

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.56	-5
5-yr UST	2.62	-6
10-yr UST	2.77	-4
30-yr UST	3.06	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.66	0	3.71	0
5-yr	3.79	0	3.85	-1
7-yr	4.01	2	4.07	0
10-yr	4.09	0	4.24	1
15-yr	4.49	0	4.61	0
20-yr	4.67	0	4.77	0
30-yr	4.90	-2	4.96	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.71	0
3-yr	3.74	0
5-yr	3.85	1
7-yr	3.95	2
10-yr	4.15	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- UST was quick to rebound from previous day's selloffs, rallying again on safety appeal as markets remained jittery amid US government shutdown and dimming Fed rate hike outlook, aggravated by weaker than expected reading on US consumer confidence and dovish noises from ex-Fed Governor Lindsey's support for slower rate hike. Yields fell 1-6bps across the curve with the 2s ended 5bps lower at 2.56% while the 10s shed 4bps to 2.77%. Overnight debt sale of \$32b 7-year bonds attracted slightly softer demand with BTC of 2.46x (prior 2.55x) at a high yield of 2.68%. Will little to look forward to as the year draws to a close, we expect prevailing risk off mode will continue to keep UST supported until first tier US job data come into play end of next week.

MGS/GII

- Trading interests in local govovies continued to pick up from festive season's slump. Total trade volume jumped back above RM1.0bn again yesterday, with RM1.28bn changed hands. Trading was seen well spread across the curve but with the bulk RM330m done on 8Y MGS 5/27 at 4.228% (+3bps) and 30Y MGS 7/48 at 4.895% (-1bps) with RM240m dealt. GII also saw increased momentum with trades increasing to RM454m or 36% of total trades. 7Y GII 8/25 and 10Y GII 10/28 saw RM262m and RM101m transacted respectively at 4.065% and 4.243%. Overall yields were mixed between -2bps to +2bps. We expect trading momentum in local govovies to remain subdued heading to year end.

Corp Bonds/Sukuk

- Contrary to the pick-up in momentum in local govovies, trading in Corporate Bonds/Sukuk retreated to RM511m yesterday, down a third from RM763m a day ago. GG issuances alone made up RM185m or 36% of total corporate bonds/sukuk traded led by PTPTN '7/26 (RM90m) that traded 1bp inner at 4.378%. Dana '11/24, '4/34 and '5/41 made up the rest of the trades in the GG space, trading between 4.159% to 4.989% levels. There were no AAA-rated papers being dealt and focus was all on AA-rated issuances with the exception of A-rated Affin '2/27 that garnered RM80m trades and last dealt at 4.78% (+2bps).

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 03/19	3.279	60	3.321	26/12/2018	-4
MGS 10/19	3.465	30	3.470	19/12/2018	-1
MGS 11/19	3.459	0	3.445	21/12/2018	1
MGS 07/21	3.636	0	3.642	21/12/2018	-1
MGS 04/23	3.792	45	3.789	26/12/2018	0
MGS 09/24	3.993	1	3.980	24/12/2018	1
MGS 03/25	4.006	0	3.991	26/12/2018	2
MGS 09/25	4.001	2	4.023	24/12/2018	-2
MGS 04/26	4.122	9	4.112	20/12/2018	1
MGS 05/27	4.228	330	4.194	17/12/2018	3
MGS 06/28	4.089	90	4.093	26/12/2018	0
MGS 09/43	4.921	7	4.914	20/12/2018	1
MGS 03/46	4.925	10	4.903	26/12/2018	2
MGS 07/48	4.895	240	4.905	20/12/2018	-1
GII 04/19	3.279	6	3.297	21/12/2018	-2
GII 04/20	3.502	2	3.501	21/12/2018	0
GII 08/21	3.690	2	3.761	14/12/2018	-7
GII 03/22	3.711	20	3.711	26/12/2018	0
GII 11/23	3.851	20	3.857	24/12/2018	-1
GII 08/25	4.065	262	4.070	26/12/2018	0
GII 10/28	4.243	101	4.231	26/12/2018	1
GII 09/30	4.527	1	4.565	14/12/2018	-4
GII 08/37	4.773	40	4.777	13/12/2018	0
		<u>1278</u>			

