

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.80	-3
5-yr UST	2.79	-3
10-yr UST	2.91	-6
30-yr UST	3.17	-8

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.68	-1	3.76	-2
5-yr	3.84	-1	3.89	-1
7-yr	4.01	0	4.16	3
10-yr	4.07	-2	4.20	-2
15-yr	4.52	-1	4.59	0
20-yr	4.74	-1	4.78	0
30-yr	4.91	0	4.94	1

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.71	0
3-yr	3.76	-1
5-yr	3.86	-2
7-yr	3.97	-1
10-yr	4.18	-1

Source : Bloomberg

#### Upcoming Government Bond Tender

RM4.5b (RM2.0b auction + RM2.5b PP) of 20Y GII 8/37 on Thursday, 6<sup>th</sup> December 2018

#### US Treasuries

- US Treasuries rallied with the curve flattening sharply as the longer-end witnessed a “short-squeeze” by hedge funds and speculators; causing yields to dive. Traders are also seen using UST’s as a hedge against massive equity sell-offs. Whilst US equities suffered a fall; bond investors were watching closely on further signs in the inversion of the yield curve following the negative turn in the 3s5s spread for the first time in a decade. Overall benchmark yields ended 3-8bps lower with the 2Y at 2.80% and the 10Y closing 6bps lower at 2.91% levels. Whilst a December rate hike is being largely priced in; traders are slashing the number of quarter-point hikes for 2019 as doubts are raised over the sustainability of this economic cycle as global growth is seen slowing. Meanwhile we have a flurry of data including the job figures out tomorrow and Friday.

