

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.84	1
5-yr UST	2.98	1
10-yr UST	3.10	1
30-yr UST	3.23	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.61	0	3.51	3
5-yr	3.78	4	3.89	1
7-yr	3.98	0	4.03	0
10-yr	4.11	1	4.16	0
15-yr	4.53	0	4.59	-3
20-yr	4.68	-1	4.76	0
30-yr	4.91	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

RM3.0b New Issuance of 3.5Y GII 3/22 on Thurs, 27th Sep

US Treasuries

- US Treasuries ended within 1bps as the long-end held steady knocking 5s30s lower ahead of the FOMC meeting tonight which is expected to see a 25bps rate hike. Overall benchmark yields were 1bps higher from prior day's close with the 2Y ending at 2.84% levels whilst the much-watched 10Y closed at 3.10% levels. Treasury's \$38b of 5Y auction drew the lowest BTC ratio of 2.39x for a 5Y; averaging 2.997% (highest since 2008). Worries over a global trade spat may be on the backburner as US confidence is at its highest since 2010. The impact on UST's will be watched closely as market participants note the current tight labor market, firming inflation and strong economy assisted by tax benefits and government spending.

MGS/GII

- Trading volume for Govvies improved to RM2.04b 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 tonight. Overall benchmark yields were generally mixed between -3 to +4bps. The 7Y MGS 3/25 was untraded at 3.98% e whilst the 10Y MGS 6/28 edged 1bps higher at 4.11% on tepid volume. GII trades rose to 31% 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 despite some setback due to intermittent EM outflows.

Corp Bonds/Sukuk

- Corporate bonds/Sukuk continued to see solid investor interest as volume maintained at RM743m with focus mainly on the GG-segment followed by both AAA and AA-part of the curve in 38 different bonds compared to prior trading day's 36. Overall yields ended mostly lower with 5-20Y as the preferred tenures. Both Govt-guaranteed DANA and PRASA bonds hogged the limelight closing mixed on yields on several tranches with PRASA 9/24 notching RM270m nominal amounts edging 1bps lower at 4.18% compared to previous-done levels. The AAA-rated TNB 32-33's closed unchanged between 4.70-74% levels whilst the longer 37-38's rallied 2-9bps between 4.89-94%. In the AA-space; energy bonds ie Southern Power 23-32's, JEV 26 and 29 and TBEI 31's closed lower on yields on strong investor interest.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	09/18	3.518	157	3.337	24/09/2018	18
MGS	03/19	3.258	5	3.261	21/09/2018	0
MGS	07/19	3.293	100	3.316	21/09/2018	-2
MGS	10/19	3.417	63	3.400	20/09/2018	2
MGS	11/19	3.424	9	3.424	24/09/2018	0
MGS	10/20	3.516	42	3.528	24/09/2018	-1
MGS	02/21	3.563	30	3.559	21/09/2018	0
MGS	09/21	3.624	1	3.638	24/09/2018	-1
MGS	11/21	3.609	10	3.612	24/09/2018	0
MGS	08/22	3.769	40	3.752	21/09/2018	2
MGS	03/23	3.805	55	3.804	21/09/2018	0
MGS	04/23	3.781	18	3.757	24/09/2018	2
MGS	08/23	3.833	5	3.849	24/09/2018	-2
MGS	07/24	3.950	85	3.962	24/09/2018	-1
MGS	09/24	3.978	10	3.965	24/09/2018	1
MGS	09/25	4.043	360	4.068	24/09/2018	-2
MGS	11/26	4.160	1	4.161	24/09/2018	0
MGS	05/27	4.188	7	4.193	21/09/2018	0
MGS	11/27	4.151	65	4.151	24/09/2018	0
MGS	06/28	4.106	10	4.091	24/09/2018	1
MGS	04/30	4.467	19	4.478	21/09/2018	-1
MGS	06/31	4.502	1	4.470	20/09/2018	3
MGS	04/33	4.595	26	4.564	24/09/2018	3
MGS	05/35	4.724	94	4.716	24/09/2018	1
MGS	04/37	4.729	8	4.741	24/09/2018	-1
MGS	06/38	4.677	74	4.688	21/09/2018	-1
MGS	03/46	4.930	76	4.869	20/09/2018	6
MGS	07/48	4.908	40	4.905	24/09/2018	0
GII	10/18	3.304	10	3.273	14/09/2018	3
GII	04/19	3.288	10	3.273	21/09/2018	1
GII	08/19	3.347	20	3.346	20/09/2018	0
GII	04/20	3.513	2	3.478	21/09/2018	3
GII	04/22	3.747	20	3.747	24/09/2018	0
GII	07/23	3.960	4	3.927	19/09/2018	3
GII	11/23	3.889	50	3.878	21/09/2018	1
GII	08/24	3.967	211	3.958	21/09/2018	1
GII	10/25	4.100	218	4.112	04/09/2018	-1
GII	10/28	4.161	62	4.161	24/09/2018	0
GII	06/33	4.592	10	4.620	05/09/2018	-3
GII	10/35	4.786	16	4.760	08/08/2018	3
			<u>2042</u>			

