

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.81	0
5-yr UST	1.76	-1
10-yr UST	2.01	-2
30-yr UST	2.53	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.29	-2	3.34	-2
5-yr	3.42	-3	3.44	-3
7-yr	3.55	-2	3.60	-1
10-yr	3.63	-2	3.65	-2
15-yr	3.91	-5	3.95	-1
20-yr	4.06	-1	4.06	0
30-yr	4.31	-4	4.37	-1

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.37	0
3-yr	3.40	1
5-yr	3.47	0
7-yr	3.53	-1
10-yr	3.68	0

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- US Treasuries traded sideways on Friday ahead of the much anticipated Trump-Xi meeting at G20 summit in Japan. Yields ended flat to 2bps lower across the curve with the 2s literally unchanged at 1.81% while the 10s shed 2bp to 2.01% as markets stayed on the sideline awaiting clues whether the meeting between the two US and China leaders will lead to de-escalation of the year-long trade impasse. We expect markets to find some reprieve, albeit temporary, amid reviving trade talks but renewed attention on the Fed rate cut come July FOMC meeting will likely keep UST yields suppressed at multi-months low, potentially breaking the 2.00% threshold again. Friday's core PCE reading steadied at 1.6% YOY in May, reaffirming muted price pressure in the US economy. Next up on the calendar is US ISM and PMI manufacturing prints to offer further insights on the US economic health.

#### MGS/GII

- Trading momentum in local govvnies remained strong at over RM6.0bn for the 2<sup>nd</sup> straight trading session, at RM6.61bn on Friday in anticipation of positive outcome from Trump-Xi meet at G20, which eventually turned in market's favour. Benchmark yields ended mostly lower between 0-5bps across the curve; led by 15Y MGS that fell 5bps to 3.91%. Trading interests were skewed much to the front end off the run 20s and 3Y benchmark MGS 3/22. In the GII space, trading made up about 34% of overall trades, with the bulk of the interests in the short to belly of the curve. SPK 4/23 also saw RM100m dealt at 3.478% (-2bps). Trading could take a breather today after two consecutive days of rally but expect overall momentum to be supported by positive sentiments stemming from revived US-China trade talks.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk however saw more muted trading interests with total secondary volume done pulling back to RM584m on Friday (prior RM1.31bn). AA-rated corporate bonds took center stage as the GG and AAA space saw fewer names. YTL 26-36 were traded at 4.227-4.519% with a combined RM80m changed hands while JEP 26-32 4.207-4.408% with RM60m done between 3 to 22bps lower. Back to the GG space, PPPSA 38-39 was last seen traded at 4.129-4.145% with RM120m dealt followed by PTPTN ' 34 which traded 5bps inner at 4.029%.

## Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 10/19		3.082	164	3.071	27/06/2019	1
MGS 11/19		3.074	3	3.095	27/06/2019	-2
MGS 03/20		3.159	514	3.160	27/06/2019	0
MGS 07/20		3.174	185	3.196	27/06/2019	-2
MGS 10/20		3.216	4	3.225	27/06/2019	-1
MGS 02/21		3.280	51	3.261	27/06/2019	2
MGS 07/21		3.316	297	3.301	27/06/2019	1
MGS 09/21		3.296	113	3.309	27/06/2019	-1
MGS 11/21		3.315	19	3.323	27/06/2019	-1
MGS 03/22		3.293	427	3.330	27/06/2019	-4
MGS 08/22		3.383	150	3.383	27/06/2019	0
MGS 09/22		3.374	193	3.387	27/06/2019	-1
MGS 03/23		3.404	5	3.427	27/06/2019	-2
MGS 04/23		3.403	84	3.414	27/06/2019	-1
MGS 08/23		3.432	108	3.452	27/06/2019	-2
MGS 06/24		3.418	141	3.451	27/06/2019	-3
MGS 07/24		3.470	118	3.494	27/06/2019	-2
MGS 09/24		3.476	76	3.478	27/06/2019	0
MGS 03/25		3.520	1	3.520	27/06/2019	0
MGS 09/25		3.529	7	3.565	27/06/2019	-4
MGS 04/26		3.612	0	3.614	27/06/2019	0
MGS 07/26		3.548	156	3.558	27/06/2019	-1
MGS 11/26		3.605	1	3.625	27/06/2019	-2
MGS 05/27		3.663	20	3.673	27/06/2019	-1
MGS 11/27		3.675	2	3.678	27/06/2019	0
MGS 06/28		3.660	223	3.667	27/06/2019	-1
MGS 08/29		3.632	268	3.647	27/06/2019	-1
MGS 06/31		3.838	19	3.839	27/06/2019	0
MGS 04/32		3.927	40	3.966	26/06/2019	-4
MGS 04/33		3.915	176	3.953	27/06/2019	-4
MGS 11/33		3.907	275	0.000	27/06/2019	391
MGS 04/37		4.082	23	4.085	27/06/2019	0
MGS 06/38		4.055	162	4.069	27/06/2019	-1
MGS 09/43		4.309	1	4.325	27/06/2019	-2
MGS 03/46		4.317	62	4.369	27/06/2019	-5
MGS 07/48		4.314	150	4.369	27/06/2019	-5
GII 04/20		3.229	25	3.190	19/06/2019	4
GII 06/20		3.156	0	3.172	25/06/2019	-2
GII 03/21		3.293	51	3.299	26/06/2019	-1
GII 08/21		3.329	53	3.333	20/06/2019	0
GII 03/22		3.343	80	3.368	27/06/2019	-2
GII 04/22		3.359	1	3.398	27/06/2019	-4
GII 11/22		3.382	60	3.410	27/06/2019	-3
GII 07/23		3.480	303	3.492	24/06/2019	-1
GII 11/23		3.467	201	3.494	27/06/2019	-3
GII 05/24		3.490	10	3.512	26/06/2019	-2
GII 08/24		3.490	30	3.519	25/06/2019	-3
GII 10/24		3.442	240	3.471	27/06/2019	-3
GII 08/25		3.568	26	3.578	25/06/2019	-1
GII 10/25		3.569	90	3.592	27/06/2019	-2
GII 03/26		3.599	56	3.609	27/06/2019	-1
GII 09/26		3.623	70	3.623	21/06/2019	0
GII 07/27		3.673	57	3.699	26/06/2019	-3
GII 10/28		3.665	170	3.678	27/06/2019	-1
GII 07/29		3.650	143	3.667	27/06/2019	-2
GII 09/30		3.771	40	3.783	27/06/2019	-1
GII 06/33		3.946	80	3.956	27/06/2019	-1
GII 11/34		3.908	30	3.927	27/06/2019	-2
GII 10/35		4.031	50	4.036	27/06/2019	0
GII 08/37		4.074	30	4.089	27/06/2019	-2
GII 09/39		4.064	210	4.070	27/06/2019	-1
GII 05/47		4.373	140	4.387	27/06/2019	-1
GII 11/49		4.345	20	4.398	26/06/2019	-5
SPK 04/23		3.478	100	3.494	27/06/2019	-2
			<u>6605</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	10/33	GG	4.019	10	4.690	26/09/2018	-67	6
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	4.029	40	4.079	25/06/2019	-5	7
Danainfra Nasional Berhad	11/34	GG	4.029	5	4.391	28/03/2019	-36	7
Lembaga Pembiayaan Perumahan Sektor Awam	10/38	GG	4.129	50	4.149	27/06/2019	-2	5
Lembaga Pembiayaan Perumahan Sektor Awam	04/39	GG	4.145	70	4.171	27/06/2019	-3	7
Mercedes-Benz Services Malaysia Sdn Berhad	05/22	AAA	3.844	20	4.012	07/06/2019	-17	51
Danum Capital Berhad	05/23	AAA	3.779	20	3.802	25/06/2019	-2	38
GENM Capital Berhad	07/23	AAA	4.064	0	4.099	25/06/2019	-4	66
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak Hidro Sdn Berhad)	08/26	AAA	3.846	20	4.058	29/05/2019	-21	27
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak Hidro Sdn Berhad)	08/27	AAA	3.877	10	3.899	26/06/2019	-2	25
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak Hidro Sdn Berhad)	08/29	AAA	3.997	10	4.037	19/06/2019	-4	35
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak Hidro Sdn Berhad)	08/31	AAA	4.158	20	4.196	14/06/2019	-4	51
YTL Corporation Berhad	11/26	AA1	4.227	40	4.235	27/06/2019	-1	65
Sarawak Energy Berhad	07/29	AA1	4.128	20	4.303	16/04/2019	-18	48
YTL Corporation Berhad	06/34	AA1	4.378	20	4.379	25/06/2019	0	42
YTL Corporation Berhad	11/36	AA1	4.519	20	4.965	15/05/2019	-45	56
First Resources Limited	06/20	AA2	3.870	20	4.005	28/05/2019	-14	68
Country Garden Real Estate Sdn Berhad	02/23	AA3	6.512	1	6.512	27/06/2019	0	311
Segi Astana Sdn Berhad	01/24	AA-	5.000	1	5.010	27/06/2019	-1	155
UEM Sunrise Berhad	03/24	AA-	4.077	10	4.155	25/06/2019	-8	63
UEM Sunrise Berhad	10/25	AA-	4.127	10	4.129	27/06/2019	0	60
Jimah East Power Sdn Berhad	06/26	AA-	4.207	10	4.359	23/05/2019	-15	63
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/26	AA-	4.348	10	4.538	06/05/2019	-19	78
MMC Corporation Berhad	03/28	AA-	5.188	20	5.238	25/06/2019	-5	154
Jimah East Power Sdn Berhad	06/28	AA-	4.217	10	4.409	09/05/2019	-19	57
Jimah East Power Sdn Berhad	06/29	AA-	4.246	10	4.278	19/06/2019	-3	60
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	11/29	AA-	4.419	10	4.449	24/06/2019	-3	77
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/30	AA-	4.458	10	4.629	25/04/2019	-17	81
Jimah East Power Sdn Berhad	06/31	AA-	4.361	10	4.475	30/05/2019	-11	71
Jimah East Power Sdn Berhad	12/31	AA-	4.388	10	4.599	10/04/2019	-21	74
Jimah East Power Sdn Berhad	06/32	AA-	4.408	10	4.629	10/04/2019	-22	45
Sports Toto Malaysia Sdn Bhd	06/26	AA-	5.200	55	-	-	-	-
CIMB Group Holdings Berhad	05/16	A1	4.397	1	4.803	27/06/2019	-41	32
CIMB Group Holdings Berhad	05/16	A1	4.253	0	4.623	27/06/2019	-37	18
UMW Holdings Berhad	04/18	A1	4.950	2	4.688	24/06/2019	26	87
CIMB Group Holdings Berhad	05/16	A1	4.541	0	4.540	26/06/2019	0	-
				<u>584</u>				

