



















## Global Markets Research






### Fixed Income

#### Fixed Income Daily Market Snapshot

| UST       |             |  |
|-----------|-------------|--|
| Tenure    | Closing (%) | Chg (bps)  |
| 2-yr UST  | 2.52        |  -4 |
| 5-yr UST  | 2.54        |  -6 |
| 10-yr UST | 2.72        |  -5 |
| 30-yr UST | 3.02        |  -3 |

| MGS    |             | GII*   |             |  |
|--------|-------------|--|-------------|--|
| Tenure | Closing (%) | Chg (bps)  | Closing (%) | Chg (bps)  |
| 3-yr   | 3.62        |  -3   | 3.71        |  0    |
| 5-yr   | 3.78        |  -1   | 3.85        |  -1   |
| 7-yr   | 3.98        |  -3   | 4.07        |  0    |
| 10-yr  | 4.08        |  -1   | 4.24        |  -1   |
| 15-yr  | 4.47        |  -3   | 4.61        |  0    |
| 20-yr  | 4.66        |  -2  | 4.77        |  0   |
| 30-yr  | 4.88        |  -2 | 4.93        |  -3 |

\* Market indicative levels

| MYRIRS Levels |             |  |
|---------------|-------------|--|
| IRS           | Closing (%) | Chg (bps)  |
| 1-yr          | 3.70        |  0  |
| 3-yr          | 3.72        |  -2 |
| 5-yr          | 3.83        |  -2 |
| 7-yr          | 3.96        |  0  |
| 10-yr         | 4.15        |  0  |

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- UST continued to rally on safe haven bidding as US stocks reversed earlier gains in Friday's late session amidst a day of choppy trading. Yields fell 3 to 6bps across the curve, with demand more focused on the belly; the 2s ended 4bps lower at 2.52% while the 10s erased 5bps to 2.72%. We continue to expect current risk-off mode to extend further into this week hence keeping the UST supported at least after the New Year celebration.

#### MGS/GII

- Local govies rallied on Friday and saw continuously stronger trading volume amidst holiday season. Total trade volume picked up to RM1.63bn on Friday from Thursday's RM1.28bn. Well spread trading led yields to fall 1 to 3bps across the curve where previous day's interest in the 8Y MGS 5/27 was seen extending into Friday – RM230 done at 4.273% (-2bps). GII experienced similar pick-up in momentum as trades went up from RM454m to RM905m or 56% of total govies trades. 10Y GII 10/28 saw RM229m traded at 4.238% whereas RM121m of 5Y GII 11/23 were dealt at 3.846%. Overall yields inched lower from by 1 to 3bps. We continue to expect trading momentum in local govies to remain subdued in the final day of 2018.

#### Corp Bonds/Sukuk

- Stronger trading in local govies was in contrast with the light trading in the Corporate Bonds/Sukuk space as total transacted volume moderated further from RM511m to RM110m on Friday. Limited papers changed hand with nearly half of the trades done in A1 rated Affin Islamic '10/28 (RM50m) at 4.97%, followed by Sarawak Energy '04/36 (RM20m) at 5.019%. West Coast '8/36, Celcom '08/24 and Lebuhraya DUKE Fasa 3 '08/34 and '08/25 each garnered RM10m trade at 4.577% to 5.279%. No GG issuances were dealt.

