

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.76	-2
5-yr UST	1.74	-5
10-yr UST	1.97	-5
30-yr UST	2.50	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.30	0	3.33	-1
5-yr	3.42	-1	3.46	1
7-yr	3.54	-1	3.59	0
10-yr	3.63	-1	3.65	-1
15-yr	3.88	-2	3.94	0
20-yr	4.06	-1	4.05	0
30-yr	4.29	-3	4.37	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.40	0
3-yr	3.41	0
5-yr	3.48	-1
7-yr	3.54	0
10-yr	3.65	-4

Source : Bloomberg

Upcoming Government Bond Tender

New issuance of RM3.5b 15Y MGS 7/34 on Thursday, 4th July 2019

US Treasuries

- US Treasuries advanced on Tuesday; as concerns about global economic growth pushed investors toward safer assets whilst taking cue from BOE's dovish comments. The curve bull-flattened with overall benchmark yields endin 2-5bps lower with the both the UST 2Y at 1.76% and the much-watched 10Y breaching 2.0% to close at 1.97%; the lowest since 2016. Most investors and traders believe that the topic most likely to dominate the run-up to the Fed's next meeting is whether it will cut by 25bps or 50bps. The current global trade is potentially hurting many global economies despite another truce between US-China at the recent G20 summit last weekend. Fed Fund implied probability shows a high probability of between 65-75% for two(2) rate cuts this year.

