

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.82	2
5-yr UST	2.97	2
10-yr UST	3.09	3
30-yr UST	3.23	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.61	0	3.48	0
5-yr	3.75	0	3.88	0
7-yr	3.98	3	4.03	-1
10-yr	4.09	-1	4.16	0
15-yr	4.53	3	4.62	0
20-yr	4.69	0	4.76	0
30-yr	4.90	0	4.97	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.71	0
3-yr	3.77	0
5-yr	3.86	0
7-yr	3.99	0
10-yr	4.18	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries were weaker with pullbacks seen across the curve as the FOMC meeting draws near. Overall benchmark yields were 2-3bps higher from prior day's close with the 2Y ending 2bps higher at 2.82% levels whilst the much-watched 10Y rose 3bps to 3.09%. Treasury's \$37b of 2Y auction notched a lower BTC ratio of 2.44x since December 2016 (compare with 2.82x average for past 6 auctions); averaging 2.829%. Worries over a global trade spat may be on the back-burner as attention shifts to the upcoming FOMC meeting on 27th September as the probability of a rate hike stands at 98%. The impact on UST's will be watched closely as strategists have mixed views on the direction of yields going forward. Nevertheless pension funds and lifers demand for long-term debt are expected to keep the long-end anchored.

MGS/GII

- Trading volume in Govvies plunged to RM1.65b yesterday with some interest seen across the shorter off-the-runs. Both offshore and onshore players were mostly sidelined ahead of the FOMC rate decision tomorrow night (local time). Overall benchmark yields were generally 0-3bps higher save for the 7Y GII bond. The 7Y MGS 3/25 rose almost 3bps at 3.98% levels on tepid volume whilst the 10Y MGS 6/28 edged 1bps higher at 4.09%. GII trades fell to 12% of total trades. The ongoing efforts taken by the present government to address budget deficits and improve overall economy is seen positive in the medium-to-long term prospects for the country despite some setback due to intermittent EM outflows.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk saw solid investor interest as volume maintained at RM741m with focus mainly on the AAA-segment followed by both GG and AA-part of the curve encompassing 36 different bonds compared to prior trading day's 30. Overall yields ended lower with many 10-20Y papers exchanging hands. The Govt-guaranteed DANA 23-24's and ended 1-5bps lower between 4.04-18% levels whilst both the long DANA 5/37 and PRASA 3/38 closed within 1bps between 4.85-88% compared to previous-done levels. The AAA-rated shorter-tenured DANGA and RANTAU 20's saw RM115m nominal amount traded between 0-1bps lower at 4.04% levels. In the AA-space; energy bonds eg Southern Power 24-32's, SPR Energy 25-34's, SEB 8/35 and MALAKOFF 12/18 resumed to fall on the radar of investors on lower yields.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	09/18	3.337	260	3.518	21/09/2018	-18
MGS	03/19	3.150	41	3.201	20/09/2018	-5
MGS	11/19	3.421	160	3.395	21/09/2018	3
MGS	03/20	3.478	102	3.471	21/09/2018	1
MGS	07/20	3.503	1	3.445	18/09/2018	6
MGS	10/20	3.528	3	3.496	19/09/2018	3
MGS	07/21	3.561	132	3.587	21/09/2018	-3
MGS	09/21	3.638	11	3.627	21/09/2018	1
MGS	11/21	3.609	173	3.605	21/09/2018	0
MGS	03/22	3.602	15	3.643	20/09/2018	-4
MGS	09/22	3.768	23	3.754	21/09/2018	1
MGS	04/23	3.742	67	3.747	21/09/2018	0
MGS	08/23	3.849	10	3.833	21/09/2018	2
MGS	07/24	3.962	79	3.956	21/09/2018	1
MGS	09/24	3.965	1	3.974	21/09/2018	-1
MGS	03/25	3.977	24	3.953	21/09/2018	2
MGS	09/25	4.068	3	4.045	21/09/2018	2
MGS	11/26	4.176	9	4.169	21/09/2018	1
MGS	11/27	4.151	58	4.152	21/09/2018	0
MGS	06/28	4.091	20	4.078	21/09/2018	1
MGS	04/30	4.458	1	4.478	21/09/2018	-2
MGS	04/33	4.554	70	4.544	21/09/2018	1
MGS	11/33	4.531	130	4.499	21/09/2018	3
MGS	05/35	4.716	1	4.713	21/09/2018	0
MGS	04/37	4.705	2	4.728	20/09/2018	-2
MGS	07/48	4.905	60	4.901	21/09/2018	0
GII	04/22	3.711	92	3.765	21/09/2018	-5
GII	08/25	4.027	40	4.037	21/09/2018	-1
GII	10/28	4.161	60	4.162	21/09/2018	0
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Daily Trades: Corp Bonds / Sukuk

