

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.73	-3
5-yr UST	2.73	-2
10-yr UST	2.89	-2
30-yr UST	3.14	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.65	1	3.76	-2
5-yr	3.84	1	3.88	1
7-yr	3.99	0	4.07	0
10-yr	4.09	0	4.19	0
15-yr	4.46	0	4.61	2
20-yr	4.72	-1	4.78	0
30-yr	4.92	2	4.93	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.71	0
3-yr	3.76	0
5-yr	3.86	-2
7-yr	3.97	0
10-yr	4.17	0

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- US Treasuries rallied last Friday causing the curve to settle lower despite an early setback on the back of slightly better-than expected November retail sales data. Meantime equities saw a pull-back. Overall benchmark yields ended 2-3bps lower with the 2Y at 2.73% and the 10Y at 2.89% levels. The 10Y has fallen 10bps this month as traders pulled back their expectations of Fed rate hikes for next year as doubts are cast over the sustainability of the economic cycle on potentially slowing global growth. Following the earlier inversion in yields between both the 2s5s and 3s5s spread; the Fed-dated OIS is currently pricing in less than two (2) full rate hikes for 2019. Meanwhile investors are expecting policy to be tightened this week whilst awaiting the accompanying statements to be issued by the Fed.

#### MGS/GII

- Trading sentiment in local govies tapered off last Friday with volume easing to RM914b yesterday as interest was focused mainly in the off-the-run 19's and 21's and the 3Y GII bonds. Overall benchmark MGS and GII yields ended mixed within 2bps of prior day's close 0-4bps lower with several odd-lot trades in the benchmark MGS bonds. Both the 5Y benchmark MGS 4/23 and 10Y MGS 6/28 were literally untraded at 3.84% and 4.09% respectively. GII trades dropped to form 22% of overall trades. The recent Bloomberg EM Asia Pacific Sovereign scorecard last week on Malaysia's A3/A/A- status indicate the country as overall neutral based on several macroeconomic and structural indicators.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw volume rise to RM747m with interest across the curve. Both Govt-Guaranteed PTPTN 8/21 and PRASA 8/26 saw yields richer by 1 and 6bps at 3.96% and 4.36% respectively compared to previous-done levels. AAA-rated CAGAMAS MBS saw several tranches traded mixed on yields with the 12/20 and 5/22 notching RM105m in nominal amounts at 4.15% and 4.30%. However the 3/21, 8/22 and 11/22 tenures rallied between 3-8bps. Energy-related bonds i.e. MANJUNG 11/31 and TNB 8/32 closed 2bps lower between 4.66-71% levels. IN the AA-segment; JEP 29 and 32 closed between 0-3bps lower at 4.79% and 4.93% respectively. The banking sector was dominated by Affin Islamic 28NC23 which made its first secondary market debut at ~5.0% levels.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.266	3	3.251	13/12/2018	2
MGS	07/19	3.463	210	3.424	13/12/2018	4
MGS	10/19	3.461	103	3.474	13/12/2018	-1
MGS	11/19	3.478	26	3.481	13/12/2018	0
MGS	03/20	3.473	1	3.529	12/12/2018	-6
MGS	10/20	3.486	1	3.515	12/12/2018	-3
MGS	02/21	3.585	3	3.598	10/12/2018	-1
MGS	07/21	3.658	142	3.643	13/12/2018	2
MGS	11/21	3.645	20	3.637	13/12/2018	1
MGS	03/23	3.587	1	3.842	13/12/2018	-26
MGS	04/23	3.842	1	3.837	12/12/2018	0
MGS	07/24	3.973	51	3.995	12/12/2018	-2
MGS	09/24	4.009	50	4.003	13/12/2018	1
MGS	09/25	4.065	11	4.031	13/12/2018	3
MGS	04/26	4.141	3	4.147	13/12/2018	-1
MGS	11/26	4.146	3	4.161	12/12/2018	-1
MGS	11/27	4.179	20	4.197	12/12/2018	-2
MGS	04/33	4.502	13	4.512	12/12/2018	-1
MGS	05/35	4.639	5	4.693	11/12/2018	-5
MGS	06/38	4.719	37	4.733	12/12/2018	-1
MGS	03/46	4.937	5	4.904	12/12/2018	3
GII	04/19	3.336	14	3.290	13/12/2018	5
GII	04/20	3.539	9	3.555	12/12/2018	-2
GII	08/21	3.761	4	3.691	19/11/2018	7
GII	03/22	3.757	150	3.744	13/12/2018	1
GII	11/23	3.881	20	3.875	12/12/2018	1
GII	09/26	4.236	1	4.206	10/12/2018	3
GII	09/30	4.565	2	4.529	05/12/2018	4
GII	06/33	4.608	1	4.591	13/12/2018	2
GII	10/35	4.816	5	4.812	12/12/2018	0
			<u>914</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	08/21	GG	3.963	20	3.949	29/08/2018	1	30
Prasarana Malaysia Berhad	08/26	GG	4.357	20	4.300	23/11/2018	6	28
DanaInfra Nasional Berhad	03/32	GG	4.689	10	4.589	08/10/2018	10	18
Cagamas MBS Berhad	08/19	AAA	3.903	5	3.987	19/10/2018	-8	45
GB Services Berhad	11/19	AAA	4.323	20	4.343	07/12/2018	-2	87
Al Dza'hab Assets Berhad	03/20	AAA	4.265	10	4.311	18/10/2018	-5	81
Cagamas Berhad	10/20	AAA	4.026	5	4.099	26/01/2017	-7	50
Cagamas MBS Berhad	12/20	AAA	4.154	50	3.968	19/10/2016	19	62
Cagamas Berhad	03/21	AAA	4.043	5	4.073	15/12/2017	-3	51
Cagamas MBS Berhad	05/22	AAA	4.299	55	4.249	05/05/2017	5	63
Cagamas MBS Berhad	08/22	AAA	4.329	15	4.409	24/09/2018	-8	57
Cagamas Berhad	11/22	AAA	4.175	10	4.204	29/11/2018	-3	41
Telekom Malaysia Berhad	10/28	AAA	4.615	30	4.630	22/11/2018	-1	53
TNB Western Energy Berhad	07/29	AAA	4.640	10	4.687	19/09/2018	-5	55
Manjung Island Energy Berhad	11/31	AAA	4.659	20	4.678	01/11/2018	-2	15
Tenaga Nasional Berhad	08/32	AAA	4.708	70	4.733	01/11/2018	-2	20
Kuala Lumpur Kepong Berhad	09/22	AA1	4.353	5	4.550	11/06/2018	-20	59
Sarawak Energy Berhad	12/32	AA1	4.881	10	4.885	12/12/2018	0	38
UMW Holdings Berhad	10/26	AA2	4.773	20	4.774	12/12/2018	0	70
PBFIN Berhad	06/59	AA2	4.239	20	4.559	13/12/2018	-32	-
BEWG (M) Sdn Berhad	07/20	AA	4.527	10	4.565	31/10/2018	-4	100
Perbadanan Kemajuan Negeri Selangor	08/23	AA3	4.944	10	4.947	05/12/2018	0	110
BGSM Management Sdn Berhad	09/23	AA3	4.523	10	4.534	27/11/2018	-1	68
Hong Leong Assurance Berhad	02/25	AA3	4.550	20	4.609	25/10/2018	-6	60
UEM Sunrise Berhad	12/20	AA-	4.637	40	4.678	14/02/2018	-4	111
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	12/22	AA-	4.545	5	4.550	30/10/2018	0	78
Jimah East Power Sdn Berhad	12/29	AA-	4.793	50	4.798	28/11/2018	0	71
MEX II Sdn Berhad	04/31	AA-	5.140	1	5.427	22/06/2018	-29	105
Jimah East Power Sdn Berhad	06/32	AA-	4.931	30	4.959	08/11/2018	-3	43
Special Power Vehicle Berhad	05/19	A1	4.503	40	4.635	18/07/2018	-13	105
TF Varlik Kiralama A. S	06/19	A1	6.133	4	6.144	10/12/2018	-1	268
KT Kira Serifikalari Varlik Kiralama A.S.	05/20	A1	5.671	16	5.672	10/12/2018	0	222
Affin Islamic Bank Berhad	10/28	A1	4.999	90	-	-	-	91
Hong Leong Financial Group Berhad	11/17	A1	5.252	1	5.252	13/12/2018	0	52
Mah Sing Perpetual	-	-	6.138	1	6.549	06/12/2018	-41	-
Bank Muamalat Malaysia Berhad	11/21	A	5.105	10	5.118	12/12/2018	-1	144
				<u>747</u>				