MGS/GII

- Trading momentum in local govovies was decent with volume at RM3.26b with benchmark yields ending mostly lower between 0-3bps across the curve; save for the 5Y GII. Trading interest was skewed on the front end off-the-run 19-20's and 3Y, 15Y bonds. GII trades rose to form 36% of overall trades. Despite the recent outflows of foreign holdings in the last two(2) months, local govovies have been pretty resilient due to strong demand from large local onshore investors. Besides news of the nation's keen interest to look into raising Panda bonds, investors attention will turn to the anticipated auction of new 15Y benchmark MGS 7/34 tomorrow.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw strong interest as volume notched RM803m with interest mainly across the GG-AA part of the curve. Overall yields ended mostly lower. Govt-guaranteed DANA 28-33's dominated the space with yields 0-22bps lower compared to previous-done levels between 3.79-4.01% levels. AAA-rated PLUS 21 and 22 saw total RM50m in nominal amounts traded 5-19bps lower 3.57% and 3.65% each. In the AA-space energy-related bonds EDRA 2027 and 2034-2038 tranches exchanged hands between 6-14bps lower whilst BENIH Restu 6/25 closed sharply lower on yields at 4.06%. The banking space saw MAYBANK 31NC26 edge 1bps higher instead at 3.78%.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.058	200	3.037	01/07/2019	2
MGS	11/19	3.065	0	3.074	28/06/2019	-1
MGS	03/20	3.117	151	3.151	01/07/2019	-3
MGS	07/20	3.162	55	3.183	01/07/2019	-2
MGS	10/20	3.183	102	3.222	01/07/2019	-4
MGS	07/21	3.258	92	3.278	01/07/2019	-2
MGS	09/21	3.291	0	3.291	01/07/2019	0
MGS	11/21	3.281	82	3.291	01/07/2019	-1
MGS	03/22	3.300	71	3.301	01/07/2019	0
MGS	08/22	3.356	145	3.356	01/07/2019	0
MGS	09/22	3.360	27	3.368	01/07/2019	-1
MGS	03/23	3.378	61	3.422	01/07/2019	-4
MGS	04/23	3.390	83	3.406	01/07/2019	-2
MGS	06/24	3.420	70	3.429	01/07/2019	-1
MGS	07/24	3.471	121	3.473	01/07/2019	0
MGS	09/24	3.463	60	3.475	01/07/2019	-1
MGS	03/25	3.532	0	3.520	01/07/2019	1
MGS	09/25	3.525	1	3.547	01/07/2019	-2
MGS	04/26	3.588	1	3.596	01/07/2019	-1
MGS	07/26	3.543	77	3.549	01/07/2019	-1
MGS	11/26	3.590	58	3.577	01/07/2019	1
MGS	05/27	3.650	2	3.679	01/07/2019	-3
MGS	11/27	3.640	2	3.664	01/07/2019	-2
MGS	06/28	3.658	39	3.667	01/07/2019	-1
MGS	08/29	3.634	90	3.639	01/07/2019	0
MGS	11/33	3.878	336	3.903	01/07/2019	-2
MGS	04/37	4.053	21	4.081	01/07/2019	-3
MGS	06/38	4.055	13	4.062	01/07/2019	-1
MGS	09/43	4.300	10	4.304	01/07/2019	0
MGS	03/46	4.305	10	4.335	01/07/2019	-3
MGS	07/48	4.294	92	4.320	01/07/2019	-3
GII	03/22	3.325	290	3.335	01/07/2019	-1
GII	07/22	3.371	80	3.389	01/07/2019	-2
GII	07/23	3.461	140	3.480	28/06/2019	-2
GII	11/23	3.478	21	3.465	01/07/2019	1
GII	08/24	3.485	70	3.494	01/07/2019	-1
GII	10/24	3.456	50	3.446	01/07/2019	1
GII	08/25	3.555	90	3.550	01/07/2019	1
GII	03/26	3.587	83	3.582	01/07/2019	1
GII	07/29	3.649	18	3.655	01/07/2019	-1
GII	08/33	3.932	130	3.977	20/06/2019	-4
GII	11/34	3.901	20	3.908	01/07/2019	-1
GII	08/37	4.100	2	4.074	28/06/2019	3
GII	09/39	4.053	150	4.049	01/07/2019	0
GII	11/49	4.308	40	4.345	28/06/2019	-4
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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	10/28	GG	3.785	35	3.789	27/06/2019	0	15
DanaInfra Nasional Berhad	11/28	GG	3.780	75	3.810	27/06/2019	-3	15
DanaInfra Nasional Berhad	05/31	GG	3.869	10	3.890	27/06/2019	-2	23
DanaInfra Nasional Berhad	04/33	GG	3.989	10	4.035	27/06/2019	-5	11
DanaInfra Nasional Berhad	11/33	GG	4.008	10	4.229	03/04/2019	-22	13
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	4.019	140	4.029	28/06/2019	-1	14
Lembaga Pembiayaan Perumahan Sektor Awam	04/34	GG	3.989	80	4.045	27/06/2019	-6	11
DanaInfra Nasional Berhad	04/43	GG	4.250	25	4.289	27/06/2019	-4	20
Lembaga Pembiayaan Perumahan Sektor Awam	09/46	GG	4.319	5	4.605	30/05/2019	-29	27
Prasarana Malaysia Berhad	09/47	GG	4.349	10	4.400	26/06/2019	-5	30
Projek Lebuhraya Usahasama Berhad	01/21	AAA	3.566	40	3.613	21/06/2019	-5	31
Projek Lebuhraya Usahasama Berhad	01/22	AAA	3.647	10	3.833	10/06/2019	-19	35
GENM Capital Berhad	03/22	AAA	3.893	10	3.915	21/06/2019	-2	59
GENM Capital Berhad	07/23	AAA	4.063	1	4.064	28/06/2019	0	68
CIMB Bank Berhad	05/24	AAA	3.865	10	4.219	21/03/2019	-35	44
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak Hidro Sdn Berhad)	08/25	AAA	3.789	20	3.832	27/06/2019	-4	28
Danga Capital Berhad	02/26	AAA	3.881	25	3.902	27/06/2019	-2	34
Danga Capital Berhad	09/27	AAA	3.931	10	4.018	12/06/2019	-9	32
Malayan Banking Berhad	11/31	AAA	3.783	20	3.774	26/06/2019	1	14
Celcom Networks Sdn Berhad	08/27	AA+	4.178	10	4.210	19/06/2019	-3	57
First Resources Limited	06/20	AA2	3.867	30	3.870	28/06/2019	0	69
Kesas Sdn Berhad	10/21	AA2	3.852	6	4.539	17/05/2018	-69	59
Benih Restu Berhad	06/25	AA2	4.058	30	4.288	16/04/2019	-23	55
Krung Thai Bank Public Company Limited	07/25	AA2	4.240	12	4.242	27/06/2019	0	73
Burnitama Agri Ltd	08/19	AA3	3.904	10	3.833	04/06/2019	7	73
Country Garden Real Estate Sdn Berhad	02/23	AA3	6.597	25	6.512	01/07/2019	9	322
Gamuda Berhad	03/23	AA3	4.168	8	4.414	02/05/2019	-25	79
BGSM Management Sdn Berhad	12/23	AA3	4.187	10	4.367	17/04/2019	-18	81
Edra Energy Sdn Berhad	01/27	AA3	4.783	10	4.918	13/06/2019	-14	118
Edra Energy Sdn Berhad	01/34	AA3	4.999	30	5.067	26/06/2019	-7	112
Edra Energy Sdn Berhad	01/35	AA3	5.049	30	5.105	25/06/2019	-6	117
Edra Energy Sdn Berhad	01/38	AA3	5.239	10	5.369	13/06/2019	-13	119
WCT Holdings Berhad	10/21	AA-	4.896	10	4.837	06/03/2019	6	164
Segi Astana Sdn Berhad	01/23	AA-	4.949	1	4.971	01/07/2019	-2	157
Jimah East Power Sdn Berhad	12/23	AA-	4.128	10	4.549	15/01/2019	-42	75
Jimah East Power Sdn Berhad	12/25	AA-	4.198	4	4.348	10/05/2019	-15	69
MMC Corporation Berhad	03/28	AA-	5.138	10	5.188	28/06/2019	-5	150
Tan Chong Motor Holdings Berhad	11/21	A1	4.311	1	4.330	18/06/2019	-2	105
CIMB Group Holdings Berhad	05/16	A1	4.249	1	4.253	28/06/2019	0	20
UMW Holdings Berhad	04/18	A1	4.949	1	4.950	28/06/2019	0	90
				<u>803</u>				

