

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.71	-2
5-yr UST	1.66	-2
10-yr UST	1.85	-5
30-yr UST	2.38	-6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.26	-2	3.28	-2
5-yr	3.42	-2	3.43	-2
7-yr	3.52	-3	3.52	-6
10-yr	3.57	-3	3.59	-6
15-yr	3.77	-4	3.81	0
20-yr	3.96	-4	3.97	-3
30-yr	4.15	-3	4.24	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.35	-1
3-yr	3.35	-3
5-yr	3.38	-4
7-yr	3.45	-4
10-yr	3.54	-4

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries surged again last Friday on continued safe haven appeal particularly on the long-end as the curve bull-flattened. This followed President Trump's promise to extend tariffs to essentially all Chinese goods effective 1st September; causing investors to expect the Fed to cut interest rates again in September. Overall benchmark yields closed 2-6bps lower with the UST 2Y ending 2bps lower at 1.71% whilst the much-watched 10Y rallying 5bps lower at 1.85%; pushing sovereigns to hover at multi-year lows. Labor department's release of Non-farm payrolls showed no surprises and was in line with estimates at 164k with unemployment rate steady at 3.7% for July. Following a hectic week of major economic events, the calendar for this week has turned relatively light with focus on the upcoming auctions of UST 3Y, 10Y and 30Y bonds.

