2020	4
GII 07/29	2.863	91	2.811	26/11/2020	5
GII 10/30	2.698	1	2.660	26/11/2020	4
GII 11/34	3.310	10	3.310	25/11/2020	0
		<u>1876</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*	
Lembaga Pembiayaan Perumahan Sektor Awam	10/25	GG	2.387	10	2.388	24/09/2020	0	21
Lembaga Pembiayaan Perumahan Sektor Awam	10/28	GG	2.941	10	2.641	07/09/2020	30	32
DanaInfra Nasional Berhad	04/33	GG	3.421	20	3.150	21/09/2020	27	70
Pengurusan Air SPV Berhad	06/24	AAA	2.563	20	2.480	21/10/2020	8	49
Telekom Malaysia Berhad	11/25	AAA	2.608	10	3.063	30/06/2020	-46	43
Danum Capital Berhad	05/27	AAA	2.860	8	2.840	23/11/2020	2	46
Malaysia Airport Holdings Berhad	11/27	AAA	3.343	1			334	82
Sarawak Energy Berhad	11/28	AAA	2.948	40	2.890	30/10/2020	6	33
Sarawak Energy Berhad	11/33	AAA	3.410	9	3.309	12/11/2020	10	-1
Tenaga Nasional Berhad	08/35	AAA	3.801	10	3.561	25/11/2020	24	38
Tenaga Nasional Berhad	08/40	AAA	3.881	1	3.719	20/10/2020	16	23
YTL Power International Berhad	08/23	AA1	3.022	10	2.958	23/09/2020	6	116
Westports Malaysia Sdn Berhad	10/25	AA+	2.869	1	2.839	29/09/2020	3	69
Al-Aqar Capital Sdn Berhad	05/23	AA2	2.981	10	3.130	23/09/2020	-15	123
Perbadanan Kemajuan Pertanian Negeri Pahang (fka L	10/24	AA3	3.948	1	3.911	02/11/2020	4	187
MMC Corporation Berhad	03/28	AA-	3.909	3	3.904	23/11/2020	0	139
IJM Corporation Berhad	08/28	AA3	3.669	1	3.651	05/11/2020	2	105
Malayan Banking Berhad	02/17	AA3	3.289	1	3.249	27/10/2020	4	-36
Malaysian Resources Corporation Berhad	08/27	AA-	3.974	2	4.008	24/11/2020	-3	145
Malaysian Resources Corporation Berhad	08/30	AA-	4.228	1	4.229	25/11/2020	0	151
Bank Muamalat Malaysia Berhad	11/21	A	3.500	10	4.110	06/11/2020	-61	187
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	3.933	1	3.939	25/11/2020	-1	121
YNH Property Berhad	08/19	-	6.444	1	6.522	23/11/2020	-8	279
PESTECH International Berhad	10/20	-	5.900	11	-	-	-	225
			<u>190</u>					

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

Market/Corporate News: What's Brewing

Permodalan Nasional Bhd (PNB) said today it has further diversified into international equities and that the Malaysian government-owned fund management company has been focusing on sectors, which are less susceptible to the current Covid-19-driven economic environment to improve its investment portfolio. In a statement today, PNB, which has assets under management exceeding RM300 billion, said the FBM KLCI's 3.23% increase year-to-date up to Thursday (Nov 26, 2020) is a welcome development for PNB as it "continues its commitment to deliver competitive returns and provide valuable services to unit holders in the ongoing battle against the coronavirus outbreak." PNB's statement today is in conjunction with the announcement by PNB's wholly-owned unit trust management company Amanah Saham Nasional Bhd (ASNB) on the income distribution for ASNB's variable price fund ASN Imbang 1 for financial year ending Nov 30, 2020. ASN Imbang 1 is also known as the Mixed Asset Balanced 1 fund. "ASN Imbang 1 declared a total income distribution payout of RM40.57 million, which translates into 3.32 sen per unit. This income distribution provides a dividend yield of 3.60% based on the expected net asset value of the fund as at Nov 30, 2020. "The payout will benefit over 46,156 unit holders with a total investment amounting to 1.22 billion units," PNB said. According to PNB, the computation of the income distribution for ASN Imbang 1 is based on the units held and the fund's NAV as at Nov 30, 2020. "The distribution declared will be re-invested as additional units into the unit holders' accounts and automatically credited into their accounts on Dec 1, 2020," PNB said. (Source: *The EdgeMarkets*)

