

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.75	0
5-yr UST	2.86	-1
10-yr UST	2.96	-1
30-yr UST	3.10	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.63	1	3.57	0
5-yr	3.83	0	3.95	3
7-yr	4.05	0	4.11	0
10-yr	4.15	-1	4.23	0
15-yr	4.56	-2	4.62	0
20-yr	4.70	0	4.79	0
30-yr	4.92	0	4.95	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.72	0
3-yr	3.78	2
5-yr	3.87	1
7-yr	3.99	0
10-yr	4.17	1

Source : Bloomberg

Upcoming Government Bond Tender

RM2.0b reopening of 30Y GII 5/47 on 13th Sep 2018

US Treasuries

- US treasuries grinded higher as benchmark yields were generally 0-1bps lower following soft PPI print i.e. the first such decline in 18 months. The 2Y benchmark was within a bps at 2.75% levels whereas the much-watched 10Y edged 1bps lower at 2.96%. Meanwhile the US Treasury's \$23b auction of 10Y notes notched 2.957% on strong BTC ratio of 2.58x (versus 2.53x on previous four auctions). The US has proposed another round of trade talks with China to avoid further escalation in its trade pursuant to threats on another \$267b of Chinese imports stacked behind the \$200b which is currently under discussion. Up next on the data front are the US August CPI figures slated for tonight followed by Retail Sales tomorrow.

MGS/GII

- Trading volume in Govvies dissipated further to RM1.12b yesterday with interest mainly on GII 19-22's. Benchmark yields were generally mixed between -2 to +1bps across the curve with the 7Y MGS 3/25 unchanged at 4.05% whilst the 10Y MGS 6/28 was edged 1bps lower at 4.15% levels. With foreign holdings of MYR bonds abating by 1.3% for the month of August followed by the weaker Ringgit; investors expect muted interest for local govvies as outflows from EM are seen following contagion effects from countries like Turkey to Indonesia. Meanwhile attention is expected to be focused on the auction of RM2.0b of 30Y GII 5/47 bonds today.

Corp Bonds/Sukuk

- Corporate bonds/sukuk saw lower trading volume ease to RM329m on a mere 17 different bonds compared to prior day's 26 with some interest centered on GG and AA part of the curve. Both the shorter-end Govt-Guaranteed PASB 6/23 and 2/26 moved between 0-4bps lower at 4.06% and 4.25% levels compared to previous-done levels. In the AA-space BGSM 19-25's saw a slew of trades amounting to RM135m nominal amounts; rallying between 1-8bps lower 4.34-4.67% area. Likewise KL Kepong 4/26 saw strong demand as it ended 13bps lower at 4.53%.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	09/18	3.522	20	3.524	07/09/2018	0
MGS	03/19	3.354	9	3.288	07/09/2018	7
MGS	11/19	3.495	37	3.438	07/09/2018	6
MGS	10/20	3.568	2	3.568	06/09/2018	0
MGS	02/21	3.593	7	3.584	07/09/2018	1
MGS	07/21	3.610	23	3.598	07/09/2018	1
MGS	09/21	3.645	14	3.621	07/09/2018	2
MGS	11/21	3.625	104	3.619	07/09/2018	1
MGS	03/22	3.694	8	3.677	06/09/2018	2
MGS	08/22	3.764	21	3.777	07/09/2018	-1
MGS	09/22	3.789	38	3.808	06/09/2018	-2
MGS	03/23	3.868	3	3.869	05/09/2018	0
MGS	08/23	3.901	59	3.890	06/09/2018	1
MGS	07/24	4.031	45	4.064	07/09/2018	-3
MGS	09/24	4.059	11	4.068	07/09/2018	-1
MGS	03/25	4.050	8	4.050	07/09/2018	0
MGS	09/25	4.158	25	4.133	07/09/2018	3
MGS	04/26	4.202	1	4.204	06/09/2018	0
MGS	11/26	4.241	4	4.223	06/09/2018	2
MGS	11/27	4.277	6	4.230	07/09/2018	5
MGS	06/28	4.154	33	4.160	06/09/2018	-1
MGS	04/30	4.531	10	4.520	06/09/2018	1
MGS	06/31	4.565	5	4.565	07/09/2018	0
MGS	04/33	4.603	3	4.594	07/09/2018	1
MGS	11/33	4.563	30	4.586	07/09/2018	-2
MGS	05/35	4.761	5	4.742	07/09/2018	2
MGS	03/46	4.903	3	4.896	05/09/2018	1
GII	04/19	3.407	233	3.344	06/09/2018	6
GII	08/21	3.706	150	3.690	21/08/2018	2
GII	04/22	3.797	120	3.776	07/09/2018	2
GII	07/22	3.825	20	3.797	07/09/2018	3
GII	11/23	3.954	60	3.922	07/09/2018	3
GII	05/24	4.006	1	4.026	07/09/2018	-2
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Daily Trades: Corp Bonds / Sukuk