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

Market/Corporate News: What's Brewing

Emerging market central banks accelerated interest rate cuts in June, with policymakers rushing to trim benchmarks as major central banks including the U.S. Federal Reserve and the European Central Bank adopted a more dovish tone. Interest rate moves by central banks across a group of 37 developing economies showed a net five rate cuts last month -- the largest number since September. The fifth month of net rate cuts follows a tightening cycle that ended in early 2019. Then, interest rate hikes by emerging market central banks outstripped or matched cuts for nine straight months as they battled the fallout from a strong dollar, rising inflation and softer currencies. Below is a list of recent emerging market central bank monetary policy changes:

DOMINICAN REPUBLIC - Policymakers cut interest rates by 50 basis points to 5% on June 30. <https://bit.ly/2Jg2erB>

COSTA RICA - The central bank cut the key policy rate to 4.50% from 4.75% from June 20. <https://bit.ly/2Wk9Qmf>

MOZAMBIQUE - The central bank cut its benchmark interest rate by 100 basis points on June 19.

MOLDOVA - The central bank raised its key rate to 7% on June 19.

RUSSIA - The central bank cut its key interest rate on June 14 and flagged that one or two more cuts were possible later this year as Russia faces sluggish economic growth and slowing inflation.

CHILE - Chile's central bank unexpectedly cut the benchmark interest rate by 50 basis points to 2.5% on June 7 as it braced for a sharper economic slowdown because of the U.S.-China trade dispute.

