

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.66	3
5-yr UST	2.78	4
10-yr UST	2.90	4
30-yr UST	3.06	5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.54	5	3.62	2
5-yr	3.76	5	3.89	3
7-yr	4.03	10	4.07	4
10-yr	4.10	6	4.18	3
15-yr	4.53	3	4.58	2
20-yr	4.69	2	4.77	1
30-yr	4.91	1	4.95	4

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.70	-1
3-yr	3.75	-1
5-yr	3.85	-1
7-yr	3.97	-2
10-yr	4.17	-1

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US treasuries were broadly sold off yesterday amid pleasant surprise in US ISM manufacturing index that surged to a 14-year high. New debt issuances totaling US\$12bn (out of US\$55bn expected this week) by corporate names including Unilever Capital and Pfizer also helped bear steepen the curve. 2Y UST yields nudged 3bps higher to 2.66% while the 10Y yields rose 4bps to 2.90% as markets reopened after Labour Day holiday closure the preceding day. Expect investors to refocus on US-China trade disputes as the 5-September deadline draws near and there appears little to stop the US from imposing tariffs on additional US\$200bn of Chinese goods as early as tonight/ tomorrow. We also believe reignited EM risks will keep haven demand in UST supported ahead of crucial nonfarm payroll data later this week.

MGS/GII

- Trading interest in local govies remained robust, with total volume dealt rallying further to RM4.61bn yesterday. MGS dominated the bulk of the trading as the amount of GII transacted (RM1.27bn) remained near a one-month low at 27% of total govies done. Yields were seen rallying across the whole spectrum of both the MGS and GII curves, to the tune of 10bps for benchmark 7Y MGS 3/25, at 4.03%. Expect all eyes on today's OPR decision and policy statement for clues of any change in policy rhetoric, in addition to external trade report due for release at noon.

Corp Bonds/Sukuk

- Trading momentum in corporate bonds/sukuk picked up for the first time in three days. Volume dealt was seen improving to RM520m, from RM444m the preceding trading day. There remains a good spread of interest among GG, AAA- and AA-rated papers, and even a few single A-rated issuances. PASB '2/23, Khazanah '3/24, and JKSB '5/25 saw a combined RM85m traded in the GG space. In the AAA space, Rantau '12/20 led with RM50m done 15bps inner at 4.048%. Other names that attracted trading interests were Tenaga, Telekom, SEB, Celcom, UEM Sunrise and WCT.

