

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.76	-3
5-yr UST	2.75	-3
10-yr UST	2.90	-2
30-yr UST	3.16	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.66	-1	3.77	1
5-yr	3.82	-2	3.88	0
7-yr	3.99	-3	4.07	-1
10-yr	4.07	0	4.20	0
15-yr	4.51	0	4.59	0
20-yr	4.72	-2	4.79	1
30-yr	4.90	-1	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	3.85	-1
7-yr	3.95	-3
10-yr	4.17	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US treasuries remained biddish on safety appeal as markets continued to stay jittery amid heightened expectation of slower pace of Fed policy normalization going forward as the world and the US economy face mounting headwinds. The yield curve bull steepened, reversing the flattening bias seen in recent weeks, but we doubt this is sustainable. Benchmark 2Y yields fell 3bps to 2.76% while the 10s lost 2bps to 2.90%, its lowest in three months. As expected, overnight data failed to soothe concerns over slowing growth. ADP added fewer than expected jobs and the decline in factory and durable goods orders signaled weak business spending. US trade deficit hit a 10-year high. There were some respite from continued expansion in services activities but not sufficient to reverse pessimism in the market. Expect UST to remain biddish amid risk-off in the markets ahead of tonight's nonfarm job reports.

MGS/GII

- Trading in local govies softened somewhat with volume dealt easing to RM3.3b (RM4.4b on Wednesday). Interests were seen switching from the front end to the belly of the curve for both MGS and GII. Overall benchmark MGS yields ended 1-3bps lower whilst benchmark GII yields ended mixed between -1 to +1 bp across the curve. MGS 4/23, 3/25, and 11/26 saw RM206m, RM215m, and RM316m changed hands at 2-3bps lower at 3.824%, 3.987%, and 4.156% respectively. GII trades also softened in tandem, pulling back to form 33% of overall bond trades. 7Y GII 8/25 led the pack with RM520m done 1bp inner at 4.071%, followed by GII 8/37, which attracted an impressive BTC of 2.307x in the reopening sale yesterday, at an average yield of 4.787%. All eyes will be on the release of latest foreign holdings of Malaysian debt securities for the month of November and foreign reserves today.

Corp Bonds/Sukuk

- Contrary to the softer momentum in local govies, trading interests in corporate bonds/Sukuk picked up steam. Volume dealt climbed further to RM813m yesterday, almost doubled from RM439m a day ago. We noted a lot of interests in GG bonds notably PTPTN '7/23 and '3/21, dealt at 4.151% and 3.932% respectively. DanaInfra remained a favourite with '4/21 and '5/42 seeing a combined RM110m being traded. The AAA to AA segment continued to be heavily traded, led by names like Rantau and Inverfin in the AAA segment while energy issuances dominated the AA-rated part of the curve. AEON Credit perpetual bonds made its debut, traded at 6.34% for the '11/13 and 6.46% for the '12/14 issuances.

