

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.62	2
5-yr UST	2.72	2
10-yr UST	2.83	1
30-yr UST	2.98	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.47	0	3.50	-40
5-yr	3.68	0	3.80	1
7-yr	3.93	0	4.00	0
10-yr	4.02	-1	4.13	0
15-yr	4.46	0	4.51	-2
20-yr	4.67	-1	4.76	0
30-yr	4.90	0	4.95	0

*Market indicative

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.70	0
3-yr	3.73	0
5-yr	3.83	0
7-yr	3.94	0
10-yr	4.16	0

Source: Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries reflected a flatter curve; led by sell-off on the front-end with focus on trade disputes and gradual expectations of higher interest rates. Overall benchmark yields within 0-2bps higher across the curve. The 2Y was up 2bps at 2.62% whilst the much-watched 10Y UST edged 1bps higher at 2.83% levels. Meanwhile Trump fueled speculation of possible sanctions against South Africa. Trade talks between US and China saw no headway with both sides imposing 25% tariff on \$16b of imports. Meanwhile investor interest will be shifted to the Fed chairman Powell's speech to be held tonight at the Jackson Hole, Wyoming. On the local front investors will also continue to watch if Trump faces political setbacks.

MGS/GII

- Trading momentum in Govvies was a notch lower on volume of RM2.67b with interest seen along the curve up to 20Y. Focus was seen along the short end off-the-run MGS and GII 20-23's, and also both 10Y benchmark MGS and GII bonds. Overall benchmark yields were generally within by 1bps save for the skewed odd-lot trade on the 3Y GII. We note GII trades as a whole spiked to 50% of total trades. The benchmark 7Y MGS 3/25 ended unchanged at 3.93% whereas the 10Y MGS 6/28 edged almost 1bps lower at 4.02%. Meanwhile recent Bloomberg survey shows the 3M inter-bank yield at 3.70% with projection of 10Y MGS benchmark at 4.10% levels as at 3Q 2018.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw volume dip to 216m yesterday with interest seen mainly along the GG-AA-part of the curve involving a mere 24 different bonds compared to prior day's 30. Overall yields generally ended lower yet again on investor demand. Govt-guaranteed PRASA 26-27's moved 2-3bps lower between 4.26-32% compared to previous-done levels. In the AAA-space GENM Capital 7/28 dominated trades; closing 15bps higher at 5.15%. New debuts were seen as YTL Power 8/23 and 8/28 notched 4.61% and 4.91% respectively. Hong Leong Islamic Bank 24nc19 edged 1bps lower at 4.39%

