

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST*		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.80	0
5-yr UST	2.79	0
10-yr UST	2.91	0
30-yr UST	3.17	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.67	-1	3.76	0
5-yr	3.84	0	3.88	-1
7-yr	4.01	0	4.08	-8
10-yr	4.07	0	4.20	0
15-yr	4.51	0	4.59	0
20-yr	4.74	0	4.78	0
30-yr	4.91	0	4.94	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.71	0
3-yr	3.76	0
5-yr	3.86	0
7-yr	3.98	1
10-yr	4.17	0

Source : Bloomberg

\*UST levels as at 4-Dec close

#### Upcoming Government Bond Tender

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

#### US Treasuries

- US bond markets were closed yesterday in observation of a mourning day for former US President Bush. Despite the day off in the US, global financial markets remained submerged in the reeling effects of a flattening yield curve. We expect the US treasuries markets to stay in a biddish tone when it reopens tonight as current fragile sentiments surrounding growth concerns, US-China trade conflicts and Brexit headlines as the UK heads into a 5-day debate in Parliament, will all be supportive of haven demand. Tonight's key US data namely ADP employment, ISM and Markit PMI services, durable goods orders and initial jobless claims will unlikely soothe slowing growth concerns in the US.

#### MGS/GII

- Trading momentum in local govies volume saw sustained momentum yesterday, with RM4.2bn changed hands, down just slightly from RM4.4b a day ago. Focus was mainly on the front end of the curve with RM1.5bn or approximately a third on 1Y and below concentrating on MGS11/19 and MGS 3/20 that traded within a bp from previous done levels. Yields across other benchmark govies generally closed flat with the exception of benchmark 7Y GII that fell 8bps to 4.08%. GII trades continued to gain traction, rising further to form 37% of overall bond trades, from 32% the preceding day. Mirroring MGS, trading in GII were also seen focused on the short end, led by GII 4/20 that saw RM565m changed hands at 3.54% (-1bp). All eyes will be on the sale of RM4.5bn of 20Y GII 8/37 today, comprising RM2.0bn via open tender and another RM2.5bn private placement.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw increased trading interests. Volume dealt climbed to RM439m, up from RM303m a day ago. The AA-rated spectrum took center stage, followed by GGs. PASB '6/19 and '6/24 saw a combined RM45m done at 3.754% (+8bps) and 4.147% (unchanged) respectively. Dana '10/28 and '11/29 meanwhile traded 1-12bps wider at 4.454% and 4.540% respectively. In the corporate space, telco names stole the limelight. Celcome '8/27 saw RM40m changed hands at 4.779% while BGSM '12/19 saw RM87m dealt at 4.195%. Also of interests were power names like Southern Power, Kimanis, Malakoff Power, Jimah, Edra Energy and Sarawak Energy which made it to the list.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.247	342	3.275	04/12/2018	-3
MGS	07/19	3.409	110	3.372	04/12/2018	4
MGS	10/19	3.434	70	3.453	04/12/2018	-2
MGS	11/19	3.439	478	3.457	04/12/2018	-2
MGS	03/20	3.513	467	3.505	04/12/2018	1
MGS	07/20	3.552	5	3.561	03/12/2018	-1
MGS	07/21	3.682	81	3.686	04/12/2018	0
MGS	09/21	3.693	1	3.701	03/12/2018	-1
MGS	11/21	3.670	209	3.691	04/12/2018	-2
MGS	03/22	3.749	21	3.739	04/12/2018	1
MGS	09/22	3.794	0	3.811	04/12/2018	-2
MGS	03/23	3.879	5	3.887	04/12/2018	-1
MGS	04/23	3.839	184	3.844	04/12/2018	0
MGS	08/23	3.940	0	3.964	03/12/2018	-2
MGS	07/24	3.980	48	4.000	04/12/2018	-2
MGS	09/24	4.000	5	4.021	04/12/2018	-2
MGS	09/25	4.067	101	4.074	04/12/2018	-1
MGS	04/26	4.168	1	4.176	03/12/2018	-1
