

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.67	0
5-yr UST	2.83	-1
10-yr UST	2.95	-2
30-yr UST	3.11	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.53	1	3.50	0
5-yr	3.74	0	3.85	0
7-yr	3.95	1	4.03	1
10-yr	4.04	1	4.14	0
15-yr	4.48	0	4.56	0
20-yr	4.67	2	4.77	1
30-yr	4.90	1	4.95	3

*Market indicative

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.71	0
3-yr	3.74	0
5-yr	3.84	0
7-yr	3.95	0
10-yr	4.14	1

Source: Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries maintained some momentum following solid demand for the \$26b of 10Y auction yesterday with a BTC ratio of 2.55x; higher than the average of 2.40x for the past four auctions. The average yield which notched 2.96% levels helped boost sentiment with overall benchmark yields ending between 0-2bps lower across the curve. Despite the ongoing trade wars; investors seem to indicate the better position that US is in with the stronger dollar and strong US data supporting US assets. Meanwhile in a tit-for-tat move, China has also announced 25% tariff on \$16b worth of US imports from fuel to autos; and will also apply to gasoline, diesel and other oil products (but not crude). This brings the total of targeted goods to \$50b on each side and slated to come into effect on 23rd August.

MGS/GII

- Trading momentum in Govvies maintained with volume at RM2.10b in total, as interest was seen in the off-the-run 19-20's and also both benchmark 10Y bonds. Overall benchmarks were marginally weaker with yields 0-2bps higher save for the long 30Y GII 5/47. Both the benchmark 7Y MGS 3/25 and 10Y MGS 6/28 edged about 1bps higher at 3.95% and 4.04% levels respectively. Meanwhile news of rebound in foreign holdings of Malaysian govovies is expected to keep momentum going in purchases of local govovies.

Corp Bonds/Sukuk

- Trading activity in Corporate Bonds/Sukuk too saw volume continue to maintain at 4-month highs @ RM953m yesterday with interest across the curve involving 44 different bonds compared to 44 the previous day. PRASA and DANA 38's edged 1bps higher between 4.40-42% compared to previous-done levels whilst PASB 6/23 rallied 12bps at 4.10%. MKD Kenchana saw RM130m nominal amounts traded 2bps lower closing at 4.79% levels. In the AAA-space both PLUS and BPMB 32's moved 2bps lower; ending 20bps apart however at 4.30% versus 4.50% levels. GAMUDA 21-23's edged 0-1bps higher between 4.52-72% whilst SEB 22 and YTL Power 3/23 closed 4bps lower at 4.45% and 4.63% respectively.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.323	4	3.314	07/08/2018	1
MGS	03/20	3.465	101	3.459	07/08/2018	1
MGS	10/20	3.514	1	3.513	07/08/2018	0
MGS	07/21	3.586	1	3.580	07/08/2018	1
MGS	03/22	3.641	28	3.622	07/08/2018	2
MGS	08/22	3.707	0	3.710	06/08/2018	0
MGS	09/22	3.728	10	3.728	07/08/2018	0
MGS	03/23	3.778	60	3.754	07/08/2018	2
MGS	04/23	3.744	112	3.737	07/08/2018	1
MGS	09/24	3.957	20	3.966	07/08/2018	-1
MGS	03/25	3.953	113	3.944	07/08/2018	1
MGS	09/25	4.020	56	4.036	07/08/2018	-2
MGS	04/26	4.131	17	4.146	01/08/2018	-1
MGS	11/26	4.152	0	4.129	07/08/2018	2
MGS	11/27	4.134	18	4.108	06/08/2018	3
MGS	06/28	4.043	140	4.036	06/08/2018	1
MGS	06/31	4.518	4	4.500	07/08/2018	2
MGS	04/33	4.505	100	4.525	07/08/2018	-2
MGS	11/33	4.482	20	4.484	07/08/2018	0
MGS	04/37	4.729	1	4.744	07/08/2018	-1
MGS	06/38	4.672	70	4.655	07/08/2018	2
MGS	03/46	4.858	0	4.851	07/08/2018	1
MGS	07/48	4.898	6	4.895	06/08/2018	0
GII	02/19	3.503	40	3.500	19/07/2018	0
GII	04/19	3.397	100	3.392	06/08/2018	0
GII	08/20	3.573	170	3.599	07/08/2018	-3
GII	04/21	3.685	5	3.849	24/05/2018	-16
GII	08/21	3.708	40	3.708	03/08/2018	0
GII	04/22	3.773	60	3.779	07/08/2018	-1
GII	03/23	3.943	90	4.028	09/10/2017	-8
GII	07/23	3.886	30	3.884	07/08/2018	0
GII	05/24	3.994	50	4.033	03/08/2018	-4
GII	08/25	4.027	10	4.017	07/08/2018	1
GII	10/25	4.176	3	4.103	03/08/2018	7
GII	07/27	4.150	20	4.177	02/08/2018	-3
GII	10/28	4.136	290	4.136	07/08/2018	0
GII	06/33	4.559	50	4.560	07/08/2018	0
GII	10/35	4.760	20	4.872	19/07/2018	-11
GII	08/37	4.770	180	4.763	07/08/2018	1
GII	05/47	4.940	60	4.914	01/08/2018	3
			2100			