#### MGS/GII

- Trading sentiment in local govies volume improved to RM4.41b yesterday with interest mainly in the off-the-run 19’s and 21’s and both 10Y benchmark bonds. Overall benchmark MGS and GII yields ended 0-2bps lower save for odd-lot trades on both the 7Y and 30Y GII bonds. The 5Y benchmark MGS 4/23 edged 1bps lower at 3.84% whilst the 10Y MGS 6/28 rallied 2bps lower at 4.07% levels. GII trades rose to form 32% of overall bond trades. Meanwhile Malaysia is seen to outshine other EM’s due to its strong current-account surplus, relatively stable economic growth outlook and valuations with low inflation of 0.6% in October. Investors are expected to monitor appetite for the 20Y GII bond auction tomorrow. On the local data front we have the trade figures out today.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw volume ease to RM303m with interest still seen across the curve. The Govt-guaranteed PASB 9/25 edged 2bps higher at 4.24% compared to previous-done levels. The AAA-rated RANTAU 3/29 and 5/31 ended 0-1bps at 4.57% and 4.67% respectively. In the AA-space; a slew of energy-related bonds especially TBEI 2025-2031 traded in smaller amounts closing lower on yields between 4.69-87% levels whilst SEB 31-32’s closed 0-5bps higher instead between 4.81-89% area. The shorter-tenured JEV 11/19 closed 6bbps lower at 4.15%. In the banking space Bank Muamalat 26NC21 rallied 16bps at 5.53%.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.179	353	3.293	03/12/2018	-11
MGS	07/19	3.372	73	3.372	03/12/2018	0
MGS	10/19	3.481	83	3.492	03/12/2018	-1
MGS	11/19	3.452	425	3.454	03/12/2018	0
MGS	03/20	3.544	34	3.505	03/12/2018	4
MGS	10/20	3.523	4	3.537	03/12/2018	-1
MGS	02/21	3.621	3	3.649	30/11/2018	-3
MGS	07/21	3.686	59	3.714	03/12/2018	-3
MGS	11/21	3.684	194	3.691	03/12/2018	-1
MGS	03/22	3.739	24	3.726	03/12/2018	1
MGS	09/22	3.811	91	3.794	03/12/2018	2
MGS	03/23	3.889	19	3.875	03/12/2018	1
MGS	04/23	3.836	167	3.851	03/12/2018	-2
MGS	07/24	4.000	41	3.990	03/12/2018	1
MGS	09/24	4.004	51	4.009	03/12/2018	-1
MGS	03/25	4.014	70	4.018	03/12/2018	0
MGS	09/25	4.074	235	4.109	03/12/2018	-4
MGS	11/26	4.167	110	4.190	03/12/2018	-2
MGS	11/27	4.206	23	4.204	03/12/2018	0
MGS	06/28	4.069	530	4.087	03/12/2018	-2
MGS	04/30	4.497	15	4.480	03/12/2018	2
MGS	06/31	4.517	19	4.517	03/12/2018	0
MGS	04/33	4.523	9	4.551	03/12/2018	-3
MGS	11/33	4.516	139	4.549	03/12/2018	-3
MGS	05/35	4.702	4	4.684	03/12/2018	2
MGS	04/37	4.771	21	4.761	03/12/2018	1
MGS	06/38	4.739	17	4.746	03/12/2018	-1
MGS	09/43	4.917	73	4.929	03/12/2018	-1
MGS	03/46	4.903	5	4.937	03/12/2018	-3
MGS	07/48	4.914	2	4.914	03/12/2018	0
GII	04/19	3.248	250	3.255	29/11/2018	-1
GII	03/22	3.760	5	3.776	30/11/2018	-2
GII	04/22	3.787	18	3.800	30/11/2018	-1
GII	11/23	3.894	62	3.905	03/12/2018	-1
GII	08/25	4.160	422	4.124	03/12/2018	4
GII	09/26	4.213	30	4.228	23/11/2018	-1
GII	07/27	4.211	12	4.223	03/12/2018	-1
GII	10/28	4.198	605	4.219	03/12/2018	-2
GII	08/37	4.779	112	4.783	30/11/2018	0
GII	05/47	4.941	2	4.934	30/11/2018	1
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## 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	06/24	GG	4.151	5	4.232	31/07/2018	18
Pengurusan Air SPV Berhad	09/25	GG	4.242	50	4.220	16/11/2018	24
Cagamas Berhad	10/19	AAA	3.919	5	3.860	27/06/2013	47
Cagamas Berhad	03/21	AAA	4.120	5	-	-	58
Rantau Abang Capital Berhad	03/29	AAA	4.572	20	4.568	17/10/2018	50
Rantau Abang Capital Berhad	05/31	AAA	4.669	2	4.661	16/10/2018	60
Sarawak Hidro Sdn Berhad	08/31	AAA	4.606	5	4.607	29/11/2018	8
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/19	AA1	4.327	5	4.337	03/12/2018	88
YTL Power International Berhad	05/27	AA1	4.878	4	4.879	26/11/2018	80
Sarawak Energy Berhad	04/31	AA1	4.813	10	4.765	22/11/2018	74
Sarawak Energy Berhad	12/32	AA1	4.888	25	4.888	03/12/2018	36
Celcom Networks Sdn Berhad	08/19	AA+	4.069	10	4.074	27/11/2018	62
First Resources Limited	06/20	AA2	4.364	20	4.378	29/11/2018	82
UMW Holdings Berhad	10/26	AA2	4.776	20	4.757	22/11/2018	69
UEM Sunrise Berhad	06/19	AA-	4.386	15	4.405	03/12/2018	94
Jimah Energy Ventures Sdn Berhad	11/19	AA3	4.150	15	4.210	05/11/2018	71
Perbadanan Kemajuan Negeri Selangor	08/21	AA3	4.764	1	4.749	10/10/2018	108
BGSM Management Sdn Berhad	12/22	AA3	4.488	3	4.488	26/11/2018	72
Tanjung Bin Energy Issuer Berhad	03/25	AA3	4.688	10	4.800	05/07/2018	72
Tanjung Bin Energy Issuer Berhad	09/25	AA3	4.698	10	4.880	28/05/2018	70
Tadau Energy Sdn Berhad	07/29	AA3	5.307	4	5.551	09/03/2018	124
Tanjung Bin Energy Issuer Berhad	09/29	AA3	4.769	2	4.998	13/07/2018	70
Tanjung Bin Energy Issuer Berhad	09/31	AA3	4.869	10	4.961	27/09/2018	34
UEM Sunrise Berhad	05/19	AA-	4.308	5	4.332	03/12/2018	86
SAJ Capital Sdn Berhad	01/20	AA-	4.816	10	4.826	03/12/2018	137
Jimah East Power Sdn Berhad	06/30	AA-	4.829	10	4.829	15/11/2018	76
Southern Power Generation Sdn Berhad	04/33	AA-	4.918	10	4.919	23/11/2018	39
RHB Bank Berhad	03/39	A1	4.223	2	4.216	26/10/2018	53
Bank Muamalat Malaysia Berhad	06/26	A3	5.528	10	5.659	14/08/2018	145
			<u>303</u>				