The construction of the Central Spine Road (CSR) project and Kota Bharu-Kuala Krai (KBKK) Expressway are expected to be completed in 2025, said Minister in the Prime Minister's Department (Economy) Datuk Seri Mustapa Mohamed (pictured). He said to date, 21% of the CSR line had been completed, with 62km of the road from Merapoh to Kampung Seberang Jelai in Pahang already in use. "As for the KBKK road, 13.85km or 20% is already in use from Pasir Hor to Ketereh in Kelantan. "Once the two road projects are completed, they are expected to reduce traffic congestion, especially during peak hours, weekends and festive seasons, besides helping to reduce accident rates," he told reporters after meeting two Kelantan executive council (exco) members here today. They are Industrial, Trade, Investment and Entrepreneur Development Committee chairman Datuk Hanifa Ahmad and Works, Infrastructure, Transport and Utilities Committee chairman Datuk Azami Mohd Nor. Mustapa said the CSR project involved the construction of a 295.7km highway from Bentong, Pahang to Kuala Krai, Kelantan, while the 67.6km-long KBKK Expressway comprised several packages, with the total cost approved for both projects being RM9.5 billion. He added that RM815 million has also been allocated for the two projects next year, with RM165 million being set aside for the implementation of the KBKK project. "A total of RM270 million has been allocated for the CSR project in Kelantan and RM380 million for the CSR line in Pahang," he said. However, Mustapa said the two projects, which were proposed under Budget 2021, could only be carried out if the Budget is passed in Parliament. Asked about the Sultan Ismail Petra Airport terminal expansion project, Mustapa expects work to start in about a month's time, as the contractor selection process was still being carried out. "We expect the project to begin early next year and be completed in three to four years," he said. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Affin Hwang Investment Bank Berhad	Financial Institution ratings (FIR)	AA3/Negative/P1	Reaffirmed
AMMB Holdings Berhad	Corporate Credit ratings	AA2/Stable/P1	Reaffirmed
AmBank (M) Berhad, AmBank Islamic Berhad, AmInvestment Bank Berhad	Financial Institution ratings (FIR)	AA2/Stable/P1	Reaffirmed
AmBank (M) Berhad	RM7 billion Senior Notes Issuance Programme (2010/2040)	AA2/Stable	Reaffirmed
	RM4 billion Tier-2 Subordinated Notes Programme (2013/2043)	AA3/Stable	Reaffirmed
AmBank Islamic Berhad	RM3 billion Senior Sukuk Musyarakah Programme (2010/2040)	AA2/Stable	Reaffirmed
	RM3 billion Subordinated Sukuk Murabahah Programme (2014/2044)	AA3/Stable	Reaffirmed
reNIKOLA Solar Sdn Bhd	Proposed RM390 mil ASEAN Green SRI Sukuk Programme (2020/2037)	AA3/Stable	Assigned
Alliance Bank Malaysia Berhad	Financial Institution ratings (FIR)	A1/Stable/P1	Reaffirmed
	RM1.5 billion Senior Medium-Term Notes Programme (2015/2045)	A1/Stable	Reaffirmed
	RM2.0 billion Subordinated Medium-Term Notes Programme (2015/2045)	A2/Stable	Reaffirmed
Alliance Islamic Bank Berhad	Financial Institution ratings (FIR)	A1/Stable/P1	Reaffirmed
	RM1.2 billion Senior Sukuk Murabahah	A1/Stable	Reaffirmed
	RM800 million Tier-2 Sukuk Murabahah	A1/Stable	Reaffirmed
Alliance Investment Bank Berhad	Financial Institution ratings (FIR)	A1/Stable/P1	Reaffirmed

Source: RAM, MARC

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