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	07/21	GG	4.088	3	4.085	10/07/2018	0	55
Khazanah Nasional Berhad	06/22	GG	4.152	90	4.127	22/02/2018	3	47
Pengurusan Air SPV Berhad	06/23	GG	4.101	90	4.218	31/07/2018	-12	35
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	4.180	80	4.209	01/08/2018	-3	31
Perbadanan Tabung Pendidikan Tinggi Nasional	12/24	GG	4.240	10	4.350	08/02/2018	-11	37
Prasarana Malaysia Berhad	03/28	GG	4.398	35	4.390	03/08/2018	1	35
Danainfra Nasional Berhad	10/28	GG	4.415	20	4.409	03/08/2018	1	37
MKD Kencana Sdn Berhad	10/32	GG	4.791	130	4.808	03/08/2018	-2	30
Prasarana Malaysia Berhad	03/33	GG	4.741	5	4.792	31/07/2018	-5	25
Danainfra Nasional Berhad	03/47	GG	5.101	10	5.129	18/09/2017	-3	43
Aquasar Capital Sdn Berhad	07/19	AAA	4.224	10	4.224	01/07/2015	0	85
Sarawak Hidro Sdn Berhad	08/19	AAA	4.048	10	4.046	23/11/2017	0	67
Cagamas Berhad	10/20	AAA	4.071	10	4.072	07/03/2018	0	60
TTM Sukuk Berhad	11/21	AAA	4.260	20	4.244	28/11/2017	2	72
Projek Lebuhraya Usahasama Berhad	01/22	AAA	4.304	10	4.320	07/08/2018	-2	77
Bank Pembangunan Malaysia Berhad	03/22	AAA	4.500	30	4.520	01/08/2018	-2	82
GENM Capital Berhad	07/23	AAA	4.933	10	4.749	03/08/2018	18	118
Putrajaya Bina Sdn Berhad	09/26	AAA	4.624	10	4.590	15/03/2018	3	60
Rantau Abang Capital Berhad	01/32	AAA	4.779	20	4.884	19/04/2018	-11	29
Projek Lebuhraya Usahasama Berhad	01/33	AAA	4.869	20	4.889	07/08/2018	-2	38
Danga Capital Berhad	09/33	AAA	4.859	20	4.869	01/08/2018	-1	37
Sarawak Energy Berhad	01/22	AA1	4.445	20	4.487	02/08/2018	-4	91
YTL Power International Berhad	03/23	AA1	4.630	10	4.670	03/07/2018	-4	88
TRIplic Medical Sdn Berhad	10/23	AA1	4.513	5	4.699	06/12/2017	-19	76
TRIplic Medical Sdn Berhad	10/24	AA1	4.559	5	4.712	22/03/2018	-15	69
Sarawak Energy Berhad	08/35	AA1	5.214	34	5.430	15/05/2018	-22	72
Celcom Networks Sdn Berhad	08/22	AA+	4.571	10	4.618	27/07/2018	-5	89
Tanjung Bin Power Sdn Berhad	08/20	AA2	4.335	10	4.452	04/05/2018	-12	87
Krung Thai Bank Public Company Limited	07/25	AA2	4.797	20	4.821	02/08/2018	-2	85
Gamuda Berhad	04/21	AA3	4.518	5	4.506	07/08/2018	1	98
Gamuda Berhad	11/22	AA3	4.646	5	4.649	03/08/2018	0	97
Gamuda Berhad	03/23	AA3	4.718	20	4.720	03/08/2018	0	97
BGSM Management Sdn Berhad	12/23	AA3	4.631	10	4.781	17/05/2018	-15	88
RHB Bank Berhad	09/27	AA3	4.708	20	4.727	07/08/2018	-2	66
UEM Sunrise Berhad	12/18	AA-	4.216	10	4.251	03/08/2018	-4	84
Quantum Solar Park (Semenanjung) Sdn Berhad	04/19	AA-	4.643	30	0.000	00/01/1900	464	127
UEM Sunrise Berhad	12/22	AA-	4.697	10	4.723	06/08/2018	-3	102
UEM Sunrise Berhad	12/24	AA-	4.839	5	4.998	04/07/2018	-16	97
Jimah East Power Sdn Berhad	12/31	AA-	4.988	20	5.098	27/07/2018	-11	50
Jimah East Power Sdn Berhad	12/32	AA-	5.024	10	5.180	12/07/2018	-16	53
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/33	AA-	5.149	10	5.210	24/01/2018	-6	66
Golden Assets International Finance Limited	08/19	A1	4.982	10	5.000	01/08/2018	-2	161
Tan Chong Motor Holdings Berhad	11/21	A1	6.483	30	6.581	03/08/2018	-10	294
CIMB Group Holdings Berhad	05/16	A1	4.981	1	4.817	07/08/2018	16	31
				<u>953</u>				