Securities	Maturity (dd/mm/y yyy)	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
DanaInfra Nasional Berhad	05/23	GG	4.038	80	4.051	19/09/2018	-1	28
DanaInfra Nasional Berhad	05/24	GG	4.119	45	4.147	19/09/2018	-3	21
Prasarana Malaysia Berhad	09/24	GG	4.188	20	4.341	05/12/2017	-15	28
DanaInfra Nasional Berhad	11/24	GG	4.180	10	4.231	19/07/2018	-5	27
DanaInfra Nasional Berhad	05/37	GG	4.849	15	4.854	06/09/2018	0	15
Prasarana Malaysia Berhad	03/38	GG	4.881	10	4.868	05/09/2018	1	18
Cagamas Berhad	10/19	AAA	3.870	10	4.000	03/04/2018	-13	51
Danga Capital Berhad	04/20	AAA	4.038	20	4.045	13/09/2018	-1	55
Rantau Abang Capital Berhad	12/20	AAA	4.041	95	4.044	14/09/2018	0	56
Cagamas Berhad	04/21	AAA	4.020	10	4.220	24/04/2018	-20	41
GENM Capital Berhad	07/23	AAA	4.829	40	4.797	18/09/2018	3	107
Telekom Malaysia Berhad	08/23	AAA	4.284	20	4.288	04/09/2018	0	53
Danga Capital Berhad	09/27	AAA	4.513	80	4.650	19/07/2018	-14	42
Telekom Malaysia Berhad	05/28	AAA	4.559	30	4.568	30/08/2018	-1	47
Danga Capital Berhad	01/30	AAA	4.636	10	4.631	06/09/2018	0	54
Bank Pembangunan Malaysia Berhad	03/32	AAA	4.858	10	4.924	09/08/2018	-7	36
Tenaga Nasional Berhad	08/32	AAA	4.705	5	4.711	04/09/2018	-1	20
Projek Lebuhraya Usahasama Berhad	01/33	AAA	4.828	10	4.818	27/08/2018	1	33
Tenaga Nasional Berhad	08/33	AAA	4.735	20	4.750	21/09/2018	-1	23
Sabah Development Bank Berhad	07/20	AA1	4.798	20	4.731	29/08/2018	7	131
Public Islamic Bank Berhad	06/24	AA1	4.145	10	4.155	10/08/2018	-1	24
Sarawak Energy Berhad	08/35	AA1	5.040	30	5.039	13/09/2018	0	54
CIMB Islamic Bank Berhad	09/24	AA+	4.396	5	5.051	21/08/2018	-66	49
Fortune Premiere Sdn Berhad	03/23	AA	4.778	10	4.789	06/08/2018	-1	108
Malakoff Power Berhad	12/18	AA-	4.077	10	4.157	24/08/2018	-8	71
Bumitama Agri Ltd	03/19	AA3	4.327	10	4.322	28/08/2018	0	96
SPR Energy (M) Sdn Berhad	07/25	AA3	4.890	10	4.968	25/07/2018	-8	93
SPR Energy (M) Sdn Berhad	07/33	AA3	5.338	15	5.339	19/09/2018	0	84
SPR Energy (M) Sdn Berhad	07/34	AA3	5.421	15	5.530	31/07/2018	-11	92
TSH Sukuk Ijarah Sdn Berhad	03/22	AA-	4.719	10	4.881	20/03/2018	-16	102
Southern Power Generation Sdn Berhad	10/24	AA-	4.608	10	4.619	19/09/2018	-1	70
Southern Power Generation Sdn Berhad	04/27	AA-	4.742	10	4.879	16/07/2018	-14	65
Southern Power Generation Sdn Berhad	10/32	AA-	4.919	10	5.139	16/07/2018	-22	42
Affin Bank Berhad	02/27	A1	4.900	10	4.855	07/08/2018	4	83
AMMB Holdings Berhad	03/27	A1	4.826	6	4.931	03/07/2018	-11	76
Affin Bank Berhad	09/27	A1	4.960	10	4.700	30/08/2018	26	86
				<u>741</u>				

