

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries advanced, pushing benchmark yields lower again on safe-haven bids following another ugly round of equity selloff; mainly in tech-related stocks. Overall yield curve saw prominent shift downwards with both benchmark 2Y and 10Y rallying 6bps lower to 2.83%% and 3.10% respectively. Treasury's auction of US\$39bn 5-year notes yesterday was met with soft demand on a BTC ratio of 2.30x (lowest since Feb 2017), averaging at 2.977%. Prospects of further policy tightening on the back of solid growth and inflation outlook are expected to drive UST yields higher. Meanwhile attention may likely focus on housing again following disappointing new home sale figures.

MGS/GII

- Trading momentum in Govvies improved with volume rising to RM2.3b mark yesterday as investors were seen active mainly in off-the-run 19's and 23's ahead of the tabling of Malaysia 2019 Budget next week. Overall benchmark yields generally ended 0-3bps lower from prior day's close save for the 30Y on odd-lot trades. The 7Y MGS 3/25 was ended 2bps lower at 4.03% while the 10Y MGS 6/28 was unchanged at 4.15% levels. GII bond trades rose substantially to account for 57% of overall trades. Nevertheless investors may be tempted to be sidelined ahead of the unveiling of the Budget on 2nd November. Up next on the data front is September CPI reading tomorrow which may likely reaffirm the case of subdued inflation.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.83	-6
5-yr UST	2.94	-7
10-yr UST	3.10	-6
30-yr UST	3.33	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.62	-2	3.70	-3
5-yr	3.79	-1	3.90	-1
7-yr	4.03	-2	4.08	0
10-yr	4.15	0	4.22	-1
15-yr	4.62	0	4.61	0
20-yr	4.81	0	4.81	0
30-yr	4.92	1	4.95	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.71	0
3-yr	3.78	0
5-yr	3.89	0
7-yr	4.01	0
10-yr	4.20	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Corp Bonds/Sukuk

- Corporate bonds/sukuk continued to maintain strong traction with investor interest seen across the GG to AA-part of the curve as volume maintained at RM1.16b yesterday. There were a total of 37 bonds traded compared to prior day's 47 with overall yields ending mixed-to-lower. In the GG segment, PASB 23's ended 0-1bps lower compared to previous-done levels on substantial volume of RM105m at 4.04-05% levels. Likewise the AAA-rated PUTRAJAYA 9/23 edged 1bps lower at 4.31% whilst long-end TNB 8/33 and 8/38 rose 2-3bps higher at 4.74% and 4.95% respectively. In the AA-space YTL Power 27-28 and UMW 9/23 closed unchanged at 4.88-93% levels and 4.57% respectively. PUBLIC Bank 4/19 which dominated the banking space saw single ticket consisting of RM200m; closing a whopping 18bps lower at 3.88%. Meanwhile govt-guaranteed LPPSA sets final guidance of its RM650m 10Y issuance at 4.39% (versus earlier guidance of 4.36-46% area).

Daily Trades : Government Bonds

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/19	3.274	6	3.294	23/10/2018	-2
MGS 07/19	3.360	210	3.392	23/10/2018	-3
MGS 10/19	3.421	125	3.422	22/10/2018	0
MGS 11/19	3.416	23	3.469	23/10/2018	-5
MGS 03/20	3.483	6	3.462	22/10/2018	2
MGS 07/20	3.478	28	3.494	19/10/2018	-2
MGS 10/20	3.500	32	3.508	22/10/2018	-1
MGS 07/21	3.604	79	3.618	23/10/2018	-1
MGS 09/21	3.645	50	3.617	22/10/2018	3
MGS 11/21	3.624	64	3.647	22/10/2018	-2
MGS 03/22	3.690	5	3.675	22/10/2018	2
MGS 09/22	3.767	3	3.767	23/10/2018	0
MGS 04/23	3.789	106	3.799	23/10/2018	-1
MGS 08/23	3.845	56	3.900	22/10/2018	-5
MGS 07/24	3.983	19	3.977	23/10/2018	1
MGS 09/24	3.986	3	4.001	23/10/2018	-2
MGS 03/25	4.025	10	4.044	23/10/2018	-2
MGS 09/25	4.038	70	4.027	23/10/2018	1
MGS 03/27	4.191	2	4.152	18/10/2018	4
MGS 11/27	4.193	13	4.166	22/10/2018	3
MGS 06/28	4.145	9	4.140	23/10/2018	0
MGS 09/28	4.332	24	4.241	19/10/2018	9
MGS 04/30	4.470	30	4.515	22/10/2018	-4
MGS 04/33	4.603	1	4.619	22/10/2018	-2
MGS 05/35	4.745	3	4.727	23/10/2018	2
MGS 04/37	4.820	30	4.782	22/10/2018	4
MGS 09/43	4.935	1	4.949	23/10/2018	-1
MGS 07/48	4.918	4	4.908	12/10/2018	1
GII 04/19	3.359	1199	3.283	22/10/2018	8
GII 04/21	3.712	25	3.630	03/10/2018	8
GII 03/22	3.700	20	3.735	19/10/2018	-3
GII 11/23	3.901	18	3.908	23/10/2018	-1
GII 05/24	3.999	20	4.039	23/10/2018	-4
GII 10/28	4.221	60	4.233	23/10/2018	-1
		<u>2352</u>			