## Daily Trades : Government Bonds

| Securities |       | Closing<br>YTM | Vol<br>(RM mil) | Previous<br>YTM | Previous<br>Trade Date<br>(dd/mm/yyyy) | Chg<br>(bp) |
|------------|-------|----------------|-----------------|-----------------|--|-------------|
| MGS        | 03/19 | 3.317          | 11.9            | 3.279           | 12/27/2018                             | 4           |
| MGS        | 10/20 | 3.518          | 21.1            | 3.53            | 12/21/2018                             | -1          |
| MGS        | 02/21 | 3.524          | 10.4            | 3.582           | 12/21/2018                             | -6          |
| MGS        | 11/21 | 3.623          | 65.0            | 3.656           | 12/24/2018                             | -3          |
| MGS        | 03/22 | 3.618          | 4.7             | 3.647           | 12/21/2018                             | -3          |
| MGS        | 08/22 | 3.719          | 0.4             | 3.738           | 12/24/2018                             | -2          |
| MGS        | 04/23 | 3.784          | 55.1            | 3.792           | 12/27/2018                             | -1          |
| MGS        | 08/23 | 3.835          | 33.7            | 3.823           | 12/26/2018                             | 1           |
| MGS        | 07/24 | 3.998          | 4.2             | 3.968           | 12/24/2018                             | 3           |
| MGS        | 03/25 | 3.977          | 1.3             | 4.006           | 12/27/2018                             | -3          |
| MGS        | 09/25 | 4.057          | 2.0             | 4.021           | 12/27/2018                             | 4           |
| MGS        | 11/26 | 4.139          | 40.4            | 4.146           | 12/24/2018                             | -1          |
| MGS        | 05/27 | 4.273          | 230.0           | 4.25            | 12/27/2018                             | 2           |
| MGS        | 11/27 | 4.171          | 3.0             | 4.139           | 12/26/2018                             | 3           |
| MGS        | 06/28 | 4.083          | 27.6            | 4.089           | 12/27/2018                             | -1          |
| MGS        | 04/30 | 4.401          | 0.5             | 4.401           | 12/21/2018                             | 0           |
| MGS        | 04/33 | 4.499          | 0.8             | 4.503           | 12/26/2018                             | 0           |
| MGS        | 11/33 | 4.466          | 60.0            | 4.493           | 12/21/2018                             | -3          |
| MGS        | 04/37 | 4.639          | 0.3             | 4.692           | 12/20/2018                             | -5          |
| MGS        | 06/38 | 4.656          | 71.9            | 4.674           | 12/26/2018                             | -2          |
| MGS        | 09/43 | 4.914          | 0.7             | 4.921           | 12/27/2018                             | -1          |
| MGS        | 07/48 | 4.876          | 80.0            | 4.895           | 12/27/2018                             | -2          |
| GII        | 08/37 | 4.771          | 60.0            | 4.773           | 12/27/2018                             | 0           |
| GII        | 03/22 | 3.711          | 90.8            | 3.711           | 12/27/2018                             | 0           |
| GII        | 05/47 | 4.928          | 80.0            | 4.934           | 12/13/2018                             | -1          |
| GII        | 11/23 | 3.846          | 120.8           | 3.851           | 12/27/2018                             | 0           |
| GII        | 10/28 | 4.238          | 229.0           | 4.243           | 12/27/2018                             | 0           |
| GII        | 08/25 | 4.065          | 22.0            | 4.065           | 12/27/2018                             | 0           |
| GII        | 07/27 | 4.188          | 2.1             | 4.197           | 12/20/2018                             | -1          |
| GII        | 07/22 | 3.740          | 300.0           | 3.77            | 12/19/2018                             | -3          |
|            |       |                | <u>1629.3</u>   |                 |  |             |

## Daily Trades: Corp Bonds / Sukuk

| Securities                       |       | Rating | Closing<br>YTM | Vol<br>(RM mil) | Previous<br>YTM | Previous<br>Trade Date<br>(dd/mm/yyyy) | Chg<br>(bp) | Spread<br>Against<br>IRS* |
|----------------------------------|-------|--------|----------------|-----------------|-----------------|--|-------------|---------------------------|
| Celcom Networks Sdn Berhad       | 08/24 | GG     | 4.577          | 10              | 4.588           | 27/12/2018                             | -1          | 69                        |
| Affin Islamic Bank Berhad        | 10/28 | GG     | 4.970          | 50              | 4.971           | 21/12/2018                             | 0           | 83                        |
| Lebuhraya DUKE Fasa 3 Sdn Berhad | 08/34 | GG     | 5.228          | 10              | 5.227           | 17/12/2018                             | 0           | 88                        |
| Sarawak Energy Berhad            | 04/36 | GG     | 5.019          | 20              | 5.023           | 26/12/2018                             | 0           | 67                        |
| Lebuhraya DUKE Fasa 3 Sdn Berhad | 08/35 | AA1    | 5.279          | 10              | 5.284           | 24/12/2018                             | 0           | 93                        |
| West Coast Expressway Sdn Berhad | 08/36 | AA1    | 5.004          | 10              | 5.330           | 11/02/2016                             | -33         | 65                        |
|                                  |       |        |                | <u>110</u>      |                 |  |             |                           |

