

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.45	-5
5-yr UST	1.33	-6
10-yr UST	1.46	-4
30-yr UST	1.95	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.10	-2	3.12	-1
5-yr	3.22	-1	3.24	-1
7-yr	3.24	-3	3.28	-2
10-yr	3.29	-3	3.34	-1
15-yr	3.51	3	3.51	0
20-yr	3.55	-1	3.62	0
30-yr	3.80	1	3.81	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.19	0
3-yr	3.20	1
5-yr	3.22	1
7-yr	3.24	0
10-yr	3.34	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries ended strong again on Tuesday boosted by flagging ISM Manufacturing data which dropped to below 50; a level last seen in 2016. Overall benchmark yields closed 1-6bps lower with the UST 2Y inched 5bps lower at 1.45% whilst the much-watched 10Y declined 4bps to 1.46% levels. The curve shifted lower with the 10Y hitting a three-year intra-day low of 1.429%. The strength in UST's came about earlier after imposition of new tariffs over the weekend. Investors are still debating if the current global bond rally is indeed a bubble or a clear indication of an upcoming global recession. Meanwhile expect further market reaction to FedSpeak event along with the release of the Fed's beige book; which is in essence an assessment of economic conditions in the 12 Fed districts.

MGS/GII

- Trading momentum improved slightly for local govies which as secondary market volume notched RM2.86b. Main interest was however seen in the off-the-run 20's and 5Y, 7Y benchmark MGS/GII bonds. Overall benchmark MGS yields closed mostly lower in the belly between 1-3bps with the long-ends pressured slightly. The 5Y benchmark MGS 6/24 edged 1bps lower at 3.22% whilst the 10Y MGS 8/29 rallied 3bps at 3.29%. GII bonds dropped to form ~26% of overall trades. Separately, Moody's has maintained the A3-rating on Malaysia's credit profile; supported by the sovereign's high economic strength reflecting the large and diverse economy. It also reiterated the nation's high competitiveness and high institutional strength which reflects credible monetary policy framework. On the data front we have July's trade figures which will be released today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk maintained low traction despite healthy market volume at RM461m as total number of bond trades dwindled. Govt-guaranteed LPPSA 9/26 and BAKUN Hydro closed 24-77bps lower compared to previous-done levels at 3.40% and 3.50% each. AAA-rated AMAN 5/25 similarly saw steep declines in yields at 3.42% levels. The AA-space saw SERBA Dinamik 10/28 grind RM80m in nominal amounts; closing 11bps lower at 4.56% whilst highway toll operator DUKE3 saw its 2029 tranche move 12bps lower at 4.31%. The banking space saw heavy volume in CIMB Group 29NC24 which ended lower on yields at 3.91%. Both RHB Investment Bank and RHB Bank 25NC20 also saw interest closing in contrast at 4.82% and 3.80% respectively (please refer to the table).