Securities	Maturity (dd/mm/yyyy)	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Pengurusan Air SPV Berhad	06/23	GG	4.061	20	4.021	27/08/2018	4	36
Pengurusan Air SPV Berhad	02/26	GG	4.251	20	4.253	28/08/2018	0	30
Sarawak Energy Berhad	07/19	AA1	4.109	10	4.208	11/04/2018	-10	74
Public Bank Berhad	09/23	AA1	4.919	1	4.290	25/07/2018	63	122
Kuala Lumpur Kepong Berhad	04/26	AA1	4.530	80	4.660	05/03/2018	-13	49
TRIplic Medical Sdn Berhad	10/29	AA1	4.780	6	4.848	27/06/2018	-7	74
Sarawak Energy Berhad	12/32	AA1	4.899	40	4.881	04/09/2018	2	43
Celcom Networks Sdn Berhad	10/26	AA+	4.801	5	4.756	06/09/2018	4	76
BGSM Management Sdn Berhad	12/19	AA3	4.343	25	4.398	31/07/2018	-5	97
BGSM Management Sdn Berhad	08/21	AA3	4.483	50	4.567	18/07/2018	-8	100
RHB Bank Berhad	07/24	AA3	4.426	4	4.146	17/08/2018	28	55
BGSM Management Sdn Berhad	08/25	AA3	4.671	60	4.682	07/09/2018	-1	72
Tanjung Bin O&M Berhad	07/26	AA-	4.800	5	4.840	17/07/2018	-4	76
CIMB Group Holdings Berhad	05/16	A1	5.272	1	4.655	04/09/2018	62	60
Alliance Bank Malaysia Berhad	10/25	A2	4.996	2	5.157	06/09/2018	-16	104
Pacific & Orient Insurance CO Berhad	06/22	A3	6.522	1	6.525	07/09/2018	0	289
Mah Sing Perpetual	-	-	6.349	1	6.359	23/08/2018	-1	-
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Saudi Arabia's sovereign wealth fund will sign an US\$11 billion loan this week, marking its first-ever borrowing, according to people familiar with the matter. Some of the biggest global lenders including Goldman Sachs Group Inc, HSBC Holdings Plc and JPMorgan Chase & Co are providing the loan that's priced at 75 basis points over Libor, or just shy of 90 basis points, including fees, the people said, asking not to be identified because the information is private. London-based boutique Verus Partners is advising the Public Investment Fund (PIF) on the talks, the people added. The deal will give the PIF additional cash after two years of major new investments. Last year, it announced plans to invest as much as US\$45 billion in a technology fund run by Japan's SoftBank Group Corp, put US\$20 billion into a U.S infrastructure fund managed by Blackstone Group LP and build a US\$500 billion city called Neom on the Red Sea. Spokesmen for the PIF and Verus Partners declined to comment. The debt is priced the same as a US\$16 billion loan arranged by the Saudi government in March from a similar group of banks. The PIF started approaching banks in July, people familiar with the matter said at the time. The fund planned to establish a group of banks with which it would work on future deals, they said. Morgan Stanley, Citigroup Inc, Standard Chartered Plc, BNP Paribas SA, Societe Generale SA, Mizuho Bank Ltd, MUFG, Credit Agricole SA, SMBC, Bank of America, Bank of China Ltd and Industrial & Commercial Bank of China Ltd also participated in the loan, the people said. The PIF is willing to borrow to diversify the kingdom's oil-dependent economy and boost returns from investments, Managing Director Yasir Al-Rumayyan said last year. The fund hired former Bank of America Merrill Lynch Managing Director Alireza Zaimi as head of corporate finance and treasury last year, to work on its borrowing plans. It's also in talks to sell its stake in chemical producer Saudi Basic Industries Corp to oil giant Saudi Aramco, which could raise as much as US\$70 billion. The PIF plans to become the world's biggest sovereign fund, controlling more than US\$2 trillion by 2030. It's a central part of the government's effort to diversify the economy away from oil, under a plan known as Vision 2030. Plans for an initial public offering of Aramco, which could have raised as much as US\$100 billion for the PIF, are currently on hold.. (Source: *The Star Online*)

SRating Action			
Issuer	PDS Description	Rating/Outlook	Action
UniTapah Sdn Bhd	Sukuk Murabahah of up to RM600 million (2014/2035)	AA1/stable	Reaffirmed
Aquasar Capital Sdn Bhd	RM1,500 million Sukuk Murabahah Programme (2014/2029)	AAA(s)/stable	Reaffirmed

Source: RAM, 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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