Daily Trades: Corp Bonds / Sukuk

Securities	Maturity (dd/mm/yy)	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Prasarana Malaysia Berhad	03/20	GG	3.832	50	3.955	13/07/2018	-12	47
Danalinfra Nasional Berhad	05/24	GG	4.119	30	4.119	24/09/2018	0	20
Danalinfra Nasional Berhad	07/24	GG	4.119	30	4.151	06/09/2018	-3	20
Prasarana Malaysia Berhad	09/24	GG	4.179	270	4.188	24/09/2018	-1	26
Prasarana Malaysia Berhad	08/26	GG	4.277	10	4.258	23/08/2018	2	20
Danalinfra Nasional Berhad	07/27	GG	4.362	10	4.317	24/08/2018	4	26
Danalinfra Nasional Berhad	11/27	GG	4.371	10	4.410	27/07/2018	-4	27
Berjaya Land Berhad	12/19	AAA	4.495	10	4.449	28/08/2017	5	113
Al Dzhahab Assets Berhad	03/22	AAA	4.479	5	4.500	27/07/2018	-2	76
Genting Capital Berhad	06/22	AAA	4.492	1	4.694	18/09/2018	-20	78
Manjung Island Energy Berhad	11/31	AAA	4.749	6	4.859	23/07/2018	-11	25
Projek Lebuhraya Usahasama Berhad	01/32	AAA	4.759	10	4.759	30/08/2018	0	26
Tenaga Nasional Berhad	08/32	AAA	4.700	5	4.705	24/09/2018	0	20
Tenaga Nasional Berhad	08/33	AAA	4.735	5	4.735	24/09/2018	0	23
Tenaga Nasional Berhad	08/37	AAA	4.890	10	4.980	28/08/2018	-9	20
Tenaga Nasional Berhad	08/38	AAA	4.935	20	4.959	21/09/2018	-2	24
Public Bank Berhad	11/23	AA1	4.148	25	4.130	29/08/2018	2	38
Public Islamic Bank Berhad	06/24	AA1	4.142	10	4.145	24/09/2018	0	23
UniTapah Sdn Berhad	06/30	AA1	4.789	10	4.820	10/08/2018	-3	69
Celcom Networks Sdn Berhad	08/19	AA+	4.219	10	4.256	03/09/2018	-4	85
CIMB Bank Berhad	08/26	AA+	4.872	1	5.351	19/09/2018	-48	80
UMW Holdings Berhad	02/19	AA2	4.080	10	4.722	31/10/2017	-64	71
UMW Holdings Berhad	10/21	AA2	4.447	4	4.504	16/08/2018	-6	84
Bumitama Agri Ltd	03/19	AA3	4.310	10	4.327	24/09/2018	-2	94
RHB Bank Berhad	04/25	AA3	4.366	30	4.554	12/07/2018	-19	39
Tanjung Bin Energy Issuer Berhad	03/31	AA3	4.938	10	5.061	17/04/2018	-12	84
Tanjung Bin Energy Issuer Berhad	09/31	AA3	4.969	10	5.118	04/07/2018	-15	47
CIMB Group Holdings Berhad	04/60	AA3	4.452	1	5.530	21/09/2018	-108	-24
UEM Sunrise Berhad	12/18	AA-	4.065	20	4.078	21/09/2018	-1	70
Southern Power Generation Sdn Berhad	10/23	AA-	4.547	40	4.668	18/07/2018	-12	78
Jimah East Power Sdn Berhad	06/26	AA-	4.682	15	4.698	06/09/2018	-2	61
Southern Power Generation Sdn Berhad	04/27	AA-	4.718	10	4.742	24/09/2018	-2	62
Southern Power Generation Sdn Berhad	04/29	AA-	4.760	5	4.934	26/07/2018	-17	66
Southern Power Generation Sdn Berhad	10/29	AA-	4.780	10	4.897	13/08/2018	-12	68
Jimah East Power Sdn Berhad	12/29	AA-	4.817	10	4.825	18/09/2018	-1	72
Southern Power Generation Sdn Berhad	10/32	AA-	4.909	20	4.919	24/09/2018	-1	41
Affin Bank Berhad	02/27	A1	4.790	1	4.855	07/08/2018	-7	72
CIMB Group Holdings Berhad	05/16	A1	4.641	1	5.070	21/09/2018	-43	-5
				<u>743</u>				

