









Global Markets Research






Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.83	 2
5-yr UST	2.89	 2
10-yr UST	3.05	 1
30-yr UST	3.31	 1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.71	 2	3.77	 0
5-yr	3.88	 1	3.95	 2
7-yr	4.06	 0	4.16	 -1
10-yr	4.16	 3	4.24	 -1
15-yr	4.54	 0	4.58	 0
20-yr	4.77	 1	4.79	 0
30-yr	4.94	 0	4.94	 -1

* 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	 1
10-yr	4.20	 0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries ended weaker with the curve flattening as market awaits the auction of 5Y and 7Y notes this week. Overall benchmark yields were 1-2bps higher with the 2Y at 2.83% whilst the much-watched 10Y rose 1bps at 3.05%. The first of the \$129b worth of note issuance offerings this week saw the UST 2Y auction was solid as it drew a lower average yield of 2.836% (previous six averages were 2.76%) on a BTC ratio of 2.65x (previous six averages were 2.76x). Nevertheless, top foreign holders of UST's like China and Japan have shrunk their portfolios while a recent barometer of participation in auctions suggest that overseas buyers have been dwindling.

MGS/GII

- Trading sentiment in local govies continued to reflect some optimism as volume maintained at RM1.71b yesterday with local investors taking the lead as GII bonds bucked the trend. Interest was seen mainly in the off-the-run MGS 21's and 26-27's along with 7Y and 10Y GII bonds. Overall benchmark MGS yields ended richer between 0-3bps whilst GII bonds were generally 1bps lower. The 5Y benchmark MGS 4/23 was edged 1bps higher at 3.88% levels whilst the 10Y MGS 6/28 lost the most; rising 3bps at 4.16% levels. GII trades formed a higher portion of overall bond trades @ 38%. Investors may be attracted to the low volatility of MYR govies which is comparable to Singapore and South Korea; yet which offers higher yields instead. Meanwhile rates are expected to stay pat as the economy is expected to grind lower below earlier estimates of 5.0% handle 4Q 2018 whilst core inflation remains subdued as oil prices see lower levels.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw drastic drop in volume to RM226m with some interest seen in CAGA bonds and the AA-part of the curve. There were 18 various bonds traded yesterday. Govt-Guaranteed PASB 6/23 ended 3bps higher compared to previous-done levels at 4.08%. The short AAA-rated CAGA 7/19 saw RM60m nominal amounts traded 2bps lower at 3.82% levels whilst PUTRAJAYA 9/23 rose 4bps at 4.35%. Both SEB 11/28 and 11/33 notched maiden trades at 4.70% and 4.95% whereas BGSM 12/22 rallied 2bps at 4.49% levels. Likewise UEM Sunrise 12/22 edged 1bps lower at 4.81

Daily Trades : Government Bonds

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date	(bp)
MGS 10/19	3.452	9	3.430	23/11/2018	2
MGS 11/19	3.447	50	3.439	23/11/2018	1
MGS 03/20	3.528	5	3.528	23/11/2018	0
MGS 10/20	3.563	4	3.591	23/11/2018	-3
MGS 07/21	3.697	186	3.708	23/11/2018	-1
MGS 11/21	3.709	100	3.687	22/11/2018	2
MGS 03/22	3.724	32	3.750	22/11/2018	-3
MGS 04/23	3.881	5	3.874	23/11/2018	1
MGS 07/24	4.060	2	4.060	23/11/2018	0
MGS 09/24	4.076	3	4.078	22/11/2018	0
MGS 03/25	4.064	3	4.072	23/11/2018	-1
MGS 09/25	4.142	71	4.135	22/11/2018	1
MGS 11/26	4.219	100	4.219	22/11/2018	0
MGS 11/27	4.236	314	4.216	22/11/2018	2
MGS 06/28	4.160	11	4.166	23/11/2018	-1
MGS 04/30	4.484	1	4.515	21/11/2018	-3
MGS 04/33	4.591	40	4.591	21/11/2018	0
MGS 11/33	4.540	72	4.540	22/11/2018	0
MGS 04/37	4.837	1	4.811	22/11/2018	3
MGS 06/38	4.765	50	4.751	23/11/2018	1
MGS 09/43	4.977	5	4.977	19/11/2018	0
GII 04/19	3.246	40	3.255	23/11/2018	-1
GII 11/23	3.950	1	3.934	21/11/2018	2
GII 08/25	4.162	335	4.170	23/11/2018	-1
GII 10/28	4.238	263	4.247	23/11/2018	-1
GII 05/47	4.941	10	4.948	16/11/2018	-1
		<u>1712</u>			