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

### Market/Corporate News: What's Brewing

Top Glove Corp Bhd, the world's largest manufacturer of rubber gloves, is considering setting up a factory in Turkey which already is importing 70% of its demand for the product from the company. Founder Tan Sri Lim Wee Chai said he sounded out this possibility at a meeting with Turkish President Recep Tayyip Erdogan here on Saturday night. Turkey is the fourth largest importer of gloves after the United States, Japan and Brazil. Top Glove has operations spanning across Malaysia, Thailand, China, the United States and Europe and has captured 25% of the world's market share. It exports to 195 countries, fulfilling demand in both the healthcare and non-healthcare segment. Lim and Berjaya Group founder Tan Sri Vincent Tan are here on a three-day mission to deliver humanitarian relief aid to Syrian refugees as volunteers of the Tzu Chi Foundation, together with 23 other volunteers. "We are seriously planning to set up a factory in Turkey. "It will help create between 500 and 1,000 jobs and on top of my mind is the opportunity to employ the Syrian refugees as well as Turkish citizens," he told the Malaysian media covering the Tzu Chi mission. The Turkish operation would also boost Top Glove's presence in Europe. Lim, one of Malaysia's top corporate figures, spoke at length about his experience as a Tzu Chi volunteer to bring cheer to the lives of the refugees here for the past two days. "When I think about a natural disaster and a war like Syria, a war is 100 times worse as people have been living amidst fear and destruction and without the basic amenities for 365 days a year for the past six years," he said, choked with emotion. Tzu Chi spreads the message of love and compassion throughout the world bringing humanitarian aid to victims, irrespective of colour and creed or religion. He said through education and other noble efforts, good deeds shall overwhelm bad deeds and with more good people around, the number of bad ones would diminish to create a better world. Lim stressed the critical importance of countries being run by good leaders who could effectively rein in on corruption and crime. "Tzu Chi strongly promotes honesty, integrity and transparency," he added.

(Source: The Star Online)

Petroleum Nasional Bhd's (Petronas) subsidiary bought a 10% stake in Block 61, onshore Oman, marking an important step in its strategy in the upstream sector. The national oil company said on Saturday the stake was acquired by its subsidiary, PC Oman Ventures Ltd (PCOVL), from Makarim Gas Development LLC (MGD) after the conditions for the completion of the transaction were fulfilled. MGD is a subsidiary of Oman Oil Company Exploration & Production LLC. Petronas said the completion of the transaction was formalised at an event held in Muscat, Oman on Dec 27. The terms of the transaction or value were not disclosed. PCOVL holds a 10% stake, MGD 30% stake and BP Exploration (Epsilon) Limited as the operator 60% stake. "The acquisition of Block 61 marks an important step in realising Petronas' growth strategy in the upstream sector in the region and globally, as it aligns its activities to ensure sustainable energy supply," Petronas said.

(Source: The Star Online)

| Rating Action                      |                                       |                |            |
|------------------------------------|---------------------------------------|----------------|------------|
| Issuer                             | PDS Description                       | Rating/Outlook | Action     |
| KMCOB Capital Berhad               | RM320 million Guaranteed Serial Bonds | AAA(fg)/Stable | Reaffirmed |
| Affin Hwang Investment Bank Berhad | Financial institution ratings         | AA3/Stable/P1  | Reaffirmed |

Source: RAM, MARC

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