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	09/18	3.267	41	3.300	21/08/2018	-3
MGS	07/19	3.348	149	3.389	17/08/2018	-4
MGS	10/19	3.408	4	3.408	21/08/2018	0
MGS	11/19	3.396	5	3.400	21/08/2018	0
MGS	03/20	3.413	43	3.393	21/08/2018	2
MGS	07/20	3.425	102	3.431	20/08/2018	-1
MGS	07/21	3.597	3	3.572	21/08/2018	2
MGS	09/21	3.593	104	3.588	20/08/2018	0
MGS	11/21	3.472	49	3.472	21/08/2018	0
MGS	03/22	3.608	25	3.624	21/08/2018	-2
MGS	08/22	3.685	52	3.745	17/08/2018	-6
MGS	04/23	3.678	210	3.674	21/08/2018	0
MGS	08/23	3.789	13	3.800	21/08/2018	-1
MGS	07/24	3.912	10	3.922	20/08/2018	-1
MGS	09/24	3.965	1	3.980	20/08/2018	-2
MGS	03/25	3.925	20	3.925	21/08/2018	0
MGS	09/25	4.078	2	4.061	20/08/2018	2
MGS	04/26	4.145	9	4.116	21/08/2018	3
MGS	11/26	4.159	150	4.133	21/08/2018	3
MGS	06/28	4.015	90	4.019	21/08/2018	0
MGS	04/30	4.450	40	4.425	20/08/2018	3
MGS	06/31	4.516	2	4.506	21/08/2018	1
MGS	04/32	4.557	7	4.532	14/08/2018	3
MGS	04/33	4.510	25	4.501	21/08/2018	1
MGS	11/33	4.462	155	4.463	21/08/2018	0
MGS	05/35	4.687	9	4.701	16/08/2018	-1
MGS	04/37	4.735	4	4.697	16/08/2018	4
MGS	06/38	4.666	36	4.673	21/08/2018	-1
MGS	03/46	4.889	1	4.888	20/08/2018	0
MGS	07/48	4.895	4	4.893	21/08/2018	0
GII	04/20	3.496	6	3.858	21/08/2018	-36
GII	05/20	3.525	2	3.603	06/08/2018	-8
GII	04/22	3.748	440	3.811	20/08/2018	-6
GII	07/23	3.839	80	3.841	21/08/2018	0
GII	11/23	3.801	90	3.791	21/08/2018	1
GII	08/24	4.001	2	4.007	21/08/2018	-1
GII	08/25	4.000	180	3.995	21/08/2018	0
GII	10/25	4.079	150	4.071	21/08/2018	1
GII	07/27	4.143	40	4.139	21/08/2018	0
GII	10/28	4.129	240	4.130	21/08/2018	0
GII	06/33	4.509	75	4.532	21/08/2018	-2
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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	06/20	GG	3.958	2	3.899	07/12/2017	6	53
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	4.158	10	4.180	09/08/2018	-2	28
Prasarana Malaysia Berhad	08/26	GG	4.258	20	4.290	15/08/2018	-3	23
Prasarana Malaysia Berhad	12/27	GG	4.321	5	4.340	21/08/2018	-2	27
Turus Pesawat Sdn Berhad	03/28	GG	4.391	10	4.515	18/12/2017	-12	37
Danainfra Nasional Berhad	10/28	GG	4.340	5	4.381	17/08/2018	-4	32
Prasarana Malaysia Berhad	09/29	GG	4.445	10	4.494	02/08/2018	-5	42
Projek Lebuhraya Usahasama Berhad	01/21	AAA	4.174	3	4.203	09/08/2018	-3	75
Genting Capital Berhad	06/22	AAA	4.751	1	4.751	21/08/2018	0	113
GENM Capital Berhad	07/23	AAA	4.881	1	4.731	21/08/2018	15	121
GENM Capital Berhad	07/28	AAA	5.150	55	5.000	16/08/2018	15	113
Rantau Abang Capital Berhad	03/29	AAA	4.596	5	4.637	01/08/2018	-4	57
Hong Leong Islamic Bank Berhad	06/24	AA1	4.390	10	4.401	10/08/2018	-1	52
YTL Power International berhad	08/23	AA1	4.620	15	-	-	-	-
YTL Power International berhad	08/28	AA1	4.910	5	-	-	-	-
Gamuda Berhad	03/19	AA3	4.205	10	4.257	03/08/2018	-5	84
Burnitama Agri Ltd	03/19	AA3	4.334	10	4.356	21/08/2018	-2	97
CIMB Thai Bank Public Company Limited	07/26	AA3	4.854	0	5.231	20/08/2018	-38	83
RHB Bank Berhad	09/27	AA3	4.721	20	4.708	08/08/2018	1	67
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/32	AA-	5.020	10	5.189	07/05/2018	-17	56
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/34	AA-	5.259	5	5.279	15/08/2018	-2	79
CIMB Group Holdings Berhad	05/16	A1	4.788	1	5.049	20/08/2018	-26	12
Mah Sing Perpetual	-	-	5.808	3	5.813	21/08/2018	0	-
Mah Sing Perpetual	-	-	6.359	1	6.362	20/08/2018	0	-
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Proton Edar Sdn Bhd, the distribution arm of local automotive manufacturer, Proton Holdings Bhd, is optimistic of maintaining a strong sales performance after the implementation of the Sales and Services Tax (SST) on Sept 1. Chief Executive Officer Abdul Rashid Musa said demand was expected to continue even after the SST comes into effect as cars have been regarded as a necessity by the people. "The need for cars in Malaysia is still there and people will continue to buy them," he told reporters after the launch of the Proton 3S centre here today by Proton Chief Executive Officer Dr Li Chunrong. However, Abdul Rashid said car prices would increase after the SST as the service tax was set at 10% compared with the Goods and Services Tax at 6%. "We will do our best to sustain our volume and attract customers to buy cars," he said. Meanwhile, Li said Proton would start accepting bookings for its first sport utility vehicle beginning next month. On July sales, Abdul Rashid said Proton sold 8,102 units, its strongest performance in 30 months. He said apart from the zero-rated GST which contributed to the increase in sales, the market was also responding positively to the brand through efforts to improve its position in the market. "We have done a lot of things to improve our vendors and our dealers," he said, adding that Proton had also upgraded 96 of the 109 target outlets into 3s and 4s center. (Source: *The Star*)

The cancellation of the East Coast Rail Link (ECRL) project will not affect the economic activity and job opportunities in the three East Coast States involved in the project. Instead, Rural Development Minister Rina Harun said many job opportunities could still be created without the ECRL project. "Of course the ECRL project would create many job opportunities, but there are so many other ways to do so, we don't need to depend solely on the project," she told reporters at the community feast with Srikandi Bersatu in Kampung Geting here today. Also present were Kelantan Bersatu Liaison Committee chairman Datuk Kamaruddin Md Nor. The government had announced the cancellation of the project after finding it to be too costly. The 688-km ECRL route would link Port Klang in Selangor to the East Coast through Kuantan, Pahang, Terengganu and Pengkalan Kubor, Kelantan. In KUANTAN, Menteri Besar Datuk Seri Wan Rosdy Wan Ismail called on the government to reconsider the cancellation of the projects as it could cause many local workers to lose their jobs. In addition, he said the cancellation would only cause the three states to suffer losses as the initial work of implementation had already begun. "In Pahang alone, the initial work is 13 to 14 per cent progressing. In fact, in several sites, such as in Genting Highlands and Bentong, the digging of the ECRL tunnel has also begun. "So, on behalf of the State government and those affected by the cancellation of the project, especially the workers who might lose their jobs, I call on the Federal Government to reconsider the decision," he said in a statement here today.. (Source: *The Edge / Bernama*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Aman Sukuk Berhad	Islamic Medium-Term Notes (IMTN) programme of up to RM10.0 billion	AAA-IS	Affirmed

Source: RAM, MARC

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