

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.57	1
5-yr UST	2.75	0
10-yr UST	2.85	-1
30-yr UST	2.96	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.52	-2	3.56	0
5-yr	3.74	-3	3.90	-4
7-yr	3.94	-3	4.06	-3
10-yr	4.07	-2	4.20	-3
15-yr	4.52	-5	4.64	-7
20-yr	4.78	-2	5.00	0
30-yr	4.90	-4	4.98	0

\* Market indicative

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.71	0
3-yr	3.75	-1
5-yr	3.84	0
7-yr	3.97	0
10-yr	4.15	0

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- US Treasuries ended generally mixed again on lack of leads with the yield curve seen on a flattening bias. Benchmark yields were generally within 1bps with the 2Y at 2.57% and the much-watched 10Y at 2.85% levels. The 3Y auction notched a weak BTC ratio of 2.51x (previous: 2.83x); averaging 2.685% which is an 11-year high. Meanwhile a number of Investment-Grade (IG) issuances were announced totaling ~\$5.0b; including Toyota Motor Corp, Bank of Montreal, National Life Insurance Co and PacifiCorp. On the data front we have June's Producer Price Indices (PPI) out tonight followed by the CPI data out on 12<sup>th</sup> July.

#### MGS/GII

- Trading momentum in Govvies picked-up strongly with total volume at RM4.23b as firm interest was seen across most tenures especially in the off-the-run 23's, and longer-end benchmark 15-30Y bonds. Overall benchmark yields rallied 2-5bps lower across the curve. Both 7Y MGS 3/25 and 10Y MGS 6/28 ended strong at 3.94% and 4.07% respectively. Separately BNM is expected to stay pat on the announcement of its Overnight Policy Rate today.

#### Corp Bonds/Sukuk

- Trading activity in Corporate Bonds/Sukuk maintained at about RM378m with interest spanning across the curve with interest seen in 27 different bonds. Govt-guaranteed DANAINFRA 24-25's and 3/32 were traded 1-3bps lower on yields at 4.33-37% levels and 4.81% respectively compared to previous-done levels whilst the 7/21 closed 7bps higher at 4.09%. GOVCO 2/24 ended weaker at 4.33% on large volume of RM80m nominal value. The AA-space was dominated by various names like BGSM12/18, Southern Power 10/32, 4/34 and CELCOM 10/26 which rallied to close between 2-8bps lower. In the banking space, Public 23nc18 and Senior 4/25 closed at 4.24% and 4.62% respectively whilst single-A rated Bank Muamalat 11/21 closed weaker at 5.28% levels.

## Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 03/19	3.377	50	3.380	06/07/2018	0
MGS 10/19	3.453	9	3.398	09/07/2018	5
MGS 11/19	3.439	17	3.429	06/07/2018	1
MGS 03/20	3.472	38	3.448	09/07/2018	2
MGS 10/20	3.448	2	3.463	09/07/2018	-2
MGS 02/21	3.542	1	3.542	09/07/2018	0
MGS 07/21	3.587	13	3.595	09/07/2018	-1
MGS 09/21	3.598	25	3.606	06/07/2018	-1
MGS 11/21	3.524	109	3.546	09/07/2018	-2
MGS 03/22	3.675	11	3.810	04/07/2018	-14
MGS 08/22	3.758	1	3.768	09/07/2018	-1
MGS 09/22	3.768	5	3.781	06/07/2018	-1
MGS 03/23	3.833	150	3.868	09/07/2018	-3
MGS 04/23	3.738	500	3.765	09/07/2018	-3
MGS 08/23	3.832	19	3.876	06/07/2018	-4
MGS 07/24	3.955	13	3.927	09/07/2018	3
MGS 09/24	3.957	1	3.939	09/07/2018	2
MGS 03/25	3.942	171	3.984	06/07/2018	-4
MGS 09/25	4.048	8	4.035	09/07/2018	1
MGS 04/26	4.163	18	4.239	06/07/2018	-8
MGS 09/26	4.212	10	4.299	05/07/2018	-9
MGS 11/26	4.170	5	4.185	06/07/2018	-1
MGS 11/27	4.159	13	4.172	09/07/2018	-1
MGS 06/28	4.072	582	4.087	09/07/2018	-1
MGS 04/30	4.464	61	4.558	04/07/2018	-9
MGS 06/31	4.583	1	4.646	06/07/2018	-6
MGS 04/33	4.651	4	4.666	09/07/2018	-2
MGS 11/33	4.523	253	4.573	06/07/2018	-5
MGS 05/35	4.793	22	4.839	09/07/2018	-5
MGS 04/37	4.819	16	4.868	09/07/2018	-5
MGS 06/38	4.783	130	4.806	09/07/2018	-2
MGS 07/48	4.902	289	4.937	06/07/2018	-4
GII 10/18	3.269	130	3.299	04/07/2018	-3
GII 05/20	3.563	110	3.602	09/07/2018	-4
GII 06/20	3.551	120	3.697	03/07/2018	-15
GII 08/20	3.551	80	3.601	05/07/2018	-5
GII 03/21	3.667	125	3.676	27/06/2018	-1
GII 04/21	3.715	20	3.774	02/07/2018	-6
GII 04/22	3.814	91	3.826	09/07/2018	-1
GII 07/22	3.872	210	3.963	03/07/2018	-9
GII 11/23	3.896	80	3.931	06/07/2018	-4
GII 08/24	4.073	10	4.101	06/07/2018	-3
GII 08/25	4.062	230	4.087	09/07/2018	-2
GII 10/28	4.198	354	4.233	09/07/2018	-3
GII 12/28	4.296	60	4.390	04/05/2018	-9
GII 06/33	4.640	40	4.710	06/07/2018	-7
GII 08/33	4.670	20	4.840	09/07/2018	-17
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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*	
DanaInfra Nasional Berhad	07/21	GG	4.085	30	4.016	04/10/2017	7	54
GovCo Holdings Berhad	02/24	GG	4.334	80	4.219	11/04/2018	11	44
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	4.369	10	4.427	04/07/2018	-6	47
DanaInfra Nasional Berhad	07/24	GG	4.330	5	4.360	05/07/2018	-3	43
DanaInfra Nasional Berhad	02/25	GG	4.369	5	4.392	09/07/2018	-2	42
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	12/27	GG	4.491	5	4.519	02/07/2018	-3	40
DanaInfra Nasional Berhad	03/32	GG	4.811	10	4.825	16/03/2018	-1	25
DiGi Telecommunications Sdn Berhad	04/22	AAA	4.387	10	4.410	09/07/2018	-2	68
Putrajaya Bina Sdn Berhad	03/23	AAA	4.544	5	4.450	03/04/2018	9	79
Public Bank Berhad	04/25	AAA	4.616	10	4.600	06/04/2018	2	66
Bank Pembangunan Malaysia Berhad	11/26	AAA	4.697	10	4.739	06/07/2018	-4	66
Tenaga Nasional Berhad	08/37	AAA	5.089	10	5.089	05/07/2018	0	30
Public Bank Berhad	09/23	AA1	4.238	10	4.773	03/05/2018	-53	49
CIMB Islamic Bank Berhad	09/24	AA+	4.388	16	5.051	26/06/2018	-66	49
Celcom Networks Sdn Berhad [fka Celcom Transmission (M) Sdn Berhad]	10/26	AA+	4.937	20	4.960	05/07/2018	-2	90
AmBank Islamic Berhad (fka Amlslamic Bank Berhad)	03/20	AA2	4.447	10	4.338	07/11/2017	11	97
BGSM Management Sdn Berhad	12/18	AA3	4.203	35	4.281	17/05/2018	-8	82
AmBank Islamic Berhad (fka Amlslamic Bank Berhad)	12/25	AA3	4.766	10	4.787	05/06/2018	-2	81
SAJ Capital Sdn Berhad	01/20	AA-	5.069	1	5.062	02/07/2018	1	160
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/24	AA-	4.746	10	4.719	24/04/2018	3	85
Southern Power Generation Sdn Berhad	10/32	AA-	5.159	10	5.208	06/06/2018	-5	60
Southern Power Generation Sdn Berhad	04/34	AA-	5.249	10	5.298	27/06/2018	-5	69
Golden Assets International Finance Limited	08/19	A1	5.084	10	5.089	12/06/2018	-1	171
Tan Chong Motor Holdings Berhad	11/19	A1	6.358	30	5.824	11/06/2018	53	298
CIMB Group Holdings Berhad	05/16	A1	5.350	1	4.930	06/07/2018	42	56
Hong Leong Financial Group Berhad	11/17	A1	4.997	1	5.026	09/07/2018	-3	20
Bank Muamalat Malaysia Berhad	11/21	A	5.275	15	4.931	03/07/2018	34	173
			<u>378</u>					

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

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

The projected total cost of the light rail transit line 3 (LRT3) project has spiralled to a whopping RM31.45 billion, Finance Minister Lim Guan Eng said yesterday, blaming it on Prasarana Malaysia Bhd's poor management. The latest cost estimate is significantly higher than the RM15 billion cited in recent news reports. The original estimate when the project was launched in 2015 was RM9 billion. Guan Eng, in a statement, called for a drastic cost reduction to make the project feasible and cost-effective. He added that the finance ministry will not support any additional funding required for the project unless the cost is "significantly rationalised without compromising the rail network's integrity as well as the safety and quality of service provided". "Certain news reports have indicated the LRT3 cost can be reduced by RM6 billion. The ministry wishes to state that much more than RM6 billion must be reduced if the LRT3 project is to proceed," said Guan Eng. The minister noted that Prasarana, in 2015, secured a government guarantee for a RM10 billion bond facility to fund the project. However, on March 30 this year, the state-owned transportation company requested for an additional RM22 billion in government guarantee to ensure funding for the construction and completion of the project, said Guan Eng. "The finance ministry had requested Prasarana to drastically review the cost of the project to ensure its viability," he added. Guan Eng said the LRT3 is critical to alleviate traffic congestion along one of the most important and densely populated economic development corridors in the Klang Valley. The 37km alignment connects Klang with Bandar Utama in Petaling Jaya. Guan Eng said the LRT3 is expected to serve a population of two million, transporting 36,700 passengers per hour each way. A news report on Monday said Prasarana could take over the construction of the project from the project delivery partner — a 50:50 joint venture between Malaysian Resources Corp Bhd and George Kent (Malaysia) Bhd — in view of the massive cost overruns.. (Source: *The Edge/Bloomberg*)

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

Source: RAM Ratings; MARC

**Hong Leong Bank Berhad**

Fixed Income & Economic Research, Global Markets  
Level 8, Hong Leong Tower  
6, Jalan Damanlela  
Bukit Damansara  
50490 Kuala Lumpur  
Tel: 603-2081 1221  
Fax: 603-2081 8936  
Email: HLMarkets@hlbb.com.my

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