Daily Trades: Corp Bonds / Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*	
Small Medium Enterprise Development Bank Malays	03/19	GG	3.641	5	3.644	23/10/2018	0	23
DanaInfra Nasional Berhad	07/21	GG	3.960	75	4.088	08/08/2018	-13	34
Pengurusan Air SPV Berhad	06/23	GG	4.042	85	4.050	19/10/2018	-1	25
Pengurusan Air SPV Berhad	06/23	GG	4.052	20	4.051	16/10/2018	0	26
Lembaga Pembiayaan Perumahan Sektor Awam	04/24	GG	4.169	30	4.210	02/08/2018	-4	38
Lembaga Pembiayaan Perumahan Sektor Awam	04/25	GG	4.250	35	4.213	04/10/2018	4	30
DanaInfra Nasional Berhad	11/27	GG	4.347	75	4.352	19/10/2018	0	20
Prasarana Malaysia Berhad	09/37	GG	4.914	20	4.832	12/10/2018	8	11
Public Bank Berhad	04/19	AAA	3.881	200	4.057	08/06/2018	-18	47
AI Dzahab Assets Berhad	09/19	AAA	4.383	15	4.385	22/10/2018	0	97
Gulf Investment Corporation G.S.C	03/21	AAA	4.847	10	4.845	22/10/2018	0	135
Gulf Investment Corporation G.S.C	06/22	AAA	4.956	10	5.064	07/08/2018	-11	123
Putrajaya Bina Sdn Berhad	03/23	AAA	4.321	10	4.544	10/07/2018	-22	59
Putrajaya Holdings Sdn Berhad	09/23	AAA	4.309	55	4.318	23/10/2018	-1	52
AI Dzahab Assets Berhad	09/24	AAA	4.825	2	4.800	02/10/2018	3	88
AI Dzahab Assets Berhad	03/25	AAA	4.950	4	4.978	17/04/2018	-3	100
Putrajaya Holdings Sdn Berhad	05/26	AAA	4.518	10	4.686	22/06/2018	-17	41
GENM Capital Berhad	07/28	AAA	4.934	30	4.950	22/10/2018	-2	79
Rantau Abang Capital Berhad	01/32	AAA	4.689	160	4.779	10/08/2018	-9	9
Tenaga Nasional Berhad	08/33	AAA	4.736	10	4.710	15/10/2018	3	14
Tenaga Nasional Berhad	08/38	AAA	4.954	20	4.929	17/10/2018	2	15
Northern Gateway Infrastructure Sdn Berhad	08/23	AA1	4.504	5	4.472	12/10/2018	3	71
YTL Power International Berhad	05/27	AA1	4.876	10	4.879	23/10/2018	0	73
YTL Power International Berhad	08/28	AA1	4.928	20	4.928	23/10/2018	0	78
Imtiaz Sukuk II Berhad	03/19	AA2	4.058	30	4.117	01/10/2018	-6	65
AmBank Islamic Berhad	03/20	AA2	4.211	10	4.291	10/10/2018	-8	80
UMW Holdings Berhad	09/23	AA2	4.568	30	4.564	12/10/2018	0	77
Konsortium ProHAWK Sdn Berhad	12/26	AA2	4.697	10	4.769	20/06/2017	-7	59
Konsortium ProHAWK Sdn Berhad	12/27	AA2	4.737	10	4.758	14/08/2018	-2	59
Fortune Premiere Sdn Berhad	09/23	AA	4.832	77	4.824	02/10/2018	1	104
Anih Berhad	11/25	AA	4.619	20	4.821	17/05/2018	-20	58
CIMB Group Holdings Berhad	09/29	AA	4.804	10	4.810	22/10/2018	-1	66
Besraya (M) Sdn Berhad	07/19	AA3	4.427	30	4.528	11/07/2018	-10	102
RHB Bank Berhad	07/24	AA3	4.240	10	4.277	15/10/2018	-4	29
Southern Power Generation Sdn Berhad	04/31	AA-	4.810	2	4.788	16/10/2018	2	22
CIMB Group Holdings Berhad	05/16	A1	5.000	1	5.000	19/10/2018	0	20
Affin Islamic Bank Berhad	10/17	A3	5.647	6	5.450	17/10/2018	20	85
				<u>6</u>				
				<u>1161</u>				

