

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.89	2
5-yr UST	3.06	3
10-yr UST	3.21	4
30-yr UST	3.37	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.61	0	3.71	0
5-yr	3.77	0	3.88	0
7-yr	4.01	1	4.08	0
10-yr	4.13	1	4.19	0
15-yr	4.56	1	4.56	0
20-yr	4.78	0	4.77	0
30-yr	4.91	0	4.95	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.71	0
3-yr	3.77	-1
5-yr	3.87	0
7-yr	3.98	0
10-yr	4.18	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasury yields closed higher on Wednesday following Fed minutes as the 2Y rose 2bps at 2.89% whilst the much-watched 10Y ended 4bps higher at 3.21%. Despite China and Japan's UST holdings falling by \$5.6b and \$5.9b respectively to \$1.17 trillion and \$1.03 trillion each in August; further analysis reveals actual extension of duration following reduction of their short-term T-bills which is deemed to be positive. Meanwhile investors are concerned that foreign buyers may see tepid returns after taking into account rising hedging costs. Strong US data, rising commodity prices, tight monetary trajectory and brewing wage pressures may be seen to push yields higher.

MGS/GII

- Trading momentum in Govvies saw improvement with volume up at RM2.29b yesterday amid selective tenures in off-the-run 19's, 21's and 24's. Overall benchmark yields ended were mixed; within 1bps from prior day's close. Both the 7Y MGS 3/25 and 10Y MGS 6/28 edged 1bps higher at 4.01% and 4.13% respectively. GII bond trades formed 30% of overall trades. Weaker sentiments may be seen towards EM debt due to China-US trade friction, Fed's balance sheet run-off and rising oil prices. Nevertheless Malaysia has been able to somewhat withstand major sell-offs for now. Markets will keep an eye on the mid-term review of the 11th Malaysia Plan today ahead of the much anticipated 2019 Budget tabling on 2-November.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk however saw strong investor interest across the GG to AA-part of the curve on rising volume of RM1.41b. There were total 42 bonds traded compared to prior day's 39. With overall yields ending mostly mixed-to-lower yesterday. Both Govt-Guaranteed PASB 2/23 and DANA 8/23 closed 2bps lower compared to previous-done levels between 4.03-04% levels. AAA-rated CAGAMAS 19-23's saw a slew of tranches traded mostly lower save for the short 1/19 edging 1bps higher at 3.60%. TELEKOM 3/24 saw RM80m nominal amounts exchange hands 1bps higher at 4.31% whilst PLUS 32 and 33 rallied 1-3bps lower at 4.75% and 4.80% levels. The AA-segment saw several different names i.e. INTIAZ 5/20, FORTUNE Premier 23-25's and MUKAH Power 12/19 notching trades as well. In the banking sector A-rated AFFIN Islamic Perpetual AT1 made its debut trade at 5.45% on a chunky RM304m transaction.