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.067	4	3.074	29/08/2019	-1
MGS	11/19	3.056	8	3.058	30/08/2019	0
MGS	03/20	3.053	331	3.062	30/08/2019	-1
MGS	07/20	3.057	156	3.073	30/08/2019	-2
MGS	10/20	3.065	42	3.061	30/08/2019	0
MGS	07/21	3.100	41	3.090	30/08/2019	1
MGS	09/21	3.105	2	3.088	30/08/2019	2
MGS	11/21	3.077	39	3.093	30/08/2019	-2
MGS	03/22	3.104	80	3.124	30/08/2019	-2
MGS	08/22	3.152	148	3.149	30/08/2019	0
MGS	09/22	3.136	6	3.158	30/08/2019	-2
MGS	03/23	3.187	56	3.184	30/08/2019	0
MGS	04/23	3.185	77	3.197	30/08/2019	-1
MGS	08/23	3.207	81	3.232	27/08/2019	-3
MGS	06/24	3.215	28	3.227	30/08/2019	-1
MGS	07/24	3.250	113	3.246	30/08/2019	0
MGS	09/24	3.250	45	3.234	30/08/2019	2
MGS	03/25	3.254	12	3.284	30/08/2019	-3
MGS	09/25	3.277	37	3.253	30/08/2019	2
MGS	04/26	3.314	8	3.310	30/08/2019	0
MGS	07/26	3.244	224	3.270	30/08/2019	-3
MGS	11/26	3.320	151	3.312	30/08/2019	1
MGS	11/27	3.336	33	3.358	30/08/2019	-2
MGS	06/28	3.350	13	3.342	30/08/2019	1
MGS	09/28	3.349	2	3.347	29/08/2019	0
MGS	08/29	3.285	188	3.316	30/08/2019	-3
MGS	04/30	3.449	20	3.436	30/08/2019	1
MGS	06/31	3.503	6	3.497	30/08/2019	1
MGS	04/32	3.581	2	3.519	26/08/2019	6
MGS	04/33	3.536	10	3.522	30/08/2019	1
MGS	11/33	3.544	13	3.528	30/08/2019	2
MGS	05/35	3.596	7	3.588	30/08/2019	1
MGS	04/37	3.568	48	3.568	30/08/2019	0
MGS	06/38	3.545	5	3.551	30/08/2019	-1
MGS	09/43	3.749	13	3.734	30/08/2019	2
MGS	03/46	3.715	5	3.792	30/08/2019	-8
MGS	07/48	3.796	58	3.784	30/08/2019	1
GII	04/20	3.089	1	3.090	29/08/2019	0
GII	08/20	3.064	10	3.067	30/08/2019	0
GII	03/21	3.097	9	3.116	30/08/2019	-2
GII	03/22	3.124	12	3.133	30/08/2019	-1
GII	04/22	3.129	10	3.151	30/08/2019	-2
GII	07/23	3.221	1	3.852	30/08/2019	-63
GII	10/23	3.220	100	3.226	28/08/2019	-1
GII	11/23	3.208	108	3.220	30/08/2019	-1
GII	08/24	3.257	10	3.240	29/08/2019	2
GII	10/24	3.235	220	3.246	30/08/2019	-1
GII	08/25	3.278	20	3.282	30/08/2019	0
GII	10/25	3.280	1	3.282	26/08/2019	0
GII	03/26	3.282	20	3.299	30/08/2019	-2
GII	07/27	3.293	19	3.395	30/08/2019	-10
GII	10/28	3.322	36	3.344	30/08/2019	-2
GII	07/29	3.328	143	3.357	30/08/2019	-3
GII	06/33	3.554	7	3.568	28/08/2019	-1
GII	09/39	3.619	20	3.620	29/08/2019	0
			<u>2857</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*
Lembaga Pembiayaan Perumahan Sektor Awam	09/26	GG	3.400	10	3.642	43663	-24	15
Bakun Hydro Power Generation Sdn Berhad (fka	10/28	GG	3.500	20	4.268	43514	-77	19
Zamarad Assets Berhad	03/22	AAA	3.885	10	-	-	-	76
Great Realty Sdn Berhad	05/23	AAA	4.670	10	4.877	43640	-21	147
Aman Sukuk Berhad	05/25	AAA	3.420	20	3.727	43663	-31	17
YTL Corporation Berhad	06/34	AA1	4.053	10	4.149	43692	-10	55
Celcom Networks Sdn Berhad	08/24	AA+	3.652	10	4.026	43661	-37	42
CIMB Group Holdings Berhad	09/29	AA	3.910	130	4.311	43626	-40	61
BGSM Management Sdn Berhad	12/19	AA3	3.520	19	3.498	43697	2	45
RHB Investment Bank Berhad	04/25	AA3	4.818	50	3.979	43662	84	157
RHB Bank Berhad	05/25	AA3	3.800	70	4.085	43630	-29	55
CIMB Thai Bank Public Company Limited	03/28	AA3	3.850	10	3.973	43684	-12	54
Serba Dinamik Holdings Berhad	10/28	AA-	4.560	80	4.669	43691	-11	125
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/29	AA-	4.314	10	4.430	43684	-12	101
Eco World Capital Assets Berhad	08/24	-	6.106	2	6.099	43707	1	-
				<u>461</u>				