MGS	11/26	4.175	37	4.179	04/12/2018	0
MGS	03/27	4.209	3	4.231	29/11/2018	-2
MGS	05/27	4.238	10	4.223	30/11/2018	2
MGS	11/27	4.194	70	4.206	04/12/2018	-1
MGS	06/28	4.065	29	4.067	04/12/2018	0
MGS	04/30	4.494	1	4.497	04/12/2018	0
MGS	06/31	4.495	22	4.545	04/12/2018	-5
MGS	04/32	4.568	3	4.592	04/12/2018	-2
MGS	04/33	4.533	2	4.523	04/12/2018	1
MGS	11/33	4.513	173	4.516	04/12/2018	0
MGS	05/35	4.643	3	4.702	04/12/2018	-6
MGS	06/38	4.739	179	4.740	04/12/2018	0
MGS	03/46	4.939	0	4.937	04/12/2018	0
GII	04/19	3.144	62	3.248	04/12/2018	-10
GII	04/20	3.540	565	3.547	03/12/2018	-1
GII	04/20	3.556	35	3.569	28/09/2018	-1
GII	03/21	3.655	5	3.632	30/11/2018	2
GII	04/22	3.803	20	3.787	04/12/2018	2
GII	07/22	3.837	70	3.834	30/11/2018	0
GII	11/23	3.880	167	3.894	04/12/2018	-1
GII	05/24	4.032	1	4.032	30/11/2018	0
GII	08/25	4.081	140	4.085	04/12/2018	0
GII	10/25	4.142	13	4.192	16/11/2018	-5
GII	09/26	4.213	1	4.213	04/12/2018	0
GII	07/27	4.199	67	4.211	04/12/2018	-1
GII	10/28	4.199	340	4.201	04/12/2018	0
GII	09/30	4.529	3	4.553	27/11/2018	-2
GII	08/37	4.779	51	4.780	04/12/2018	0
GII	05/47	4.938	20	4.948	04/12/2018	-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	06/19	GG	3.754	15	3.677	19/10/2018	8	31
Pengurusan Air SPV Berhad	06/24	GG	4.147	30	4.151	04/12/2018	0	18
DanaInfra Nasional Berhad	10/28	GG	4.454	20	4.445	30/11/2018	1	39
DanaInfra Nasional Berhad	11/29	GG	4.540	2	4.419	01/10/2018	12	47
Prasarana Malaysia Berhad	02/36	GG	4.929	10	4.889	24/07/2018	4	40
Sabah Development Bank Berhad	05/22	AA1	5.299	0	4.870	03/12/2018	43	161
Malayan Banking Berhad	01/24	AA1	4.815	0	4.822	26/11/2018	-1	97
Sarawak Energy Berhad	12/32	AA1	4.887	10	4.888	04/12/2018	0	36
UniTapah Sdn Berhad	06/33	AA1	4.949	10	4.922	21/11/2018	3	42
CIMB Bank Berhad	08/26	AA+	4.579	1	4.633	17/10/2018	-5	50
Celcom Networks Sdn Berhad	08/27	AA+	4.779	40	4.789	13/11/2018	-1	67
Tanjung Bin Power Sdn Berhad	08/19	AA2	4.136	5	4.179	05/11/2018	-4	69
Fortune Premiere Sdn Berhad	03/23	AA	4.707	10	4.790	22/10/2018	-8	93
Bumitama Agri Ltd	03/19	AA3	4.211	20	4.230	03/12/2018	-2	77
Jimah Energy Ventures Sdn Berhad	05/19	AA3	4.006	5	4.151	04/01/2018	-15	56
Bumitama Agri Ltd	09/19	AA3	4.420	20	4.386	27/11/2018	3	98
Bandar Serai Development Sdn Berhad	11/19	AA3	4.261	1	4.274	28/11/2018	-1	82
BGSM Management Sdn Berhad	12/19	AA3	4.195	87	4.215	23/11/2018	-2	75
Perbadanan Kemajuan Negeri Selangor	08/23	AA3	4.947	20	4.945	03/12/2018	0	110
BGSM Management Sdn Berhad	12/23	AA3	4.546	1	4.539	23/10/2018	1	70
CIMB Thai Bank Public Company Limited	07/26	AA3	4.908	10	4.772	28/11/2018	14	83
Edra Energy Sdn Berhad	07/27	AA3	5.551	5	5.336	03/09/2018	22	144
CIMB Group Holdings Berhad	04/60	AA3	5.528	0	4.452	25/09/2018	108	78
Malakoff Power Berhad	12/18	AA-	3.736	5	3.731	22/11/2018	1	29
WCT Holdings Berhad	12/18	AA-	4.123	5	4.229	09/11/2018	-11	68
Sunway Treasury Sukuk Sdn Berhad	06/22	AA-	4.600	20	7.230	29/07/2015	-263	83
UEM Sunrise Berhad	12/24	AA-	4.874	10	4.977	16/11/2018	-10	91
Kimanis Power Sdn Berhad	08/26	AA-	4.665	10	4.741	30/05/2017	-8	58
Southern Power Generation Sdn Berhad	04/29	AA-	4.699	10	4.742	15/11/2018	-4	63
Jimah East Power Sdn Berhad	12/31	AA-	4.900	10	4.921	29/11/2018	-2	38
Southern Power Generation Sdn Berhad	04/33	AA-	4.917	10	4.918	04/12/2018	0	39
Southern Power Generation Sdn Berhad	10/33	AA-	4.970	10	4.971	23/11/2018	0	44
Golden Assets International Finance Limited	08/19	A1	4.794	5	4.770	03/12/2018	2	135
RHB Bank Berhad	03/39	A1	4.222	20	4.223	04/12/2018	0	-53
Eco World Capital Assets Berhad	08/22	-	6.472	1	-	-	-	270
Mah Sing Group Berhad	02/17	-	6.722	1	6.722	03/12/2018	0	197
				<u>439</u>				