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

Market/Corporate News: What's Brewing

Malayan Banking Bhd (Maybank) has fully redeemed the entire outstanding amount of RM1.1bil for its innovative Tier-1 Capital Securities Programme (IT1CS). The RM1.1bil IT1CS was issued on Sept 25, 2008, Maybank said in a filing with Bursa Malaysia. Back in September 2008, Maybank upsized its fund-raising exercise by RM500mil to RM1.1bil for its IT1CS to ensure its capital adequacy ratio was maintained at between 7% and 8%, after completing the acquisition of PT Bank Internasional Indonesia (BII). Maybank had announced in March of that year that it would buy up to a 100% stake in BII for RM8.6bil. The RM1.1bil offering was priced at 6.3% and oversubscribed by two times. Maybank had upsized the issue size from RM500mil due to strong demand. The ringgit-denominated IT1CS matures on Sept 25, 2068, and is callable on Sept 25, 2018 and on every interest payment date thereafter. (Source: *The StarOnline*)

Tan Chong Motor Holdings Bhd (TCMH) is taking up a 24.5% stake in Comit Communication Technologies (M) Sdn Bhd (CCT), which owns a piece of leasehold industrial land in Seksyen 13, Petaling Jaya, Selangor from Warisan TC Holdings Bhd for RM13.24 million cash. The remaining 75.5% is still held by Warisan TC. Warisan TC said the joint venture (JV) provides an opportunity for CCT to explore and expand its property investments portfolio. It will also enable CCT to access and tap into TCMH's existing knowledge and technical expertise in managing its huge property investment portfolio, it added. In a filing with Bursa Malaysia today, Warisan TC said it has entered into a subscription and shareholders' agreement TCMH and CCT to regulate the relationship of the parties as shareholders through equity participation by TCMH in CCT. The JV is regarded as a related party transaction as both Warisan TC and TCMH are sister companies by virtue of the common major shareholder in Tan Chong Consolidated Sdn Bhd. Barring unforeseen circumstances, the JV is expected to be completed within 30 days. (Source: *The Edge Markets*)

Sapura Energy Bhd said it has secured undertakings from its major shareholders in respect of its RM4 billion cash call. It said Permodalan Nasional Bhd (PNB) — along with its associated funds — will subscribe to its full entitlement rights shares with warrants, and also excess shares with warrants not taken up, resulting in PNB having shareholdings of 40% of the post-rights enlarged share capital. In addition, PNB has undertaken to subscribe in full to the Islamic redeemable convertible preference shares. "Upon completion of the rights issue, PNB may emerge as the largest single shareholder," Sapura Energy said in a statement today. PNB currently has a 12.16% direct shareholding in Sapura Energy. "We are appreciative of PNB's readiness to embark on our next phase of growth and its confidence in our prospects for the future against the backdrop of improving industry conditions," said Sapura Energy's president and group chief executive officer Tan Sri Shahril Shamsuddin. Meanwhile, Sapura Technology Sdn Bhd (STSB), a direct shareholder with a 15.9% stake, will subscribe to the rights issue for a minimum amount of RM300 million, said Sapura Energy. This is expected to result in STSB's stake falling to 12.22%. Sapura Energy said the group had implemented a strategic plan to strengthen its core businesses, boost its financial position and create better value for its shareholders. The group had recently entered into an exclusive negotiation with a major Austrian oil and gas company, OMV AG. The partnership will result in OMV AG acquiring 50% of Sapura Energy's upstream business. "Our joint venture with OMV AG will enable us to further expand our global footprint, build our acreage position, create further opportunities for our services segment and develop local talent," said Shahril. (Source: *The Edge Markets*)

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

Source: RAM, MARC

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