



















Global Markets Research






Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.67	 2
5-yr UST	2.67	 5
10-yr UST	2.81	 5
30-yr UST	3.05	 7

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.64	 -1	3.74	 0
5-yr	3.81	 0	3.88	 1
7-yr	4.01	 0	4.08	 1
10-yr	4.07	 0	4.23	 3
15-yr	4.50	 0	4.61	 0
20-yr	4.70	 -1	4.78	 0
30-yr	4.91	 0	4.96	 0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.70	 0
3-yr	3.75	 0
5-yr	3.84	 -2
7-yr	3.94	 -2
10-yr	4.15	 0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasury curve ended higher and steeper yesterday; reversing prior day's move on news that Trump will refuse to agree with the Senate's stopgap spending bill that is imperative to prevent a partial government shut-down. Overall benchmark yields ended 2-7bps sharply higher with the 2Y at 2.67% whilst the 10Y rose 5bps at 2.81%. Policy makers and investors are beginning to worry about the re-emergence of the looming government shutdown again. Meanwhile the financial landscape has altered as markets slump and global risks emanating from unresolved trade issues continue to linger. Hence, the Fed is expected to be more cautious about raising rates next year. Meanwhile the somewhat parish yield spreads between the 2Y, 3Y and 5Y remain a concern although the more prominent precursor of a recession i.e. the 2s10s spread remains steady at 14bps.