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

Market/Corporate News: What's Brewing

Capitaland Malaysia Mall Trust 's (CMMT) net profit for the third quarter ended Sept 30, 2018 (3Q18) fell to RM31.55mil from RM40.07mil recorded in the same period last year. Revenue slipped to RM86.15mil from RM92.67mil previously. In a filing with Bursa Malaysia today, CMMT attributed the decrease to lower occupancy at Sungei Wang Plaza, The Mines shopping mall and 3 Damansara shopping mall, downtime from asset enhancement works at Sungei Wang Plaza as well as lower rental rates at The Mines. However, it said the decrease was mitigated by better performance from Gurney Plaza and higher rental contribution upon completion of asset enhancement works at the East Coast Mall. Meanwhile, CMMT recorded a distribution per unit of 1.90 sen for 3Q18. In a separate statement, CMMT's Manager, CapitaLand Malaysia Mall REIT Management Sdn Bhd (CMRM), said year-to-date, CMMT recorded net property income of RM162.1mil, which had partially mitigated the lower contributions from the Klang Valley shopping malls. CMRM's Chairman David Wong said the group would continue to focus on strengthening the appeal of its malls through proactive asset management, including asset enhancement initiatives and tenant mix adjustments, against a backdrop of global uncertainties and challenging retail operating conditions. "Notwithstanding the challenges, we remain committed to delivering sustainable income distributions to unitholders," he added. (Source: *The Star Online/ Reuters*)

Present trends in air transport suggest passenger numbers could double to 8.2 billion in 2037, according to the International Air Transport Association (IATA). In its the latest update to its 20-Year Air Passenger Forecast, IATA said that an increasing shift Eastwards in the center of gravity of the industry is behind the continued strong growth. "Over the next two decades, the forecast anticipates a 3.5% compound annual growth rate (CAGR), leading to a doubling in passenger numbers from today's levels," it said. However, IATA said that growth prospects for air transport, and the economic benefits driven by aviation, could be curtailed if protectionist measures are implemented by governments. IATA director general and CEO Alexandre de Juniac said aviation is growing, and that is generating huge benefits for the world. He said a doubling of air passengers in the next 20 years could support 100 million jobs globally. "There are two important things that stand out about this year's forecast. "Firstly, we are seeing a geographical reshuffling of world air traffic to the East. And secondly, we foresee a significant negative impact on the growth and benefits of aviation if tough and restrictive protectionist measures are implemented," he said. IATA's report said the Asia-Pacific region will drive the biggest growth with more than half the total number of new passengers over the next 20 years coming from these markets. It said growth in this market is being driven by a combination of continued robust economic growth, improvements in household incomes and favorable population and demographic profiles. IATA said China will displace the United States as the world's largest aviation market (defined as traffic to, from and within the country) in the mid-2020s. It said the rebalancing of China's economy towards consumption will support strong passenger demand over the long term. India will take 3rd place after the US, surpassing the UK around 2024. Meanwhile, Indonesia is forecast to be a standout performer—climbing from the world's 10th largest aviation market in 2017 to the 4th largest by 2030. Finally, Thailand is expected to enter the top 10 markets in 2030, replacing Italy which drops out of the ranking. (Source: *The Edge*)

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

Source: RAM, MARC

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