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

Market/Corporate News: What's Brewing

A supertanker carrying the first crude oil cargo to a refinery being jointly built by Malaysia's Petronas and oil giant Saudi Aramco has arrived at Pengerang, as the two companies enter the commissioning and testing phase at the plant. Construction of the 300,000 barrels-per-day (bpd) refinery at the Pengerang Integrated complex is nearing completion, Petroliam Nasional Berhad (Petronas)[PETR.UL] said in a statement issued late on Monday. The cargo of 2 million barrels of crude oil supplied by Petronas and Aramco will be used for the commissioning and testing activities which are scheduled to start in October, Petronas added. "The arrival of the cargo signifies our readiness to move forward to start-up and commercial operations," said Colin Wong Hee Huing, chief executive of PRefChem which is an alliance of both companies. He added that the refinery was on track to start up in the first quarter of 2019. Once completed, the refinery will produce a range of refined oil products including gasoline and diesel which meet Euro 5 fuel specifications, Petronas said. Additionally, the refinery will provide feedstock for the integrated petrochemicals complex. Speaking earlier at the Asia Pacific Petroleum Conference, Ibrahim Al-Buainain, Aramco Trading Company's president and chief executive, said that the first crude oil cargo for the Malaysian project was discharging out of a very large crude carrier (VLCC). The supertanker Navarin carrying 1 million barrels each of Saudi Arab Medium crude and Iraqi Basra Light crude arrived in Malaysia on Sept. 21 and is now moored off the Pengerang oil terminal, according to trade sources and shipping data on Thomson Reuters Eikon. The \$27 billion refining and petrochemical project located between the Malacca Strait and the South China Sea, is a conduit for Middle East oil and gas bound for China, Japan and South Korea. "This is part of our downstream strategy," Buainain said. "Asia is a key market for us and most of the demand is from this region." (Source: *The StarOnline/Reuters*)

Sapura Energy Bhd's wholly-owned subsidiaries have secured four contracts, including contract extension, with a combined value of about RM815 million. In a filing with Bursa Malaysia today, Sapura Energy said the contracts are expected to contribute positively towards the earnings of the group for the financial year ending Jan 31, 2019. For its engineering and construction division in Malaysia, Sapura Fabrication Sdn Bhd has received a contract to undertake the provision of Pan Malaysia maintenance, construction and modification contract for ExxonMobil Exploration and Production Malaysia Inc (EMEPMI), said the announcement. It added the contract scope of work comprises procurement, onshore pre-fabrication works, offshore maintenance, construction and modification works related to topside maintenance, workover preparation and facilities improvement projects for EMEPMI offshore facilities in Peninsular Malaysia water. The contract is a call-out contract where works will be carried out according to work orders issued by EMEPMI based on contract unit rates and prices. The duration of the primary contract will be for a period of five years, expiring in July 2023, with an option for a one-year extension. Simultaneously, in Australia, Normand Sapura Pty Ltd was awarded a contract from Quadrant Energy Australia Ltd to undertake an offshore installation works for its East Spar intelligent pigging and removal project under its engineering and construction division. Sapura Energy said the contract involves the intelligent pigging of the East Spar subsea pipeline from East Spar pipeline end manifold (PLEM) up to the onshore processing facilities in Varanus Island, off the North West coast of Western Australia in Commonwealth waters. "It also involves the recovery of all subsea infrastructures from three subsea wells (ES1, ES3 & ES6) consisting of subsea heat exchangers, tie-in spools, flexible flowlines and associated control umbilical for dismantling and disposal in accordance with regulations," it said. The contract will be executed by Sapura constructor, a DP2 subsea construction & saturation diving vessel. In Nigeria, Sapura Energy said Sapura Offshore Sdn Bhd was awarded the subcontract by Saidel Limited for the provision of construction engineering and offshore construction

of a 16" Southern SWAMP sales gas evacuation pipeline project in the Delta Region of Nigeria operated by Shell Petroleum Development Company of Nigeria. It said the scope of work comprises 16" x 18.4 kilometres pipeline from onshore target Box to EA riser platform - A including 1.62 kilometres beach pull, three sections tie-in spool at EA riser platform - A and two concrete mattress installation at crossing location offshore Nigeria. Both the Australia and Nigeria works are expected to be completed by the fourth quarter of 2019 (4QFY19), Sapura Energy added. Meanwhile, for its drilling segment, Sapura Energy said Sapura Drilling Sdn Bhd has received a one-year extension on its contract from Brunei Shell Petroleum Co Sdn Bhd for the provision of a semi-submersible tender assisted drilling rig, "Sapura Pelaut", and drilling services. The scope of the contract extension comprises the provision of a semi-submersible tender assisted drilling rig for a firm commencing from 1QFY20 with a further one year option in Bruneian waters. (Source: *The Edge Markets/Bername*)

SRating Action			
Issuer	PDS Description	Rating/Outlook	Action
Batu Kawan Berhad	RM500 million Islamic Medium-Term Notes Programme (2013/2023).	AA1/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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