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

Market/Corporate News: What's Brewing

Berjaya Land Bhd (BLand) says it has secured a public housing and mixed development project in Yangon, Myanmar, that carries an estimated gross development value of US\$624 million project or approximately RM2.63 billion. It said it has received a certificate of award for the proposed development from the Yangon Region Government, and that the project is located on a land measuring about 183 acres along the Myanandar Road and Shweli Road in the Seikkan Township. "The proposed development comprises 14 parcels of mixed development, including inter-alia affordable housing, mid- to high end condominiums, shop houses, retail spaces, the farmer's market, community hall, schools and infrastructure, to be built over three phases. Based on the preliminary plan of the proposed development, the estimated gross development value is about US\$624.00 million (approximately RM2.63 billion). "BLand will announce the details of the proposed development, once the group enters into the definitive agreements with the relevant parties," BLand said in a stock exchange filing today. (Source: *The Edge*)

Malaysia needs investments totalling RM33 billion in order to achieve its target of 20 per cent electricity generation from renewable energy (RE) sources by 2025, said Energy, Science, Technology, Environment and Climate Change Minister Yeo Bee Yin. She said the investments would be contributed by the government, public-private partnerships and private financing. "The Securities Commission has already done a six-month study on green financing; it had formed the financing taskforce (for this purpose). It gave a report on 21 action items to facilitate the RM33 billion investment in RE and the government will look at all the action items and implement them accordingly," she told reporters after officiating the inaugural 5-In-1 Power and Energy Asia Series exhibition here today. Meantime, Yeo said, the government would continue all the current incentives such as the Green Technology Financing Scheme and the Green Investment Tax Allowance to incentivise the growth of RE. She said the lower cost of solar generation was due to the advanced solar panel development technology that allowed the project to be bid at a cost of as low as 17.77 sen per kWh. Earlier in her speech, she said that LSS3 projects were in the offing for Malaysia in an effort to provide more affordable, reliable and sustainable electricity to the people. She said Malaysia was already seeing solar energy being cheaper than the gas generation cost; thus in the future, the government expected the cost to trend down further for RE. Citing an example, she said in the LSS3 bidding which had just been completed, the first four projects which encompassed 365 MW out of 500 MW were actually bid below the gas-generation price of 23.22 sen per kWh. "In the second round of LSS bidding, 32 sen per kWh was the lowest price; that became our reference price when we opened LSS3 for bidding this year. But when the bidding exercise closed, the lowest bid was at 17.77 sen per kwh. "That is a 45 per cent reduction in just a few years. That is why we are very confident that RE price will reach parity (with that of gas) in the foreseeable future," she said, adding that Malaysia was also working on other types of RE in order to achieve parity with or below the gas-generation cost. The 5-In-1 Power and Energy Asia Series, featuring POWERGEN Asia, Asian Utility Week, DISTRIBUTECH Asia, SolarVision and Energy Capital Leaders Asia, kicked off today and will run until Sept 5 at the Malaysia International Trade and Exhibition Centre. The event, hosted by Tenaga Nasional Bhd, is expected to draw over 11,000 visitors and 2,000 international buyers, in addition to the 350 exhibitors, to engage in the exchange of ideas, experiences and knowledge. The series covers the whole chain focused on

conventional and renewable generation, transmission and distribution, digital transformation and the financing of the energy transition by the industry. (Source: *The Star/Bernama*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
KAF Investment Bank Berhad	Long-term and short-term Financial Institution (FI) ratings	AA- and MARC-1	Affirmed

Source: RAM, MARC

Hong Leong Bank Berhad

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