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*	
DanaInfra Nasional Berhad	11/24	GG	4.159	35	4.163	04/10/2018	0	21
Perbadanan Tabung Pendidikan Tinggi Nasional	07/26	GG	4.378	90	4.39	17/12/2018	-1	31
DanaInfra Nasional Berhad	04/34	GG	4.719	10	4.934	02/04/2018	-22	22
DanaInfra Nasional Berhad	05/41	GG	4.989	50	4.949	16/10/2018	4	30
Encorp Systembilt Sdn Berhad	11/19	AA1	4.067	35	4.146	08/11/2018	-8	61
YTL Power International Berhad	05/27	AA1	4.871	50	4.882	11/12/2018	-1	80
Celcom Networks Sdn Berhad	10/21	AA+	4.412	5	4.548	04/10/2018	-14	76
Celcom Networks Sdn Berhad	08/22	AA+	4.467	5	4.524	26/11/2018	-6	72
Celcom Networks Sdn Berhad	08/24	AA+	4.588	10	4.591	19/12/2018	0	64
Celcom Networks Sdn Berhad	08/27	AA+	4.722	15	4.723	19/12/2018	0	62
Tanjung Bin Power Sdn Berhad	08/19	AA2	4.112	15	4.269	13/12/2018	-16	66
Fortune Premiere Sdn Berhad	09/25	AA	4.909	20	4.938	28/11/2018	-3	91
Perbadanan Kemajuan Negeri Selangor	08/23	AA3	4.935	20	4.944	14/12/2018	-1	112
BGSM Management Sdn Berhad	09/23	AA3	4.508	10	4.523	14/12/2018	-1	69
Edra Energy Sdn Berhad	07/26	AA3	5.56	1	5.339	28/09/2018	22	149
Besraya (M) Sdn Berhad	07/26	AA3	4.983	10	5.115	02/03/2018	-13	91
Malakoff Power Berhad	12/19	AA-	4.169	40	4.179	20/12/2018	-1	72
Quantum Solar Park (Semenanjung) Sdn Berhad	04/32	AA-	6.199	10	5.479	05/10/2018	72	170
Affin Bank Berhad	02/27	A1	4.78	80	4.757	28/11/2018	2	71
			<u>511</u>					

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

Market/Corporate News: What's Brewing

Oil prices fell on Thursday, retreating from an 8 percent rally in the previous session as the oil market focused on signs of faltering global economic growth and record production of crude. Brent crude futures dropped 4.24 percent, or \$2.31, to settle at \$52.16 a barrel. U.S. West Texas Intermediate (WTI) crude futures fell \$1.61 to settle at \$44.61 a barrel, down 3.48 percent. "The market is giving back some of its gains from yesterday that were brought along with the euphoria in the stock market," said Andrew Lipow, president of Lipow Oil Associates in Houston. Prices surged on Wednesday, tracking a spike on Wall Street after President Donald Trump's administration attempted to shore up investor confidence. U.S. stocks retreated for most of the session on Thursday, dragging oil prices, before roaring back to end

in positive territory. Brent and WTI have lost more than a third of their value since the beginning of October and are heading for declines of more than 20 percent in 2018. Concerns about slowing global economic growth have dampened investor demand for riskier asset classes and pressured crude futures. Market participants are also worried about a glut of crude. U.S. crude stocks rose by 6.9 million barrels in the week ended Dec. 21 to 448.2 million, data from industry group the American Petroleum Institute showed on Thursday. Analysts had expected a decrease of 2.9 million barrels. Official U.S. government data will be released on Friday. Three months ago it looked as if the global oil market would be undersupplied through the northern hemisphere winter as U.S. sanctions removed large volumes of Iranian crude. But other oil exporters have compensated for any shortfall, depressing prices. The Organization of the Petroleum Exporting Countries, along with Russia and other producers, agreed this month to reduce output by 1.2 million barrels per day (bpd), equivalent to more than 1 percent of global consumption. But the cuts will not take effect until January and oil production has been at or near record highs in Russia, Saudi Arabia and the United States, now the world's top crude producer pumping 11.6 million bpd. Russian Energy Minister Alexander Novak said the country will cut its output by between 3 million and 5 million tonnes in the first half of 2019. It then will be able to restore it to 556 million tonnes (11.12 million barrels per day) for the whole 2019, on par with 2018, he added. Although U.S. sanctions have put a cap on Iran's oil sales, Tehran has said its private exporters have "no problems" selling its oil. (Source: *The Star Online/Reuters*)

Berjaya Corp Bhd, the flagship company of Tan Sri Vincent Tan Chee Yioun, made a net loss of RM71mil in the second quarter ended Oct 31. Revenue declined 9% to RM1.99bil, while pre-tax profit was RM34.1mil. BCorp, in a statement on Thursday, said the lower revenue was due to weaker contribution from the consumer products and services segment and the property segment. "The consumer products and services segment is operating in an intensely competitive trading environment, pervaded with numerous online marketing portals as well as other direct selling competitors," it said. Revenue from the property segment has decreased following a slowdown in the sales of the group's high-end projects. "Given the prevailing economic conditions and global financial outlook, the directors are of the view that the group's operating environment will be challenging for the remaining quarters of the financial year," BCorp said. The diversified group is involved in consumer marketing, direct selling, retail, financial services, hospitality, gaming and lottery management, motor trading, food and beverage businesses, as well as telecommunication and information technology services. (Source: *The Star Online*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Citibank Berhad	Financial institution ratings	AAA/Stable/P1	Reaffirmed
Great Realty Sdn Bhd	RM170 million Guaranteed MTN Programme	AAA(fg)/Stable	Reaffirmed

Source: RAM, MARC

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