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

Market/Corporate News: What's Brewing

The National Mortgage Corp of Malaysia, or Cagamas Bhd, has issued a RM825 million 1-year bond and sukuk comprising RM800 million Conventional Medium Term Notes (CMTN) and RM25 million Islamic Medium Term Notes (IMTN), proceeds of which would be used to fund the purchase of mortgage and Islamic home loans from the financial system. With the issuance of the bond and sukuk, the aggregate primary issuance by Cagamas has reached RM9.3 billion for 2018, marking a 24% increase in the company's primary supply as compared to 2017's year-to-date total of RM7.5 billion. In a statement yesterday, its president and chief executive officer Datuk Chung Chee Leong said the CMTN issue was concluded via reopening of an existing bond tranche which marked the company's second reopening exercise for the year. "The outstanding bond has a remaining maturity of one year and an outstanding amount of RM200 million which was successfully upsized to RM1.0 billion post the reopening exercise," he said, noting the notes marked Cagamas' 16th issuance exercise for the year. "Overwhelming response for the issuances enabled the company to upsize the initial reopening amount from RM500 million to a final RM800 million and enabled the company to tighten the pricing by 2 basis points to a final yield of 3.95%," Chung added. The CMTN and IMTN, which will be redeemed at their full nominal value on maturity, are unsecured obligations of Cagamas, ranking pari passu among themselves and with all other existing unsecured obligations of the company. They will be listed and tradable under the Scripless Securities Trading System. (Source: *The Edge*)

A plan by IJM Corp Bhd for a RM1.2 billion development project in Penang's Seberang Perai Tengah has fallen through following the termination of a conditional share sale agreement to acquire Giant Hectares Sdn Bhd. The company announced today it was no longer acquiring Giant Hectares, which had acquired land to pave the way for a mixed development project with an estimated gross development value of RM1.2 billion. IJM said in an exchange filing today that its wholly-owned unit IJM Land Bhd and Aseania Development Sdn Bhd have mutually agreed to terminate the conditional share sale agreement signed in July 2017. "The termination was due to the non-fulfilment of the condition precedent to the share sale agreement till to-date," IJM said in an exchange filing today, adding the termination would not cause any significant impact on the group's earnings or net assets per share for the financial year ending March 31, 2019. In July 2017, IJM signed a conditional share sale agreement with Aseania Development Sdn Bhd to acquire all 250,000 shares of Giant Hectares Sdn Bhd owned by it for RM250,000 cash. Giant Hectares had in January 2015 executed a sale and purchase agreement to acquire four pieces of vacant commercial land in Seberang Perai Tengah, Penang, for RM125.04 million. The acquisition was subject to the fulfilment of certain conditions precedent such as the approval of the Economic Planning Unit. The parcels of land, measuring a total of 148,934 sq m, was initially intended for a development project with an estimated GDV of RM1.2 billion, according to an IJM filing last year. (Source: *The Edge, Bloomberg*)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM Ratings; MARC

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