MGS/GII

- Trading sentiment in local govies remained steady with volume at RM2.84b yesterday with interest focused again mainly in the off-the-run MGS/GII 19-22's. Overall benchmark MGS yields were largely unchanged to about 1bps lower whilst some GII bond yields ended higher instead. The 7Y MGS and 30Y GII papers. The 5Y benchmark MGS 4/23 edged 1bps lower at 3.81% whilst the 10Y MGS 6/28 was untraded at 4.07% levels. GII trades rose further to form 48% of overall trades. The weakening crude oil prices may dampen demand for Ringgit and financial assets temporarily. Meanwhile up next on the data front is the update on the nation's Foreign Reserves.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk continued to see notch impressive volume of RM478m with interest across the entire curve again. Both Govt-guaranteed DANA 3/24 and the long-end PRASA 3/43 closed unchanged at 4.09% and 5.04% respectively compared to previous-done levels. Several tranches of the AAA-rated DANGA i.e. the 2027, 2030 and 2033 closed mixed on yields between 4.52-82% levels whilst TNB 9/33 saw RM60m in nominal amounts traded unchanged at 4.97%. In the AA-space newly issued Dynasty Harmony 12/28 and 12/30 made its landmark trade at 6.05% and 6.25% respectively whilst UEM Sunrise 10/25 closed unchanged at 4.89% area. %. The banking sector was less active with Affin Islamic 28NC23 also closing unchanged at 5.00% levels.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.335	1	3.292	19/12/2018	4
MGS	11/19	3.429	410	3.470	18/12/2018	-4
MGS	10/20	3.524	81	3.537	19/12/2018	-1
MGS	07/21	3.645	132	3.637	19/12/2018	1
MGS	09/21	3.680	35	3.678	18/12/2018	0
MGS	11/21	3.637	170	3.648	19/12/2018	-1
MGS	03/22	3.631	129	3.665	18/12/2018	-3
MGS	08/22	3.743	20	3.772	18/12/2018	-3
MGS	09/22	3.751	30	3.759	19/12/2018	-1
MGS	03/23	3.839	41	3.828	19/12/2018	1
MGS	04/23	3.812	83	3.817	19/12/2018	-1
MGS	08/23	3.858	22	3.854	18/12/2018	0
MGS	07/24	3.958	2	3.975	19/12/2018	-2
MGS	09/24	3.990	5	3.980	19/12/2018	1
MGS	04/26	4.112	1	4.112	18/12/2018	0
MGS	11/26	4.108	2	4.132	19/12/2018	-2
MGS	03/27	4.218	1	4.192	14/12/2018	3
MGS	11/27	4.156	44	4.179	19/12/2018	-2
MGS	06/31	4.470	1	4.438	19/12/2018	3
MGS	04/33	4.533	4	4.528	19/12/2018	1
MGS	04/37	4.692	3	4.700	18/12/2018	-1
MGS	06/38	4.703	173	4.703	19/12/2018	0
MGS	07/48	4.914	60	4.914	17/12/2018	0
GII	04/19	3.287	7	3.270	18/12/2018	2
GII	09/19	3.345	50	3.337	18/12/2018	1
GII	06/20	3.491	635	3.530	19/12/2018	-4
GII	08/20	3.536	150	3.586	03/12/2018	-5
GII	10/21	3.801	10	3.725	02/10/2018	8
GII	03/22	3.741	140	3.744	19/12/2018	0
GII	07/22	3.873	10	3.845	28/08/2018	3
GII	07/23	3.909	2	3.938	10/12/2018	-3
GII	11/23	3.878	100	3.870	18/12/2018	1
GII	09/26	4.229	1	4.236	14/12/2018	-1
GII	08/28	4.325	10	4.343	30/11/2018	-2
GII	10/28	4.230	270	4.190	19/12/2018	4
			<u>2835</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*
DanaInfra Nasional Berhad	04/22	GG	3.916	5	3.990	20/09/2018	-7	27
DanaInfra Nasional Berhad	03/24	GG	4.092	10	4.094	13/11/2018	0	27
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	4.214	20	4.220	19/12/2018	-1	39
Perbadanan Tabung Pendidikan Tinggi Nasional	03/27	GG	4.407	30	4.410	31/07/2018	0	34
Prasarana Malaysia Berhad	03/43	GG	5.039	60	5.034	07/08/2018	0	34
Cagamas Berhad	03/19	AAA	3.700	5	3.979	30/04/2018	-28	25
GB Services Berhad	11/19	AAA	4.292	20	4.313	19/12/2018	-2	84
Al Dzahab Assets Berhad	03/22	AAA	4.397	30	4.479	25/09/2018	-8	75
Sarawak Hidro Sdn Berhad	08/23	AAA	4.323	5	4.325	04/09/2018	0	50
Danga Capital Berhad	09/27	AAA	4.522	10	4.549	18/12/2018	-3	42
Danga Capital Berhad	01/30	AAA	4.639	10	4.600	19/10/2018	4	55
Danga Capital Berhad	09/33	AAA	4.820	5	4.836	19/12/2018	-2	31
Tenaga Nasional Berhad	08/38	AAA	4.971	45	4.967	19/12/2018	0	27
BEWG (M) Sdn Berhad	07/20	AA	4.501	5	4.527	14/12/2018	-3	96
Fortune Premiere Sdn Berhad	10/25	AA	4.974	20	5.008	23/11/2018	-3	97
Bumitama Agri Ltd	03/19	AA3	4.158	4	4.211	05/12/2018	-5	71
UEM Sunrise Berhad	04/20	AA-	4.487	20	4.519	19/12/2018	-3	104
AmBank (M) Berhad	03/28	AA3	5.100	4	5.100	19/12/2018	0	100
SPR Energy (M) Sdn Berhad	07/32	AA3	5.219	10	5.650	19/07/2017	-43	71
SPR Energy (M) Sdn Berhad	07/33	AA3	5.279	10	5.281	18/12/2018	0	77
Dynasty Harmony Sdn Bhd	12/30	AA3	6.250	5	-	-	-	-
Dynasty Harmony Sdn Bhd	12/28	AA3	6.050	10	-	-	-	-
Malakoff Power Berhad	12/19	AA-	4.179	10	4.189	19/12/2018	-1	73
UEM Sunrise Berhad	10/25	AA-	4.894	20	4.896	13/12/2018	0	89
SAJ Capital Sdn Berhad	01/28	AA-	5.190	15	5.199	03/12/2018	-1	109
Jimah East Power Sdn Berhad	12/31	AA-	4.904	10	4.899	18/12/2018	0	40
UiTM Solar Power Sdn Berhad	04/33	AA-	5.880	20	5.910	22/11/2018	-3	137
Tan Chong Motor Holdings Berhad	11/19	A1	5.653	10	6.026	22/10/2018	-37	220
Affin Islamic Bank Berhad	10/28	A1	4.999	10	4.999	14/12/2018	0	91
AmBank (M) Berhad	08/39	A1	4.368	3	4.375	12/11/2018	-1	-33
TRIPic Ventures Sdn Bhd	01/27	-	10.755	37	-	-	-	-
				<u>478</u>				