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

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

Oil prices dipped on Thursday in tepid trading ahead of a meeting by producer group OPEC that is expected to result in a supply cut aimed at draining a glut that has pulled down crude prices by 30 percent since October. U.S. West Texas Intermediate (WTI) crude futures were at \$52.57 per barrel at 0109 GMT, down 32 cents, or 0.6 percent, from their last close. International Brent crude oil futures were down 17 cents, or 0.3 percent, at \$61.39 per barrel. Since early October, crude oil has lost around 30 percent of its value amid surging supply and fears that an economic downturn will erode fuel demand. The Organisation of the Petroleum Exporting Countries (OPEC) is meeting at its headquarters in Vienna, Austria, on Thursday to decide its production policy. Led by Saudi Arabia, OPEC's crude oil production has risen by 4.1 percent since mid-2018, to 33.31 million barrels per day (bpd). Russia, a major oil producer but not a member of OPEC, will meet with the producer cartel on Friday to discuss production levels, and it is widely expected that a supply cut will be agreed. "Markets...believe the production cut deal will be in range of 1-1.3 million bpd," ANZ bank said on Thursday. (Source: *The Star Online/ Reuters*)

Malaysian palm oil futures fell more than 1 percent on Wednesday due to expectations of rising inventories in Malaysia and a change in Indonesia's export levy rules. Indonesia relaxed rules on palm oil levies and derivative products effective immediately following a drop in prices, the country's finance ministry said on Wednesday. It will not collect levies from palm exporters

when prices are below \$570 per tonne, but will charge \$10-\$25 a tonne once prices are in a range of \$570-\$619 per tonne. The levy will rise to \$20-\$50 when prices hit above \$619 per tonne. The benchmark palm oil contract for February delivery on the Bursa Malaysia Derivatives Exchange fell 1.2 percent to 1,995 ringgit (\$480.43) a tonne by the close of trade, after earlier dropping as much as 1.5 percent to 1,990 ringgit. Trading volumes stood at 27,937 lots of 25 tonnes each. "Palm is down on worries over the end-November stocks outlook and the confirmation of a temporary abolishment in Indonesia's export levy," said a Kuala Lumpur based trader, explaining that while this would make Indonesian palm more competitive, it could dampen demand for Malaysian products. A Reuters poll also showed that Malaysia's palm oil stocks at end-November are likely to touch the 3-million-tonne mark, their highest in recent years, as a drop in exports outpaced lean production. Production is seen down 2.1 percent at 1.91 million tonnes, while exports are forecast to fall 10.6 percent to 1.41 million tonnes. In other related oils, the Chicago December soybean oil contract was trading flat at 1040 GMT, while the January soybean oil contract on the Dalian Commodity Exchange fell 0.3 percent. Meanwhile, the Dalian January palm oil contract edged up 0.1 percent. Palm oil is impacted by movements of other edible oils, as they compete for a share in the global vegetable oil market. (Source: The Star Online/ Reuters)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Pengurusan Air SPV Berhad (PASB)	RM20 billion Islamic MTN Programme (2009/2039)	AAA/Stable	Assigned

Source: RAM, MARC

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