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

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

**SP Setia Bhd and Sime Darby Property Bhd are selling their stakes in Battersea Power Station building to PNB-Kwasa International 2 Ltd for £1.583bil (RM8.351b).** PNB-Kwasa International 2 is a joint venture of Permodalan Nasional Bhd (PNB) and the Employees Provident Fund (EPF). Battersea Phase 2 Holdco is a unit of Battersea Project Holding Company Ltd, which is owned by Sime Darby Property Bhd and S P Setia Bhd, each holding a 40% stake, and EPF holding the remaining 20%. In a joint statement issued by SP Setia and Sime Property, the development was a major step in the ownership reorganisation for Phase 2 of the Battersea Power Station commercial. "We are pleased with the sale of the Phase 2 commercial assets. It will bode well with our business plans as we continue to play a major role in the overall development of this iconic project. S P Setia is fully committed and positive on the long-term prospects of the project," said SP Setia president and CEO Datuk Khor Chap Jen. "We would like to thank all the parties involved in evaluating this acquisition and making this transaction a success. The commitment shown by all demonstrates the confidence in this iconic London landmark development," Khor said. "This is an important milestone in the development of the Battersea Power Station site, and it is a strong sign of confidence in the long-term success of this global property icon. We are pleased to have secured this commitment from two of Malaysia's leading institutions," said Sime Darby Property Group managing director Amrin Awaluddin. Under the terms of the sale and purchase agreement, Battersea Phase 2 Holdco will dispose of the commercial elements of the Battersea Power Station building for a base consideration of £1.583 billion (equivalent to approximately RM8.351bil). The transaction is expected to be completed in the first quarter of 2019. London-based Battersea Power Station Development Company (BPSDC) will continue to manage the project, whilst subsidiaries of BPSDC Battersea Power Station Asset Management Ltd and Battersea Power Station Estate Management Ltd will be appointed as the asset manager and property manager after practical completion of the Power Station building for an initial term of 10 years. (Source: *The Star*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Credit Guarantee Corporation Malaysia Berhad	Financial Institution (FI) rating	AAA	Affirmed
Manjung Island Energy Berhad	RM3.86 billion Islamic Securities (2011/2030) (Series 1) as well as the enhanced AAA(s)/Stable rating of its RM990 million Islamic Securities (2011/2031) (Series 2).	AAA/Stable	Reaffirmed
Jati Cakerawala Sdn Bhd	RM540 million Sukuk Murabahah (2013/2023)	From AA3 to A1	Downgraded
Teknologi Tenaga Perlis Consortium Sdn Bhd	RM835 million Sukuk Murabahah (2013/2023).	AA1/Stable	Reaffirmed

Source: RAM, MARC

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