



















Global Markets Research






Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.76	 0
5-yr UST	1.73	 0
10-yr UST	1.95	 0
30-yr UST	2.47	 0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.29	 2	3.31	 0
5-yr	3.42	 1	3.44	 0
7-yr	3.53	 2	3.55	 0
10-yr	3.62	 0	3.63	 -2
15-yr	3.83	 -4	3.90	 0
20-yr	4.02	 0	4.01	 -4
30-yr	4.24	 -3	4.37	 0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.38	 -2
3-yr	3.39	 -1
5-yr	3.46	 -1
7-yr	3.52	 -1
10-yr	3.63	 0

Source : Bloomberg

Note: UST as at 3-July closing

Upcoming Government Bond Tender

Nil

US Treasuries

- US financial markets were closed on Thursday for Independence Day. The recent decline seen in UST yields denotes high possibility of the Fed tweaking interest rates lower sooner than later. Most central banks are expected to lower interest rates to support economic growth. To recap, the UST 2Y is at 1.76% and the much-watched 10Y at 1.95%. US officials have said that a meeting with Chinese counterparts is scheduled next week, which will mark the resumption of negotiations between the two countries. However, expectations for a peaceful resolution of the dispute declined after President Trump said that any agreement should be in favor of the US. On the data front we have the US jobs data for June released tonight.

MGS/GII

- Trading momentum in local govies was sustained with volume at RM5.52b. Interest was mainly seen in the belly and also both 10Y and 15Y benchmarks as overall yields ended mixed between -4 to +2bps across the curve. GII trades rose to form 38% of overall trades. The benchmark 5Y MGS 6/24 edged 1bps higher at 3.42% the 10Y MGS 8/29 closed within 1bps 3.62%. The auction of new 15Y benchmark MGS 7/34 saw solid demand; averaging 3.828% on a BTC ratio of 3.44x. Local govies have been resilient despite recent outflows of foreign holdings in April and May due to strong demand mainly from local institutional investors.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw decent interest as volume notched RM644m with interest mainly across the GG-AAA part of the curve as overall yields ended mostly lower again. A slew of Govt-guaranteed PASB, DANA and PRASARANA 2021 tranches saw yields decline sharply compared to previous-done levels between 3.34-40% levels. AAA-rated DANGA 26-27's closed 5-6bps lower at 3.83% and 3.87% respectively whilst the 2033 tranche moved 3bps lower on RM55m in nominal amounts traded. In the AA-PKNS 6/22 closed 9bps lower at 4.16% whilst the banking space was relatively quiet.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.089	179	3.055	03/07/2019	3
MGS	11/19	3.091	35	3.070	03/07/2019	2
MGS	03/20	3.135	13	3.142	03/07/2019	-1
MGS	10/20	3.203	181	3.182	03/07/2019	2
MGS	02/21	3.246	39	3.254	03/07/2019	-1
MGS	07/21	3.261	1	3.251	03/07/2019	1
MGS	09/21	3.286	183	3.275	03/07/2019	1
MGS	11/21	3.269	150	3.279	03/07/2019	-1
MGS	03/22	3.286	248	3.266	03/07/2019	2
MGS	08/22	3.359	12	3.346	03/07/2019	1
MGS	09/22	3.356	139	3.354	03/07/2019	0
MGS	03/23	3.422	12	3.392	03/07/2019	3
MGS	04/23	3.401	20	3.382	03/07/2019	2
MGS	06/24	3.416	142	3.405	03/07/2019	1
MGS	07/24	3.457	1	3.455	03/07/2019	0
MGS	09/24	3.463	1	3.459	03/07/2019	0
MGS	03/25	3.514	4	3.532	02/07/2019	-2
MGS	09/25	3.523	4	3.531	03/07/2019	-1
MGS	06/28	3.637	13	3.634	03/07/2019	0
MGS	08/29	3.617	190	3.622	03/07/2019	0
MGS	04/30	3.744	1	3.753	03/07/2019	-1
MGS	04/33	3.862	98	3.890	03/07/2019	-3
MGS	11/33	3.846	231	3.877	03/07/2019	-3
MGS	05/35	3.913	1	3.997	02/07/2019	-8
MGS	04/37	4.020	50	4.016	03/07/2019	0
MGS	06/38	4.015	310	4.019	03/07/2019	0
MGS	03/46	4.262	58	4.278	03/07/2019	-2
MGS	07/48	4.240	140	4.274	03/07/2019	-3
MGS	07/34	3.832	993			
GII	04/20	3.150	5	3.183	01/07/2019	-3
GII	05/20	3.177	20	3.223	12/06/2019	-5
GII	08/20	3.192	182	3.196	03/07/2019	0
GII	03/21	3.268	110	3.270	03/07/2019	0
GII	08/21	3.326	3	3.319	01/07/2019	1
GII	03/22	3.311	270	3.316	03/07/2019	0
GII	07/23	3.429	1	3.434	03/07/2019	-1
GII	11/23	3.463	18	3.464	03/07/2019	0
GII	05/24	3.489	1	3.490	01/07/2019	0
GII	10/24	3.439	360	3.437	03/07/2019	0
GII	08/25	3.544	2	3.541	03/07/2019	0
GII	07/27	3.658	1	3.649	03/07/2019	1
GII	10/28	3.657	60	3.666	03/07/2019	-1
GII	07/29	3.632	250	3.649	03/07/2019	-2
GII	08/33	3.874	30	3.911	03/07/2019	-4
GII	11/34	3.866	50	3.897	03/07/2019	-3
GII	10/35	3.936	10	4.031	28/06/2019	-9
GII	09/39	4.009	664	4.044	03/07/2019	-3
GII	11/49	4.271	40	4.288	03/07/2019	-2
			<u>5523</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*
Pengurusan Air SPV Berhad	04/21	GG	3.338	30	3.973	29/09/2017	-64	9
DanaInfra Nasional Berhad	07/21	GG	3.398	15	3.739	26/03/2019	-34	15
Prasarana Malaysia Berhad	08/21	GG	3.399	15	3.545	16/05/2019	-15	15
Prasarana Malaysia Berhad	12/21	GG	3.399	30	3.901	28/02/2019	-50	15
Pengurusan Air SPV Berhad	02/29	GG	3.770	20	3.858	19/06/2019	-9	15
Prasarana Malaysia Berhad	12/30	GG	3.798	20	3.860	03/07/2019	-6	18
GovCo Holdings Berhad	06/31	GG	4.008	20	4.273	08/05/2019	-27	39
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	3.999	210	4.019	03/07/2019	-2	19
DanaInfra Nasional Berhad	04/38	GG	4.069	15	4.559	19/04/2019	-49	7
DanaInfra Nasional Berhad	04/48	GG	4.359	50	4.399	27/06/2019	-4	36
Pengurusan Air SPV Berhad	11/19	AAA	3.493	10	3.511	18/06/2019	-2	32
Manjung Island Energy Berhad	11/19	AAA	3.323	15	3.730	15/05/2019	-41	15
GENM Capital Berhad	07/23	AAA	4.064	1	4.063	03/07/2019	0	70
Danga Capital Berhad	02/26	AAA	3.828	5	3.881	02/07/2019	-5	30
Telekom Malaysia Berhad	09/27	AAA	3.857	20	4.119	29/05/2019	-26	26
Danga Capital Berhad	09/27	AAA	3.868	20	3.931	02/07/2019	-6	28
Pengurusan Air SPV Berhad	02/29	AAA	3.926	10	4.078	18/06/2019	-15	31
Projek Lebuhraya Usahasama Berhad	01/33	AAA	4.179	10	4.380	17/05/2019	-20	37
Danga Capital Berhad	01/33	AAA	4.178	55	4.208	01/07/2019	-3	37
Sabah Credit Corporation	05/20	AA1	3.883	20	3.957	12/06/2019	-7	71
Sarawak Energy Berhad	12/32	AA1	4.149	10	4.189	03/07/2019	-4	34
Celcom Networks Sdn Berhad	08/22	AA+	3.957	10	4.224	23/04/2019	-27	67
Krung Thai Bank Public Company Limited	07/25	AA2	4.094	1	4.240	02/07/2019	-15	61
Hong Leong Financial Group Berhad	06/28	AA2	4.021	1	5.174	02/11/2018	-115	41
Perbadanan Kemajuan Negeri Selangor	06/22	AA3	4.155	20	4.242	01/07/2019	-9	86
AmBank Islamic Berhad	03/27	AA3	4.187	1	4.177	01/07/2019	1	59
Southern Power Generation Sdn Berhad	10/31	AA-	4.077	10	4.239	27/05/2019	-16	46
				644				