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

Market/Corporate News: What's Brewing

The opening date of Genting Malaysia Bhd's most anticipated new outdoor theme park is still up in the air, as the group is still considering various options for it. It clarified in a stock exchange filing today that "the opening date of the outdoor theme park is dependent on the options to be pursued by Genting Malaysia". Nevertheless, it said the outdoor theme park remains part of the group's growth plans. The statement came amid media reports that the group's outdoor theme park in Genting Highlands would be completed and opened in early 2019, despite an-going multibillion-ringgit legal battle with Walt Disney Co (Disney) and Twenty-First Century Fox (Fox). Genting is suing Disney and Fox for US\$1 billion (RM4.18 billion) for terminating an agreement for a Fox World theme park in Genting Highlands. The group alleged Fox had aborted the deal, as Disney sought to avoid association with gaming operations that were incompatible with its family-friendly strategy, a claim that both Fox and Disney had denied. Disney is in the midst of acquiring Fox for US\$71.3 billion. Genting Malaysia shares continued to rise today, on continued optimism regarding the news of the theme park's opening. It rose two sen or 0.65% to close at RM3.08, valuing the company at RM16.80 billion. Yesterday, the stock closed 23 sen or 8.13% higher at RM3.06. (Source: *The Edge*)

HSBC Holdings Plc (HSBC) is selling its 49% stake in HSBC Amanah Takaful (Malaysia) Bhd, held via indirect wholly-owned unit HSBC Insurance (Asia Pacific) Holdings Ltd, as the banking group has decided to exit the takaful manufacturing business and focus on its banking operations in Malaysia. The banking group is selling the stake to FWD Life Insurance Company (Bermuda) Ltd, a subsidiary of Hong Kong-based insurer FWD Ltd. FWD is owned by tycoon Richard Li. Speculation about the deal surfaced in August this year, when Reuters reported, citing people familiar with the deal, that FWD has agreed to take up the stake as part of its plan to expand its presence in Asia. The transaction has been approved by the Finance Ministry via Bank Negara Malaysia, and is expected to be completed in the first half of 2019. The remainder equity stake in the takaful business are JAB Capital Bhd (formerly known as Jerneh Asia Bhd), which holds 31%, and the Employees Provident Fund, which has 20%, according to HSBC Amanah Takaful's website. "Malaysia remains a key insurance distribution market for us and we will continue to support the insurance needs of our customers, through our insurance partners," said HSBC Bank Malaysia chief executive officer Stuart Milne today in a statement. Malaysia, the bank said, is one of eight scale markets for the HSBC Group, which means it aspires to be one of the leading domestic banks in that market. "HSBC remains highly committed to Malaysia and to retaining our position as a leading international financial institution in the country. We have a long history in the country and plan to continue serving our customers and investing in our people, network and businesses. HSBC Bank Malaysia's ongoing US\$250 million investment to construct its new Malaysian headquarters in the new financial hub of TRX City, underscores our commitment to developing our business in Malaysia," it added. The transaction has been approved by the Finance Ministry, via Bank Negara Malaysia, and is expected to be completed in the first half of 2019, it said. (Source: *The Edge*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Golden Assets International Finance Limited (Golden Assets)	RM5.0 billion Islamic MTN Programme (2012/2027)	A1(s)/stable rating	Reaffirmed
Dynasty Harmony Sdn Bhd (DHSEB)	RM165 million 10.0-14.5-year tranche (proposed Sukuk) of a RM300 million Islamic MTN Programme	AA3/stable	Assigned
CIMB Bank Berhad	Financial Institution rating	AAA/Stable/P1	Reaffirmed
	RM10 billion Tier-2 Subordinated Debt Programme (2013/2073):	AA1/Stable AA2/Stable	Reaffirmed
	RM10 billion Additional Tier-1 Capital Securities Programme	A1/Stable	Reaffirmed
	RM20 billion MTNs Programme	AAA/Stable	Reaffirmed
CIMB Investment Bank Berhad	Financial Institution rating	AAA/Stable/P1	Reaffirmed
CIMB Islamic Bank Berhad	Financial Institution rating	AAA/Stable/P1	Reaffirmed
	RM10.0 billion Sukuk Wakalah Programme	AAA/Stable/P1	Reaffirmed

Source: RAM, MARC

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