








Global Markets Research






Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.64	 -2
5-yr UST	2.75	 -3
10-yr UST	2.87	 -3
30-yr UST	3.05	 -2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.64	 2	3.68	 2
5-yr	3.85	 -1	3.97	 4
7-yr	4.06	 4	4.15	 3
10-yr	4.16	 1	4.26	 4
15-yr	4.60	 5	4.64	 4
20-yr	4.70	 0	4.80	 1
30-yr	4.92	 1	4.95	 0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.71	 1
3-yr	3.75	 1
5-yr	3.86	 0
7-yr	3.98	 0
10-yr	4.17	 -3

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US treasuries advanced again on flight to safety mode amid selloffs in global equities on lingering global trade conflicts, shrugging off a mixed bag of US economic data that showed mixed performances in the labour market and services sectors. In addition, massive new corporate issuances that pushed yields higher also attracted bargain-hunting activities. This pushed yields lower by 2-3bps across the curve with the 2s ended at 2.64% and the 10s at 2.87%. Expect trading to turn more cautious ahead of the release of US nonfarm payroll and other job details tonight.

MGS/GII

- Trading volume in local govies dissipated somewhat to RM3.09bn yesterday, back below RM4.0bn mark signaling milder selloffs as recent rally in yields attracted bargain-hunting interests even though overall sentiments remained jittery amid lingering US-China and US-Canada trade disputes. Yields were seen continued nudging higher by 1-5bps across the MGS and GII curves, with the exception of benchmark 3Y that shed 1bp to 3.85%. Interests were seen centered on the front end up to the 10Y of the curve. Benchmark 7Y MGS added 4bps to 4.06% while the 10Y added 1bp to 4.16%. Expect little influence from Malaysia IPI due at noon today as external development will continue to rule overall direction and sentiments of the local market.

Corp Bonds/Sukuk

- Trading in corporate bonds/sukuk also registered lower trading volume of RM363m, down sharply from the RM514m seen a day ago. GG papers were seen back in the radar led by various tenors (24-37) of DanalInfra bonds that saw a combined RM33m done. The AAA-AA segment continued to take center stage with favourite names like Cagamas 20-21 accounted for RM70m of total volume transacted following the debut of Caga 9/20 and 11/20. On top of that, we also noted continued interests in energy papers and to some extent, financial issuances like HLFG 9/21 which traded unchanged at 4.346%.

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 09/18	3.351	15	3.525	05/09/2018	-17
MGS 03/19	3.298	740	3.259	05/09/2018	4
MGS 07/19	3.484	6	3.407	03/09/2018	8
MGS 10/19	3.463	10	3.454	05/09/2018	1
MGS 11/19	3.500	10	3.491	05/09/2018	1
MGS 07/20	3.511	7	3.466	05/09/2018	4
MGS 10/20	3.568	75	3.558	05/09/2018	1
MGS 07/21	3.606	35	3.620	04/09/2018	-1
MGS 09/21	3.663	3	3.630	05/09/2018	3
MGS 11/21	3.639	215	3.602	05/09/2018	4
MGS 03/22	3.677	57	3.683	05/09/2018	-1
MGS 08/22	3.813	41	3.812	05/09/2018	0
MGS 09/22	3.808	50	3.788	05/09/2018	2
MGS 04/23	3.852	110	3.864	05/09/2018	-1
MGS 08/23	3.890	41	3.889	05/09/2018	0
MGS 07/24	4.083	65	3.968	05/09/2018	12
MGS 09/24	4.096	23	4.012	05/09/2018	8
MGS 03/25	4.058	203	4.058	05/09/2018	0
MGS 09/25	4.154	36	4.120	05/09/2018	3
MGS 04/26	4.204	6	4.167	04/09/2018	4
MGS 11/26	4.223	135	4.211	05/09/2018	1
MGS 11/27	4.230	10	4.189	05/09/2018	4
MGS 06/28	4.160	33	4.172	05/09/2018	-1
MGS 04/30	4.520	134	4.486	05/09/2018	3
MGS 06/31	4.544	4	4.522	04/09/2018	2
MGS 04/32	4.585	3	4.561	04/09/2018	2
MGS 04/33	4.593	102	4.592	05/09/2018	0
MGS 11/33	4.595	187	4.559	05/09/2018	4
MGS 05/35	4.733	7	4.724	04/09/2018	1
MGS 04/37	4.758	5	4.695	05/09/2018	6
MGS 09/43	4.893	2	4.848	30/08/2018	4
MGS 07/48	4.917	10	4.914	05/09/2018	0
GII 11/18	3.329	60	3.341	14/08/2018	-1
GII 04/19	3.344	380	3.343	30/08/2018	0
GII 04/20	3.567	3	3.547	04/09/2018	2
GII 07/23	3.997	10	3.976	05/09/2018	2
GII 11/23	3.965	158	3.986	05/09/2018	-2
GII 08/25	4.144	70	4.144	05/09/2018	0
GII 07/27	4.237	2	4.190	04/09/2018	5
GII 10/28	4.264	27	4.234	05/09/2018	3
		<u>3090</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*
DanaInfra Nasional Berhad	07/24	GG	4.151	10	4.187	14/08/2018	-4	28
DanaInfra Nasional Berhad	05/28	GG	4.390	10	4.341	27/08/2018	5	35
Prasarana Malaysia Berhad	09/28	GG	4.320	5	-	-	-	28
DanaInfra Nasional Berhad	10/28	GG	4.408	10	4.340	23/08/2018	7	37
Lembaga Pembiayaan Perumahan Sektor Awam	04/32	GG	4.669	5	4.799	17/07/2018	-13	20
Prasarana Malaysia Berhad	12/35	GG	4.777	8	4.904	13/02/2017	-13	31
DanaInfra Nasional Berhad	05/37	GG	4.854	3	4.949	30/07/2018	-9	18
Cagamas Berhad	09/20	AAA	3.950	5	-	-	-	52
Cagamas Berhad	11/20	AAA	4.059	10	4.199	03/07/2018	-14	63
Cagamas Berhad	09/21	AAA	4.050	55	-	-	-	57
GENM Capital Berhad	07/23	AAA	4.880	1	4.880	05/09/2018	0	118
Sarawak Hidro Sdn Berhad	08/25	AAA	4.466	25	4.560	11/07/2018	-9	51
Danga Capital Berhad	01/30	AAA	4.631	3	4.699	10/08/2018	-7	59
Hong Leong Financial Group Berhad	09/21	AA1	4.346	50	4.350	09/04/2018	0	87
Malayan Banking Berhad	01/24	AA1	4.870	1	4.589	05/09/2018	28	117
Sarawak Energy Berhad	08/35	AA1	5.039	20	5.034	03/09/2018	0	57
Westports Malaysia Sdn Berhad	04/25	AA+	4.606	2	4.714	18/12/2017	-11	65
CIMB Bank Berhad	08/26	AA+	5.349	1	4.561	30/08/2018	79	131
Celcom Networks Sdn Berhad	10/26	AA+	4.756	2	4.758	04/09/2018	0	72
First Resources Limited	10/21	AA2	4.550	10	4.566	15/08/2018	-2	107
United Growth Berhad	06/22	AA2	4.420	5	4.497	13/08/2018	-8	79
Fortune Premiere Sdn Berhad	12/22	AA	4.745	2	4.908	23/05/2018	-16	111
Fortune Premiere Sdn Berhad	09/25	AA	5.050	2	-	-	-	110
Anih Berhad	11/26	AA	4.662	1	4.841	07/05/2018	-18	62
CIMB Bank Berhad	10/38	AA	4.704	20	4.502	29/08/2018	20	3
Gamuda Berhad	03/23	AA3	4.704	30	4.678	30/08/2018	3	100
RHB Islamic Bank Berhad	04/27	AA3	4.667	2	4.643	03/09/2018	2	61
WCT Holdings Berhad	12/18	AA-	4.414	2	4.423	24/08/2018	-1	104
MMC Corporation Berhad	11/20	AA-	4.994	10	5.016	04/05/2018	-2	156
UEM Sunrise Berhad	12/22	AA-	4.674	3	4.667	27/08/2018	1	104
Tanjung Bin O&M Berhad	06/23	AA-	4.637	20	4.750	08/07/2013	-11	94
Jimah East Power Sdn Berhad	06/26	AA-	4.698	10	4.699	05/09/2018	0	66
MMC Corporation Berhad	03/28	AA-	5.649	20	5.609	05/09/2018	4	161
Alliance Bank Malaysia Berhad	10/25	A2	5.157	0	5.142	04/09/2018	1	120
				<u>363</u>				