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 09/18	3.343	42	3.525	03/09/2018	-18
MGS 03/19	3.331	300	3.333	03/09/2018	0
MGS 10/19	3.454	20	3.517	03/09/2018	-6
MGS 11/19	3.452	25	3.429	03/09/2018	2
MGS 03/20	3.458	7	3.458	03/09/2018	0
MGS 07/20	3.432	206	3.422	03/09/2018	1
MGS 10/20	3.514	10	3.464	03/09/2018	5
MGS 02/21	3.583	1	3.535	03/09/2018	5
MGS 07/21	3.620	51	3.594	03/09/2018	3
MGS 09/21	3.630	11	3.586	03/09/2018	4
MGS 11/21	3.543	272	3.546	03/09/2018	0
MGS 03/22	3.683	204	3.631	03/09/2018	5
MGS 08/22	3.734	57	3.748	03/09/2018	-1
MGS 09/22	3.781	30	3.741	03/09/2018	4
MGS 03/23	3.820	3	3.758	03/09/2018	6
MGS 04/23	3.756	125	3.733	03/09/2018	2
MGS 08/23	3.867	16	3.800	03/09/2018	7
MGS 07/24	3.968	239	3.937	03/09/2018	3
MGS 09/24	4.031	88	3.984	03/09/2018	5
MGS 03/25	4.028	146	3.927	03/09/2018	10
MGS 07/25	4.095	1	4.068	14/08/2018	3
MGS 09/25	4.095	22	4.062	03/09/2018	3
MGS 04/26	4.167	81	4.163	03/09/2018	0
MGS 11/26	4.204	362	4.174	03/09/2018	3
MGS 11/27	4.203	10	4.176	03/09/2018	3
MGS 06/28	4.104	266	4.064	03/09/2018	4
MGS 06/31	4.522	61	4.512	03/09/2018	1
MGS 04/32	4.561	1	4.558	23/08/2018	0
MGS 04/33	4.552	40	4.537	03/09/2018	1
MGS 11/33	4.529	474	4.494	03/09/2018	4
MGS 05/35	4.724	160	4.683	03/09/2018	4
MGS 04/37	4.693	1	4.705	03/09/2018	-1
MGS 06/38	4.690	3	4.670	30/08/2018	2
MGS 03/46	4.899	0	4.877	03/09/2018	2
MGS 07/48	4.908	6	4.907	03/09/2018	0
GII 10/18	3.304	60	3.290	29/08/2018	1
GII 04/20	3.547	3	3.430	03/09/2018	12
GII 08/20	3.577	5	3.587	03/09/2018	-1
GII 04/22	3.779	31	3.765	03/09/2018	1
GII 11/23	3.880	395	3.869	03/09/2018	1
GII 08/25	4.094	160	4.008	28/08/2018	9
GII 10/25	4.112	70	4.081	30/08/2018	3
GII 07/27	4.190	21	4.138	03/09/2018	5
GII 10/28	4.186	165	4.153	03/09/2018	3
GII 06/33	4.578	40	4.535	30/08/2018	4
GII 08/37	4.787	266	4.747	03/09/2018	4
GII 05/47	4.948	50	4.908	03/09/2018	4
		<u>4607</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	02/23	GG	4.049	5	4.037	29/08/2018	1	41
Khazanah Nasional Berhad	03/24	GG	4.152	40	4.269	11/04/2018	-12	28
Jambatan Kedua Sdn Berhad	05/25	GG	4.251	40	4.258	28/08/2018	-1	30
Berjaya Land Berhad	12/18	AAA	4.580	10	4.498	15/12/2017	8	121
Rantau Abang Capital Berhad	12/20	AAA	4.048	50	4.199	23/07/2018	-15	62
Gulf Investment Corporation G.S.C	03/21	AAA	4.886	10	5.064	03/05/2018	-18	141
Genting Capital Berhad	06/22	AAA	4.744	0	5.038	29/08/2018	-29	111
Sarawak Hidro Sdn Berhad	08/23	AAA	4.325	20	4.376	11/04/2018	-5	62
Telekom Malaysia Berhad	08/23	AAA	4.288	20	4.297	27/08/2018	-1	59
Telekom Malaysia Berhad	03/24	AAA	4.334	5	4.296	30/08/2018	4	46
GENM Capital Berhad	07/28	AAA	5.078	6	5.133	29/08/2018	-5	104
Rantau Abang Capital Berhad	03/29	AAA	4.558	5	4.583	24/08/2018	-3	52
Tenaga Nasional Berhad	08/32	AAA	4.711	5	4.880	13/07/2018	-17	24
GENM Capital Berhad	07/33	AAA	5.398	11	5.416	28/08/2018	-2	93
Tenaga Nasional Berhad	08/38	AAA	4.959	45	4.950	29/08/2018	1	-
Hong Leong Financial Group Berhad	06/21	AA1	4.350	5	-	-	-	87
Northern Gateway Infrastructure Sdn Berhad	08/30	AA1	4.773	5	4.899	26/07/2018	-13	73
Northern Gateway Infrastructure Sdn Berhad	08/31	AA1	4.810	5	5.041	16/04/2018	-23	34
Sarawak Energy Berhad	12/32	AA1	4.881	45	5.022	16/08/2018	-14	41
Sarawak Energy Berhad	04/36	AA1	5.065	10	5.326	27/07/2018	-26	39
Celcom Networks Sdn Berhad	10/26	AA+	4.758	10	4.891	25/07/2018	-13	72
Celcom Networks Sdn Berhad	08/27	AA+	4.798	10	4.796	28/08/2018	0	74
AmBank Islamic Berhad	03/20	AA2	4.346	15	4.415	31/07/2018	-7	91
IJM Corporation Berhad	04/21	AA3	4.448	20	4.585	07/06/2018	-14	97
Gamuda Berhad	04/21	AA3	4.508	20	4.497	21/08/2018	1	103
Hong Leong Assurance Berhad	02/25	AA3	4.667	10	4.879	31/05/2018	-21	79
UEM Sunrise Berhad	12/18	AA-	4.083	30	4.127	24/08/2018	-4	71
WCT Holdings Berhad	04/20	AA-	4.785	24	4.813	27/08/2018	-3	135
UEM Sunrise Berhad	04/20	AA-	4.512	5	4.506	21/08/2018	1	108
WCT Holdings Berhad	01/25	AA-	5.336	4	5.388	13/08/2018	-5	146
WCT Holdings Berhad	02/25	AA-	5.348	16	5.468	20/03/2018	-12	147
WCT Holdings Berhad	04/26	AA-	5.517	2	5.538	27/08/2018	-2	148
Golden Assets International Finance Limited	08/19	A1	4.874	10	4.914	17/08/2018	-4	150
CIMB Group Holdings Berhad	05/16	A1	4.655	0	5.048	27/08/2018	-39	-2
Alliance Bank Malaysia Berhad	10/25	A2	5.142	1	4.842	10/08/2018	30	119
DRB-Hicom Berhad	12/14	A-	7.621	1	7.739	18/07/2018	-12	295
				<u>520</u>				