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

Market/Corporate News: What's Brewing

UEM Edgenta Bhd has secured contracts for the provision of hospital support services to the Ministry of Health, Singapore, worth up to RM540.06 million. In a filing with Bursa Malaysia today, UEM Edgenta said its indirect 97.46% subsidiary UEMS Solutions Pte Ltd accepted the contracts for the provision of hospital support services to the restructured hospitals in Singapore, which include housekeeping and portering services. The total value of the contracts is estimated to be between RM429.96 million to RM540.06 million, with the final value dependent on the actual manpower resources deployed, it said. The duration of the contracts ranges from three- to five years, with options to extend for another two- to five years. The effective dates of the contracts are between April 1, and Aug 1, 2019. "The contracts are expected to contribute positively to the future earnings and net assets per share of UEM Edgenta Group, and it will not have any effect on the issued and paid-up share capital, or on the shareholding of the substantial shareholders of the company," UEM Edgenta said. (Source: *The Edge*)

The Boon Siew group has rebutted a report on its involvement in the purchase of a plot of land which the state of Penang had alienated to a private company. The group stated "one of its shareholders was approached pertaining to the purchase of land measuring 22.92 acres from Consortium Zenith Construction Sdn Bhd (CZC), but no decision has been made by him in respect of his involvement in the transaction, as all matters are at a very preliminary stage", The Star reported today.

In a news release three days ago by StarBiz, it was reported that the Boon Siew group had bought the land for RM843.64 million, at RM845 psf, along with the mandate to undertake RM6.34 billion worth of infrastructure projects there. The infrastructure projects consist of “three toll-free highways on the island and an undersea tunnel between Butterworth and Gurney Drive”. The first of the three highways is slated to begin construction this September. Spanning 5.7km, the RM815 million project is to be undertaken by a joint venture between Vertice Bhd and Vizione Holdings Bhd. However, work has been hampered by financing issues “because the project is to be done on a land-swap basis”. CZC is to receive a total of 110 acres of reclaimed land in stages in return for the infrastructure development, “including the feasibility study and detailed design”. The other two stretches are due to commence in 2020 and 2021. Reports have said the RM6.34 billion project is to start by end-August. Meanwhile, China Railway Construction Co has been awarded the undersea tunnel project, which will see commencement only in 2023. (Source: *The Edge*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
MEX II Sdn Bhd	RM1.3 billion Sukuk Murabahah Programme (Sukuk Murabahah)	AA-IS	Affirmed
	RM150 million Junior Bonds issuance (JuniorBonds)	A-	Affirmed
Danajamin Nasional Berhad	Insurer Financial Strength	AAA/Stable/P1	Reaffirmed

Source: RAM, MARC

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