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 03/19	3.210	83	3.258	05/12/2018	-5
MGS 10/19	3.432	45	3.434	05/12/2018	0
MGS 11/19	3.439	10	3.439	05/12/2018	0
MGS 03/20	3.513	17	3.513	05/12/2018	0
MGS 10/20	3.516	125	3.523	04/12/2018	-1
MGS 07/21	3.650	91	3.668	05/12/2018	-2
MGS 11/21	3.659	15	3.670	05/12/2018	-1
MGS 03/22	3.729	21	3.716	05/12/2018	1
MGS 08/22	3.799	40	3.813	04/12/2018	-1
MGS 09/22	3.794	50	3.794	05/12/2018	0
MGS 04/23	3.824	206	3.839	05/12/2018	-2
MGS 08/23	3.924	51	3.940	05/12/2018	-2
MGS 07/24	3.989	84	4.006	05/12/2018	-2
MGS 09/24	3.971	35	4.000	05/12/2018	-3
MGS 03/25	3.987	215	4.014	04/12/2018	-3
MGS 09/25	4.014	79	4.077	05/12/2018	-6
MGS 04/26	4.160	25	4.168	05/12/2018	-1
MGS 11/26	4.156	316	4.175	05/12/2018	-2
MGS 05/27	4.209	10	4.238	05/12/2018	-3
MGS 11/27	4.190	111	4.192	05/12/2018	0
MGS 06/28	4.065	184	4.065	05/12/2018	0
MGS 04/30	4.385	110	4.494	05/12/2018	-11
MGS 06/31	4.528	5	4.495	05/12/2018	3
MGS 04/33	4.502	70	4.533	05/12/2018	-3
MGS 11/33	4.509	121	4.513	05/12/2018	0
MGS 05/35	4.648	1	4.643	05/12/2018	0
MGS 04/37	4.749	30	4.771	04/12/2018	-2
MGS 06/38	4.723	70	4.739	05/12/2018	-2
MGS 09/43	4.942	2	4.917	04/12/2018	3
MGS 03/46	4.929	0	4.939	05/12/2018	-1
MGS 07/48	4.901	20	4.914	04/12/2018	-1
GII 04/20	3.523	8	3.529	05/12/2018	-1
GII 03/22	3.770	10	3.760	04/12/2018	1
GII 08/25	4.071	520	4.081	05/12/2018	-1
GII 10/25	4.091	97	4.142	05/12/2018	-5
GII 10/28	4.195	162	4.199	05/12/2018	0
GII 06/33	4.591	5	4.588	27/11/2018	0
GII 08/37	4.789	295	4.779	05/12/2018	1
		<u>3339</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*	
Perbadanan Tabung Pendidikan Tinggi Nasional	03/21	GG	3.932	40	3.931	29/08/2018	0	39
DanaInfra Nasional Berhad	04/21	GG	3.849	50	3.913	27/09/2018	-6	31
Perbadanan Tabung Pendidikan Tinggi Nasional	07/23	GG	4.151	140	4.251	16/01/2017	-10	31
GovCo Holdings Berhad	02/24	GG	4.179	20	4.169	15/11/2018	1	34
Lembaga Pembiayaan Perumahan Sektor Awam	04/24	GG	4.078	30	4.169	24/10/2018	-9	24
Pengurusan Air SPV Berhad	06/25	GG	4.233	35	4.210	07/11/2018	2	23
DanaInfra Nasional Berhad	05/42	GG	5.040	60	4.969	01/10/2018	7	29
Prasarana Malaysia Berhad	09/42	GG	5.080	60	4.969	16/10/2018	11	33
Inverfin Sdn Berhad	02/24	AAA	5.039	60	5.005	17/08/2018	3	120
Rantau Abang Capital Berhad	05/31	AAA	4.659	20	4.669	04/12/2018	-1	59
Rantau Abang Capital Berhad	01/32	AAA	4.720	20	4.689	24/10/2018	3	19
YTL Power International Berhad	03/23	AA1	4.901	1	4.588	31/10/2018	31	113
Sarawak Energy Berhad	04/31	AA1	4.795	60	4.813	04/12/2018	-2	73
Celcom Networks Sdn Berhad	08/27	AA+	4.759	30	4.779	05/12/2018	-2	65
Perbadanan Kemajuan Negeri Selangor	05/20	AA3	4.572	10	4.770	25/05/2018	-20	113
Jimah Energy Ventures Sdn Berhad	05/21	AA3	4.353	10	4.356	22/11/2018	0	81
Tanjung Bin Energy Issuer Berhad	03/28	AA3	4.733	10	4.914	27/07/2018	-18	62
Edra Energy Sdn Berhad	07/32	AA3	5.752	10	5.909	26/04/2018	-16	123
Edra Energy Sdn Berhad	01/34	AA3	5.862	10	5.838	28/09/2018	2	134
Edra Energy Sdn Berhad	07/34	AA3	5.902	10	6.044	05/07/2018	-14	138
Edra Energy Sdn Berhad	01/35	AA3	5.932	10	6.470	04/01/2018	-54	141
Edra Energy Sdn Berhad	07/35	AA3	5.972	10	6.120	15/01/2018	-15	145
Edra Energy Sdn Berhad	07/37	AA3	6.178	30	6.179	03/12/2018	0	143
Edra Energy Sdn Berhad	01/38	AA3	6.238	20	6.380	10/01/2018	-14	149
Southern Power Generation Sdn Berhad	04/35	AA-	5.118	10	5.120	22/11/2018	0	59
AEON Credit Service (M) Berhad	11/13	-	6.340	1	-	-	-	159
AEON Credit Service (M) Berhad	12/14	-	6.460	45	-	-	-	171
Mah Sing Group Berhad	04/17	-	6.549	1	6.722	05/12/2018	-17	180
Eco World International Berhad	04/23	-	6.581	0	6.223	03/12/2018	36	-
			<u>813</u>					

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

Market/Corporate News: What's Brewing

Sapura Energy Bhd and a consortium partner have received a RM3bil engineering, procurement, construction, installation and commissioning (EPCIC) contract from India's Oil and Natural Gas Corp. Sapura Energy's wholly owned Sapura Fabrication Sdn Bhd is entitled to about RM1.47bil of the contract value as it has a 48.3% stake in the partnership with Afcons Infrastructure Ltd. The consortium is currently undertaking the EPCIC works at the central processing platform (CPP) and living quarters for the KG-DWN 98/2 NELP block. "The block, located offshore the Godavari Delta on the east coast of India, covers an area of approximately 7,295km of the Krishna-Godavari basin with water depth ranging between 300m to 3,200m," said the group in a statement. "The new contract win enhances the company's presence in the growing market and Sapura Energy is pleased to continue its contribution to India's oil and gas industry and in helping to meet the country's increasing energy demand. "The project is an opportunity for Sapura Energy to participate in a key development for ONGC, leveraging on the company's established deepwater knowledge and capabilities." Consortium partner Afcons is the construction arm of Shapoorji Pallonji Group, India's leading engineering and construction conglomerate. (Source: The Star Online)

The Federal Land Development Authority (Felda), which is currently embroiled in allegations of mismanagement and mounting debts, has commenced the sales of non-strategic assets to accommodate its liabilities, says Chairman Tan Sri Megat Zaharuddin Megat Mohd Nor. "We have started the process of selling non-strategic assets both within and outside the country and this process will probably runs until the middle or end of next year." It is hoped that the prices we get from the sales of these assets can accommodate our liabilities, as well as help ease the burden of settlers who are saddled with low oil palm prices," he told reporters on the sidelines of the Kolej Yayasan Felda's convocation here on Thursday. In September, Felda announced the disposal of its assets, including hotels, apartments and a student hostel totalling about RM2.2 billion, which was expected to help cut its debt to RM6.5 billion by year-end from RM8.05 billion debt recorded as at June 30. Megat Zaharuddin said with this in place, the government agency was on track to become profitable and be able to turn around the organisation in at least the next two years. (Source: The Star Online/ Bernama)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
MUFG Bank (Malaysia) Berhad	USD500 million Multi-Currency Sukuk Wakalah Bi Al-Istithmar Programme	AAA(bg)/Stable	Reaffirmed
MUFG Bank Ltd	Financial institutional rating	AAA/Stable/P1	Reaffirmed

Source: RAM, MARC

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