AZERBAIJAN - Azerbaijan's central bank on June 7 cut its refinancing rate to 8.50% from 8.75% citing stable inflation expectations.

INDIA - The Reserve Bank of India cut its policy interest rate by 25 basis points in a widely expected move on June 6, while also changing its policy stance to "accommodative," after latest data showed the economy growing at its slowest in over four years.

SRI LANKA - The central bank cut its key interest rates by 50 basis points on May 31, as widely expected, to support its faltering economy as overall business and consumer confidence slumped following last month's deadly bomb attacks.

TAJIKISTAN - The central bank reduced the refinancing rate to 13.25% from 14.75% on May 31.

KYRGYZSTAN - Policy makers in the Central Asian nation cut the benchmark rate to 4.25% from 4.50% on May 28, citing slowing inflation.

ANGOLA - Angola's central bank cut its benchmark lending rate by 25 basis points to 15.5% on May 24.

ZAMBIA - The central bank in Lusaka raised the benchmark lending rate to 10.25% from 9.75% on May 22 to counter inflationary pressure and support macroeconomic stability.

PAKISTAN - Soaring inflation prompted Pakistan's central bank to raise its key interest rate to 12.25% on May 20 with policy makers flagging further rises on the back of higher oil prices and reforms required for a bailout from the International Monetary Fund.

JAMAICA - Jamaica's central bank cut its interest rate by 50 basis points to 0.75% on May 19 - the third cut since the start of the year. <https://bit.ly/2WdAUyB>

THE PHILIPPINES - The central bank cut its benchmark interest rate on May 9 by 25 basis points to 4.50%, on expectations inflation will ease after the economy grew at its slowest pace in four years in the first quarter.

MALAYSIA - The central bank on May 7 became the first in Southeast Asia to cut its key interest rate this year, by 25 basis points to 3.0%, moving to support its economy at a time of concern about global growth.

RWANDA - Rwanda's central bank cut its key repo rate by 50 basis points on May 6 to 5.0%.

MALAWI - Malawi's central bank cut its benchmark lending rate by 100 basis points on May 3 to 3.5%.

CZECH REPUBLIC - The Czech National Bank raised interest rates on May 2, using a window of opportunity created by easing economic risks abroad to stem rising domestic inflation by fine-tuning a tightening cycle it had paused at the end of 2018.

UKRAINE - Ukraine's central bank trimmed its main interest rate to 17.5% on April 25, the first decrease in the past two years.

KAZAKHSTAN - Policymakers cut the policy rate by 25 basis points to 9.00% on April 15 in an expected move taken after President Kassym-Jomart Tokayev ordered them to make credit more affordable.

NIGERIA - In a surprise move, the central bank cut its benchmark interest rate to 13.5% from 14% on March 26 as part of an attempt to stimulate growth in Africa's biggest economy and signal a "new direction".

PARAGUAY - Paraguay's central bank cut its policy rate by 25 basis points to 4.75% on March 22.

GEORGIA - The central bank cut its refinancing rate to 6.5% from 6.75% on March 13, citing forecasts suggesting that annual inflation would stay close to its 3% target this year.

TUNISIA - Policymakers in Tunisia raised the key interest rate to 7.75% from 6.75% on Feb. 19 to combat high inflation - the third such hike in the past 12 months.

EGYPT - Egypt's central bank made a surprise cut to its overnight deposit rate on Feb. 14, citing a strong drop in inflation and an improvement in other macroeconomic indicators.

The bank lowered its deposit rate to 15.75% from 16.75 and its lending rate to 16.75% from 17.75%, its first rate cuts since March 2018.

(Source: *The Star/Reuters*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Bank Muamalat Malaysia Berhad	Financial Institution ratings RM1 billion Subordinated Sukuk Murabahah Programme (2016/2036)	A2/Stable/P1 A3/Stable	Reaffirmed Reaffirmed

Source: RAM, MARC

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