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

## Market/Corporate News: What's Brewing

Licensed importers of sweetened beverages must come up with a letter of undertaking and also submit lab reports, says the Customs Department. If the total sugar content of their drinks exceeds the threshold or if the reports are not submitted, the importers will need to make payment of the duties involved. The lab reports are compulsory for exempted goods but importers are granted postponement from submitting the lab reports from July 1 to Aug 31. These are among the procedures spelt out by the Customs Department in the implementation of the excise tax on sugary beverages during the two month transition period. The import of sugary drinks must be declared in Form K1 (declaration of goods imported) just like other imported products. According to the Customs Department, the lab reports will need to be submitted within 30 days from the date of the K1 clearance. For domestic sales of dutiable sugary drinks, licensed manufacturers will use the Excise Form No.7 and the declaration will be for a period of one calendar month. "The declaration needs to be made no later than the last date of the following month. "Declaration for the local sales of products exempted from the duty will also use the Excise Form No.7," it said. In a statement yesterday, the Customs Department announced that the import and manufacturing of sugary drinks were subject to excise duty effective today. The guidelines and implementation procedure of the excise duty on sugary drinks for the transition period are available at [www.customs.gov.my](http://www.customs.gov.my). For further information, the business community can also contact the Customs Call Centre at 1300 888 500 which operates from Monday to Sunday from 8.30am to 10pm. The excise duty is imposed on sweetened beverages at

40 sen per litre on two categories of ready-to-drink packaged sweetened drinks. The beverages include carbonated drinks containing added sugar or flavoured, and other sweetening matter which contains sugar exceeding 5g per 100ml. Meanwhile, Deputy Health Minister Dr Lee Boon Chye said producers of sweetened beverages should reduce the content of sugar in their drinks to curb obesity even if this impacted the industry. He noted that some producers were already coming up with healthy choices with lower sugar content. "It takes a long time to change the taste of the community and reducing the sugar content is one way to do that. "After all, if we look back at history, nobody could ever imagine that some 30 years ago, bottled water could become a commodity. "No one would have thought that a company could sell just water and in fact, one of the largest bottled water companies is based in Perak," he told reporters after launching a health and family fun day at SMJK Ave Maria Convent yesterday. The sugar tax, said Dr Lee, was a measure under the Finance Ministry, which his ministry gave full support to. "There is evidence from other countries, like Mexico, where sugar tax actually helped to reduce the consumption of sugar and the revenue from the tax is used to help fund school nutrition programmes for the poor," he said. (Source: *The Star Online*)

The government will spend about RM45bil in 2019 on more than 4000 development projects to spur the Malaysian economy, which has been affected by external vulnerabilities. According to Economic Affairs Minister Datuk Seri Mohamed Azmin Ali, the benefits of the multi-billion-ringgit development expenditure would flow into the following years and ensure sustained domestic economic growth. "Together with the resumption of several large-scale projects, these measures will be our growth drivers for this year and the next. "As we continue to work towards the enhancement of foreign direct investments, there should be simultaneous efforts to boost domestic investment as well," Azmin said during the launch of the World Bank's latest Malaysia Economic Monitor and the Kick-Off conference of the 12th Malaysia Plan. He spoke via a video recording as he is currently attending the sixth OPEC and non-OPEC ministerial meeting in Vienna. He pointed out that the government also focuses on measures to reduce regulatory burden in line with its aim to improve ease of doing business, adding that "there is still more work to be done". "Among the steps being undertaken is the removal of non-tariff measures (NTM). "As of 2018, the government has reviewed 668 NTMs under six ministries that had a total estimated compliance cost of RM2.96bil, with a potential cost saving of RM739mil," he said. (Source: *The Star Online*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Sasaran Etika Sdn Bhd	RM220 million Fixed-Rate Serial Bonds (2012/2027)	AA1/Stable	Reaffirmed

Source: RAM, MARC

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