Daily Trades : Government Bonds

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/19	3.249	468	3.265	16/10/2018	-2
MGS	10/19	3.420	305	3.430	15/10/2018	-1
MGS	11/19	3.443	22	3.434	16/10/2018	1
MGS	03/20	3.505	32	3.491	16/10/2018	1
MGS	10/20	3.476	34	3.492	12/10/2018	-2
MGS	02/21	3.589	50	3.584	16/10/2018	0
MGS	07/21	3.626	13	3.618	15/10/2018	1
MGS	09/21	3.636	49	3.646	16/10/2018	-1
MGS	11/21	3.609	153	3.609	16/10/2018	0
MGS	09/22	3.753	2	3.767	16/10/2018	-1
MGS	03/23	3.840	48	3.818	16/10/2018	2
MGS	04/23	3.769	33	3.769	12/10/2018	0
MGS	08/23	3.868	7	3.827	16/10/2018	4
MGS	07/24	3.954	130	3.939	15/10/2018	2
MGS	09/24	3.978	1	3.973	11/10/2018	1
MGS	03/25	4.008	30	3.998	15/10/2018	1
MGS	11/26	4.104	8	4.089	15/10/2018	1
MGS	03/27	4.155	20	4.204	08/10/2018	-5
MGS	06/28	4.125	26	4.117	15/10/2018	1
MGS	04/30	4.481	5	4.448	16/10/2018	3
MGS	04/33	4.552	23	4.597	16/10/2018	-5
MGS	11/33	4.563	10	4.555	15/10/2018	1
MGS	05/35	4.735	57	4.735	11/10/2018	0
MGS	04/37	4.778	3	4.788	16/10/2018	-1
MGS	06/38	4.777	50	4.782	16/10/2018	0
MGS	03/46	4.900	20	4.903	12/10/2018	0
GII	04/19	3.300	160	3.290	16/10/2018	1
GII	04/20	3.524	5	3.549	11/10/2018	-2
SPK	08/20	3.567	30	3.565	02/10/2018	0
GII	03/22	3.715	50	3.719	16/10/2018	0
GII	04/22	3.784	10	3.794	16/10/2018	-1
GII	07/23	3.913	100	3.909	12/10/2018	0
GII	08/25	4.082	130	4.080	11/10/2018	0
GII	09/26	4.149	50	4.182	11/10/2018	-3
GII	10/28	4.192	150	4.190	16/10/2018	0
GII	10/35	4.791	2	4.771	15/10/2018	2
GII	05/47	4.947	10	4.944	12/10/2018	0
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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*	
Pengurusan Air SPV Berhad	02/23	GG	4.026	65	4.041	13/09/2018	-2	31
DanaInfra Nasional Berhad	08/23	GG	4.040	100	4.064	28/08/2018	-2	27
Prasarana Malaysia Berhad	02/26	GG	4.260	65	4.220	03/10/2018	4	26
Prasarana Malaysia Berhad	12/27	GG	4.350	5	4.298	01/10/2018	5	23
Prasarana Malaysia Berhad	03/28	GG	4.360	10	4.360	27/09/2018	0	24
Prasarana Malaysia Berhad	09/28	GG	4.380	25	4.320	06/09/2018	6	26
Prasarana Malaysia Berhad	11/28	GG	4.380	10	4.351	03/10/2018	3	26
DanaInfra Nasional Berhad	03/47	GG	5.049	10	5.101	08/08/2018	-5	28
DanaInfra Nasional Berhad	05/47	GG	5.050	10	5.301	23/03/2018	-25	28
Prasarana Malaysia Berhad	09/47	GG	5.049	20	5.079	26/09/2018	-3	28
Cagamas Berhad	01/19	AAA	3.600	27	3.588	10/10/2018	1	21
Cagamas Berhad	10/19	AAA	3.863	95	3.870	24/09/2018	-1	48
Cagamas Berhad	03/20	AAA	3.914	35	3.950	29/08/2018	-4	53
Cagamas Berhad	12/22	AAA	4.163	10	4.371	04/07/2018	-21	45
Cagamas Berhad	05/23	AAA	4.205	50	4.200	11/10/2018	0	43
Telekom Malaysia Berhad	03/24	AAA	4.312	80	4.299	03/10/2018	1	54
Projek Lebuhraya Usahasama Berhad	01/27	AAA	4.589	30	4.629	09/08/2018	-4	51
Rantau Abang Capital Berhad	03/29	AAA	4.568	15	4.569	16/10/2018	0	44
Projek Lebuhraya Usahasama Berhad	01/32	AAA	4.748	20	4.759	25/09/2018	-1	19
Projek Lebuhraya Usahasama Berhad	01/33	AAA	4.802	10	4.828	24/09/2018	-3	24
Tenaga Nasional Berhad	08/38	AAA	4.929	20	4.926	03/10/2018	0	16
MBSB Bank Berhad (fka Asian Finance Bank Berha	12/19	AA1	4.437	5	4.628	30/04/2018	-19	105
Sabah Development Bank Berhad	07/20	AA1	4.798	5	4.828	08/10/2018	-3	130
YTL Power International Berhad	05/27	AA1	4.879	10	4.848	03/10/2018	3	76
Danajamin Nasional Berhad	10/27	AA+	4.666	10	4.672	10/10/2018	-1	55
Mukah Power Generation Sdn Berhad	12/19	AA2	4.403	5	4.434	09/04/2018	-3	102
Imtiaz Sukuk II Berhad	05/20	AA2	4.318	60	4.312	27/09/2018	1	82
Krung Thai Bank Public Company Limited	07/25	AA2	4.702	10	4.698	03/10/2018	0	70
CIMB Bank Berhad	08/26	AA2	4.633	23	4.626	12/10/2018	1	56
Fortune Premiere Sdn Berhad	03/23	AA	4.786	20	4.784	12/10/2018	0	107
Fortune Premiere Sdn Berhad	09/25	AA	5.004	30	4.997	11/10/2018	1	100
BGSM Management Sdn Berhad	12/23	AA3	4.518	40	4.532	15/10/2018	-1	74
CIMB Thai Bank Public Company Limited	07/24	AA3	5.586	1	4.520	05/10/2018	107	167
BGSM Management Sdn Berhad	03/26	AA3	4.671	10	4.830	26/07/2018	-16	67
Malakoff Power Berhad	12/23	AA-	4.517	10	4.688	12/03/2018	-17	74
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/31	AA-	5.081	10	5.079	16/10/2018	0	52
Southern Power Generation Sdn Berhad	04/34	AA-	5.020	10	5.030	16/10/2018	-1	46
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/37	AA-	5.459	30	5.489	31/07/2018	-3	69
CIMB Perpetual	-	A1	5.200	60	-	-	-	-
Affin Islamic Perpetual AT1	-	A3	5.450	304	-	-	-	-
DRB-Hicom Berhad	12/14	A-	7.334	20	7.322	02/10/2018	1	256
UEM Sunrise Berhad	12/18	AA-	3.942	20	3.973	11/10/2018	-3	56
				1405				