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

Market/Corporate News: What's Brewing

Three top executives at palm oil producer FGV Holdings Bhd left the company at the end of August, in a management shake-up at the world's largest crude palm oil producer, three sources familiar with the company operations said on Tuesday. The departure of the senior executives, which has not yet been made public, comes as FGV investigates several of its business practices following "adverse findings" from an earlier probe into its investments. The investigation, initiated by FGV's board of directors, is examining poor trading practices and palm oil sales, a worker shortage and other problems that have led to financial losses, according to a statement last week. FGV's new chairman, Wira Azhar Abdul Hamid, said this week that the company is also investigating some members of the board and management. The three sources aware of the executives' departure told Reuters that the company's chief operating officer of plantations Palaniappan Swaminathan, chief human resources officer Mohd Najid Yahya, and chief procurement officer Abdul Razak Yunus have left the company. The three sources declined to be identified due to the sensitive nature of the issue. Palaniappan told Reuters he decided to retire from FGV ahead of his contract's end. "It is my option to take earlier retirement by three months," Palaniappan said, adding that the head of upstream cluster Fairuz Ismail is replacing him. FGV declined to comment on the matter. Phone calls to Mohd Najid Yahya and Abdul Razak Yunus went unanswered. Shares of FGV have fallen over 70% since its 2012 initial public offering amid allegations by analysts and

investors of poor company management. The shake-up at FGV is seen as part of a wider move by a new Malaysian government, elected in May, that has pledged to clean up governance and operations of state-linked entities, including state plantation agency Federal Land Development Authority (Felda), FGV's largest shareholder. (Source: Reuters/ The Star Online)

Sapura Energy Bhd said wholly owned Sapura Upstream Sdn Bhd has secured its maiden oil and gas exploration project in Australia. This is through farm-in agreements to three exploration permits held by Finder Exploration Pty Ltd. Sapura Energy, in a statement on Tuesday, said the three prospects are located within the highly prolific North West Shelf oil and gas province off Western Australia. "Our entry into Australia marks another significant milestone for our upstream business as we continue to pursue growth in line with our strategy to expand our portfolio and acreage position," its president and group CEO Tan Sri Shahril Shamsuddin said. Sapura Energy said the farm-in project is subject to requisite regulatory approvals. On completion, Sapura Upstream will acquire a 70% interest in all three exploration permits and assume operatorship, while Finder will retain a 30% interest. Sapura Energy said the company is poised to become one of Asia's largest independent oil and gas company in terms of reserves and resources. Recent successes includes the commencing of production from its SK310 B15 gas field, ramping up development of its SK408 block and making its ninth gas discovery offshore Sarawak. The company has been making inroads into New Zealand with a series of farm-ins and winning Block 30 in Sureste Basin in the Gulf of Mexico. (Source: The Star Online)

SRating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM, MARC

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