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

### Market/Corporate News: What's Brewing

**Malakoff Corp Bhd's business partner in an Algerian sea water desalination plant — state-owned Algerian Energy Co (AEC) — wants the group to give up its stake in the plant operator following the termination of a water purchase agreement.**

Malakoff's 70%-owned Tlemcen Desalination Investment Co SAS (TDIC) currently holds a 51% stake in the joint stock company Almiyah Attilemcania SPA, under which the plant is parked. The remainder 49% is held by AEC, the government company that handled the power and water privatisation exercise in Algeria. Malakoff said AEC notified TDIC and the offtakers of its decision to transfer TDIC's shares in the joint stock company to AEC on Nov 30. The offtakers are Sonatrach SPA and L'Algerienne Des Eaux, whom Malakoff announced mid last month had sent a notice to terminate the water purchase agreement inked on Dec 9, 2007, following an alleged breach of agreement. L'Algerienne is the state-owned national public water entity of Algeria, while Sonatrach is the national oil company of Algeria. In the share transfer notice issued, AEC also said it intends to carry out a technical appraisal on the plant. Malakoff said TDIC may dispute the validity of the notice in the seven days after receiving it. "TDIC will be seeking legal advice and taking the necessary steps to challenge the purported notice issued by AEC," Malakoff said. Malakoff also said its carrying amount of investment in AAS had been fully provided for in financial year ended Dec 31, 2016 (FY16). Hence, it does not expect any material impact from the latest development on its earnings, net assets and gearing for FY18 (Source: *The Edge*)

**The Negeri Sembilan Government is restructuring the Malaysian Vision Valley (MVV) project by focusing on economic development involving high-impact industries in various clusters.**

State Investment, Industrialisation, Entrepreneurship, Education and Human Capital Action Committee Chairman Dr Mohamad Rafie Ab Malek said the development project, to be known as the MVV 2.0, would create more jobs, especially for the youths in the state. "We are in the midst of identifying key industry players to invest in each development cluster. "For example, Airbus, a key industry player in the aviation industry, has agreed to participate in the development of an aviation hub within the industry cluster in Nilai," he said. He was speaking to reporters after the closing ceremony of a workshop titled "Open Space Technology: The Needs and Contribution of the Negeri Sembilan Youth to the Implementation of MVV 2.0" here today. The event was attended by 164 participants from several youth associations in the state. The MVV Secretariat is gathering feedback from the public to ensure that the project will benefit the people, said Mohamad Rafie, adding that the data will be taken into account in the implementation of the master plan and input on the social impact assessment study. He said the State government will also seek views from experts and professionals from higher learning institutions and analyse the inputs to ensure that a well-planned programme will be in place. "The youth involvement in the development plan is necessary to ensure that their ideas and views are taken into account before the plan is executed as it is for their future," he said. The MVV 2.0, which encompasses four main clusters, namely industry, education, tourism and special services, is expected to be launched by Menteri Besar Aminuddin Harun on Dec 13. The 30-year mega development project, which is headed by Sime Darby Property Bhd, is touted to become the country's sixth economic corridor, spanning over 153,300 hectares. (Source: *The Edge*)

<b>Rating Action</b>			
<b>Issuer</b>	<b>PDS Description</b>	<b>Rating/Outlook</b>	<b>Action</b>
Dynasty Harmony Sdn Bhd (DHSB); wholly-owned subsidiary of GFM Services Berhad	Proposed Sukuk) of a RM300 million Islamic MTN Programme	AA3/stable	Assigned

Source: RAM, MARC

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