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

Market/Corporate News: What's Brewing

The Light Rail Transit Line 3 (LRT3) project has received the Government's greenlight to continue at a total project cost of RM16.6bil, according to separate filings by Malaysian Resources Corp Bhd (MRCB) and George Kent (M) Bhd after the market closed on Wednesday. Shares in the two companies shot up before the news broke out. "Prasarana has via its letter dated Oct 16 to MRCB George Kent Sdn Bhd (MRCB-GK), informed that the Government has agreed to continue with the project at a total cost of RM16.6bil, including land acquisition costs, interest during construction and other costs," the two companies said in the separate filings with Bursa Malaysia. The companies said the implementation concept of the project will be remodelled from a project delivery partner (PDP) regime to a fixed price contract regime. The two companies did not elaborate on the terms of the new contract regime, but said that further announcement will be release as and when there is a material development in relation to the project. Shares in MRCB surged 7.5 sen or 10.42% at 79.5 sen, with 84.23 million shares transacted. Most of the transaction were done during the last hour of trade. Meanwhile, George Kent also saw a similar last-minute push as the stock ended 13 sen, or 12.9% higher at RM1.14. Finance Minister Lim Guan Eng, in July, said that actual cost of the LRT3 had jumped to RM31.45bil, compared with its original construction cost of RM9bil in 2015 when the PDP contract was awarded to MRCB-GK. (Source: *The StarOnline*)

Kumpulan Perangsang Selangor Bhd (KPS) said its 51%-owned subsidiary Aqua-Flo Sdn Bhd has bagged a RM162.5 million contract from Pengurusan Air Selangor Sdn Bhd (Air Selangor) to supply and deliver chemicals. Under the contract, Aqua-Flo will be providing chemicals to water treatment plants in Selangor, Kuala Lumpur and Putrajaya for a two-year period, commencing Nov 1. "The contract is expected to contribute positively to KPS for the financial years ending Dec 31, 2018 to 2020," it said in a statement today. KPS chief executive officer Ahmad Fariz Hassan said the contract was secured through an open tender process. "In setting higher goals, we intend to bank on Aqua-Flo's strong credentials in ensuring safe water management systems to extend our reach beyond Selangor." "To date, we have begun to supply chemicals to water treatment plants in five other States. Given our progress so far, we are optimistic of further improving our order book," he added. In May 2016, Aqua-Flo had secured three contracts from PNSB Water Sdn Bhd, Konsortium ABASS Sdn Bhd and Konsortium Air Selangor Sdn Bhd, worth a combined RM98 million over a period of two years. These contracts were then extended for a further period of five and a half months for a total of RM25.1 million in May. (Source: *The EdgeMarkets*)

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

Source: RAM, MARC

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