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

Market/Corporate News: What's Brewing

Bank Negara Malaysia's international reserves rose marginally to US\$104.4bil as at August 30 from US\$104.2bil two weeks earlier. The central bank said the reserves position is sufficient to finance 7.5 months of retained imports and is 0.9 times the short-term external debt. Bank Negara said the short-term external debt is mostly accounted by banking institutions, reflecting the centralisation of liquidity management of Malaysian banks operating in the region and the sizeable presence of foreign banks in Malaysia. These institutions hold substantial external assets, which can be drawn upon to meet their external obligations without creating a claim on Bank Negara Malaysia's international reserves. The main components of the international reserves were foreign currency reserves (US\$98.5bil), International Monetary Fund reserves position (US\$900mil), Special Drawing Rights (SDRs) (US\$1.2bil), gold (US\$1.5bil) and other reserve assets (US\$2.3bil). (Source: The Star Online)

Tenaga Nasional Bhd (TNB) has initiated a pilot project in Jasin, Melaka this month to assess the technical, safety and commercial viability of using TNB's electrical infrastructure for the government's National Connectivity Plan (NCP) that will allow faster, cheaper and wider Internet accessibility. "The pilot project, to be completed by the end of 2018, will cover 1,100 out of 4,300 houses in three areas, namely Taman Merbau, Taman Maju and Felda Kemendor, in Jasin," TNB Chairman, Tan Sri Leo Moggie said in a statement. Moggie said households would gain access to high speed broadband

(HSBB) network that will be made available through TNB's owned fibre optics which forms part of the company's existing telecommunication network. "Telecommunications system has always been an integral part of the utility industry. For TNB, we have been developing our telecommunication network all these years," he said. He explained that the national electricity corporation's telecommunication network now uses fibre optics technology as part of the electricity grid operation's design and requirements to ensure high reliability of electricity supply nationwide. TNB, with full support from the Ministry of Communication & Multimedia Malaysia and the Ministry of Energy, Science, Technology, Environment and Climate Change has earlier been invited to participate in the NCP to help expedite the delivery of this program. The pilot project will be the platform to test the concept of open access. The platform is expected to stimulate active participation from new and existing providers in backhaul and retail broadband that will create competition that should push broadband prices down for the benefit of Malaysians. (Source: *The Star Online*)

SRating Action			
Issuer	PDS Description	Rating/Outlook	Action
Bank Islam Malaysia Berhad	Senior and Subordinated Sukuk Murabahah under the proposed RM10 billion Sukuk Murabahah Programme	AA3/Stable and A1/Stable	Assigned

Source: RAM, MARC

Hong Leong Bank Berhad

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