Daily Trades: Corp Bonds / Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date	(bp)	Against	
					(dd/mm/yyyy)		MGS*	
Pengurusan Air SPV Berhad	06/23	GG	4.082	5	4.050	15/11/2018	3	21
Cagamas Berhad	07/19	AAA	3.819	60	3.837	26/09/2018	-2	38
Putrajaya Holdings Sdn Berhad	09/23	AAA	4.350	20	4.309	25/10/2018	4	47
Aman Sukuk Berhad	03/25	AAA	4.511	10	4.525	12/10/2018	-1	52
Malayan Banking Berhad	01/24	AA1	4.822	1	4.351	23/11/2018	47	95
Maybank Islamic Berhad	04/24	AA1	4.718	1	4.738	23/10/2018	-2	84
Sarawak Energy Berhad	07/24	AA1	4.477	10	4.480	13/11/2018	0	49
YTL Power International Berhad	05/27	AA1	4.879	10	4.848	23/11/2018	3	76
TRIpIc Medical Sdn Berhad	10/27	AA1	4.687	10	4.740	22/06/2018	-5	53
TRIpIc Medical Sdn Berhad	10/30	AA1	4.809	10	4.809	15/11/2018	0	66
Sarawak Energy Berhad	11/28	AA1	4.700	10	-	-	-	-
Sarawak Energy Berhad	11/33	AA1	4.950	10	-	-	-	-
Celcom Networks Sdn Berhad	08/22	AA+	4.524	10	4.541	13/11/2018	-2	75
Fortune Premiere Sdn Berhad	10/25	AA	5.008	10	5.039	19/11/2018	-3	95
Jimah Energy Ventures Sdn Berhad	11/22	AA3	4.479	10	4.530	14/09/2018	-5	70
BGSM Management Sdn Berhad	12/22	AA3	4.488	20	4.511	27/09/2018	-2	71
UEM Sunrise Berhad	12/22	AA-	4.806	10	4.814	21/11/2018	-1	103
Eco World International Berhad	-	-	6.348	10	5.039	19/11/2018	131	-
			<u>226</u>					

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

Market/Corporate News: What's Brewing

IJM Corp Bhd is disposing of its remaining 30% stake in Indian highway concessionaire Swarna Tollway Private Ltd to MAIF Investments India 3 Pte Ltd for INR2.42 billion (RM143.4 million). On July 20, 2015, IJM had disposed of its 70% stake in Swarna Tollway to MAIF for INR10.03 billion. In a filing with Bursa Malaysia today, IJM said its wholly-owned subsidiary CIDB Inventures Sdn Bhd (CIDBI) has exercised its rights pursuant to a shareholders agreement dated Oct 26, 2015 to dispose of the remaining 81 million shares or a 30% stake in Swarna Tollway to MAIF. "The expected loss from the disposal of 30% shares is approximately RM37.5 million due to the reversal of share of profits recognised by CIDBI during the period from the completion of the disposal of 70% shares up to the completion of the disposal of 30% shares, and the foreign exchange loss incurred arising from the diminution of CIDBI's book value of Swarna Tollway due to devaluation of INR against the ringgit," it added. Swarna Tollway is the concessionaire for the improvement and upgrading of existing 2-lane highways from km 52.8 to km 163.6 of Tada-Nellore section and km 217 to km 252 of Nandigama-Ibrahimpatnam section of the National Highways No. 5 and No. 9 respectively in Andhra Pradesh on a build-operate-transfer basis. IJM said the INR2.42 billion consideration was adjusted for the amount of dividends received by CIDBI during the period from the completion of the disposal of 70% shares up to the completion of the disposal of 30% shares. It also takes into account the non-conclusion of pending disputes with the National Highway Authority of India for the revised date of commencement of concession period and the increase of tollable length of National Highway No. 9 to 49.2km. (Source: *The Edge*)

Walt Disney Co and Twenty-First Century Fox Inc were sued for more than US\$1 billion on Monday by casino operator Genting Malaysia Bhd, which accused them of abandoning a contract related to its planned construction of the first Fox-branded theme park. Genting said "seller's remorse" induced Fox, with Disney's help, to breach its 2013 contract with Fox Entertainment Group to licence intellectual property for Fox World, a proposed addition to its Resorts World Genting complex, an hour's drive from Kuala Lumpur. Disney did not immediately respond to requests for comment. Dan Berger, a spokesman for Twentieth Century Fox Film, one of the defendants, declined to comment. The lawsuit was filed in the U.S. District Court in Los Angeles as Disney prepares to complete its \$71.3 billion purchase of many Fox assets, expected in the first quarter of 2019. Genting said the problems began as Fox engineered years of delays to force a renegotiation of the contract, which did not give it a share of gate sales. But according to the complaint, Disney is now "calling the shots," and wants to end the contract because associating with a gaming company didn't fit its "family-friendly" brand strategy. Genting said Fox issued a default notice with the hope of terminating the contract, in a manner "entirely consistent with Disney wanting to kill the deal" to benefit itself. "Given that FEG had no right to terminate the Agreement, Fox and Disney are liable for what will exceed a billion dollars in damages attributable to the bad-faith behaviour of both Fox and Disney," the complaint said. Genting said it had already made a "\$750 million-plus investment" in Fox World. It is also seeking punitive damages. According to the complaint, Resorts World Genting contains Malaysia's only legal land-based casino, seven hotels, shopping malls, performance venues, gondola lifts and scores of restaurants, bars and clubs. More than 23 million people visit each year, the complaint said. (Source: *The Star*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
DRB-HICOM Berhad (DRB-HICOM)	Islamic Medium-Term Notes (IMTN) Programme of up to RM1.8 billion	A+ IS	Affirmed
	Perpetual Sukuk Musharakah Programme (Perpetual Sukuk) of up to RM2.0 billion	A-IS	Affirmed

Source: RAM, MARC

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