MGS/GII

- Local govies ended on a strong note as volume bumped up to RM5.73b as institutional investors were better bidders; taking cue from global rally in bonds. Interest was seen mainly in the shorter-end i.e. off-the-run 19-21's and 5Y benchmark bonds. The curve shifted lower as overall benchmark yields ended mostly lower between 2-6bps. The 5Y benchmark MGS 6/24 edged 2bps lower at 3.42% whilst the 10Y MGS 8/29 closed 3bps lower at 3.57%; the lowest YTD. GII trades rose to form about 29% of overall trades. Despite the failure in US-China trade leeway; it is reported that Malaysia, along with Vietnam, Thailand and India have seen saw higher total trade growth in 1Q2019 in contrast with China, Ireland and Canada. However the latest round of escalation in US-China trade relations is expected to impact most SEA nation exports going forward.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk notched decent volume RM505m; with interest seen equally across the GG-AA part of the curve. The govt-guaranteed KHAZA 8/24 saw substantial RM80m in nominal trades; edging 1bps lower compared to previous-done levels at 3.50%. The AAA-rated TELEKOM 10/28 saw the highest frequency of trades; moving 3bps lower at 3.82% levels whilst TENAGA 8/38 edged 1bps higher instead at 4.10%. AA-rated UEM Sunrise 5/23 saw strong demand closing sharply lower on yields at 3.91% whilst the 12/24 tranche closed unchanged at 3.99%.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.081	423	3.050	01/08/2019	3
MGS	11/19	3.081	5	3.071	01/08/2019	1
MGS	03/20	3.128	179	3.129	01/08/2019	0
MGS	07/20	3.143	26	3.162	01/08/2019	-2
MGS	10/20	3.178	300	3.165	01/08/2019	1
MGS	02/21	3.224	121	3.232	31/07/2019	-1
MGS	07/21	3.229	142	3.253	01/08/2019	-2
MGS	09/21	3.245	71	3.256	01/08/2019	-1
MGS	11/21	3.252	115	3.249	01/08/2019	0
MGS	03/22	3.260	368	3.284	01/08/2019	-2
MGS	08/22	3.330	1	3.344	01/08/2019	-1
MGS	09/22	3.325	9	3.323	01/08/2019	0
MGS	04/23	3.404	1	3.400	01/08/2019	0
MGS	08/23	3.410	77	3.423	01/08/2019	-1
MGS	06/24	3.417	168	3.432	01/08/2019	-2
MGS	07/24	3.442	177	3.464	01/08/2019	-2
MGS	09/24	3.447	279	3.471	01/08/2019	-2
MGS	03/25	3.510	141	3.531	01/08/2019	-2
MGS	09/25	3.514	169	3.550	01/08/2019	-4
MGS	07/26	3.524	284	3.554	01/08/2019	-3
MGS	11/26	3.563	19	3.597	01/08/2019	-3
MGS	03/27	3.649	3	3.634	01/08/2019	2
MGS	11/27	3.643	13	3.638	01/08/2019	0
MGS	06/28	3.619	258	3.648	01/08/2019	-3
MGS	08/29	3.574	147	3.606	01/08/2019	-3
MGS	04/30	3.708	2	3.743	01/08/2019	-3
MGS	06/31	3.770	23	3.806	31/07/2019	-4
MGS	04/33	3.858	73	3.855	01/08/2019	0
MGS	11/33	3.804	114	3.844	01/08/2019	-4
MGS	07/34	3.766	194	3.801	31/07/2019	-4
MGS	05/35	3.854	16	3.896	31/07/2019	-4
MGS	06/38	3.964	79	4.004	01/08/2019	-4
MGS	03/46	4.184	20	4.221	01/08/2019	-4
MGS	07/48	4.152	58	4.181	01/08/2019	-3
GII	08/20	3.149	30	3.155	31/07/2019	-1
GII	03/21	3.219	52	3.241	31/07/2019	-2
GII	03/22	3.283	270	3.299	01/08/2019	-2
GII	04/22	3.316	6	3.323	31/07/2019	-1
GII	07/23	3.427	20	3.415	26/07/2019	1
GII	11/23	3.437	5	3.458	01/08/2019	-2
GII	10/24	3.432	6	3.447	01/08/2019	-2
GII	08/25	3.506	20	3.534	31/07/2019	-3
GII	10/25	3.536	30	3.554	01/08/2019	-2
GII	03/26	3.521	402	3.581	01/08/2019	-6
GII	09/26	3.559	220	3.599	01/08/2019	-4
GII	07/27	3.589	35	3.625	01/08/2019	-4
GII	07/29	3.589	24	3.646	01/08/2019	-6
GII	06/33	3.820	100	3.860	01/08/2019	-4
GII	10/35	3.878	130	3.911	29/07/2019	-3
GII	08/37	3.971	100	4.002	29/07/2019	-3
GII	09/39	3.973	210	4.008	01/08/2019	-4
			<u>5733</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*
Khazanah Nasional Berhad	08/24	GG	3.501	85	3.51	19/07/2019	-1	9
Prasarana Malaysia Berhad	03/28	GG	3.665	20	3.681	25/07/2019	-2	8
DanaInfra Nasional Berhad	05/28	GG	3.665	20	3.668	24/07/2019	0	8
Perbadanan Tabung Pendidikan Tinggi Nasiona	03/39	GG	4.049	10	4.189	25/06/2019	-14	9
Prasarana Malaysia Berhad	02/41	GG	4.059	10	4.951	27/09/2018	-89	10
Cagamas Berhad	11/20	AAA	3.455	1	3.604	25/06/2019	-15	30
Mercedes-Benz Services Malaysia Sdn Berhad	05/22	AAA	3.638	10	3.844	28/06/2019	-21	37
Mercedes-Benz Services Malaysia Sdn Berhad	06/22	AAA	3.659	10	3.847	01/07/2019	-19	39
Malaysia Steel Works (KL) Berhad	11/22	AAA	4.214	5	4.218	01/08/2019	0	94
GENM Capital Berhad	07/23	AAA	3.777	15	4.076	19/07/2019	-30	40
KIP REIT Capital Sdn Berhad	07/26	AAA	4.449	10			-	94
GENM Capital Berhad	03/27	AAA	3.921	15	4.769	18/02/2019	-85	36
Telekom Malaysia Berhad	10/28	AAA	3.815	80	3.846	24/07/2019	-3	23
Tenaga Nasional Berhad	08/38	AAA	4.099	50	4.09	01/08/2019	1	14
YTL Corporation Berhad	11/26	AA1	4.047	20	4.085	25/07/2019	-4	54
TRIpIc Medical Sdn Berhad	10/32	AA1	4.228	5	4.229	01/08/2019	0	46
Anih Berhad	11/24	AA	4.054	2	4.057	01/08/2019	0	64
Country Garden Real Estate Sdn Berhad	02/23	AA3	6.528	10	6.448	01/08/2019	8	315
Perbadanan Kemajuan Negeri Selangor	08/23	AA3	4.166	5	4.169	01/08/2019	0	79
Perbadanan Kemajuan Negeri Selangor	10/23	AA3	4.179	10	4.182	01/08/2019	0	80
Bumitama Agri Ltd	07/26	AA3	3.999	5	4.001	01/08/2019	0	49
Celcom Networks Sdn Berhad	10/26	AA+	3.918	5	4.133	03/07/2019	-22	41
Celcom Networks Sdn Berhad	08/27	AA+	3.929	10	4.051	23/07/2019	-12	36
Edra Energy Sdn Berhad	07/34	AA3	4.839	10	4.889	31/07/2019	-5	108
Segi Astana Sdn Berhad	01/23	AA-	4.839	1	4.849	01/08/2019	-1	157
UEM Sunrise Berhad	05/23	AA-	3.908	75	4.228	10/06/2019	-32	53
UEM Sunrise Berhad	12/24	AA-	3.986	5	3.989	01/08/2019	0	57
CIMB Group Holdings Berhad	05/16	A1	4.719	1	4.358	17/07/2019	36	76
Eco World International Berhad	04/23	-	6.099	1	5.623	26/07/2019	48	-
				<u>505</u>				

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

Market/Corporate News: What's Brewing

Shares in Paramount Corp Bhd rose over 2% in early trade Monday after announcing its latest corporate exercise. The developer rose 2.07%, or three sen to RM1.48 while Paramount-WA surged 6,000%, or 30 sen to 30.5 sen with over five million shares traded. **Paramount has announced the establishment an unrated perpetual securities issuance programme of up to RM500mil in nominal value.** It said the proceeds raised from the programme would be used to refinance existing debt obligations, finance investments and for working capital purposes. (Source: The Star)

Swiss-Garden Hotel Bukit Bintang in Jalan Pudu here has a new owner. Hotel tycoon Choo Chong Ngen, Singapore's 10th richest with a net worth of US\$2.8 billion (RM11.64 billion), bought the property from OSK Holdings Bhd last year for RM170 million. "The group decided to sell the asset as we were looking to rationalise our portfolio of properties. This is part of an ongoing group-wide asset review exercise undertaken by our parent company," Swiss-Garden International Hotels, Resorts and Inns' chief operating officer Peter Gan told The Edge Financial Daily. Documents sighted by The Edge showed that the transaction was made through Chong Ngen's privately-held Allstar Odyssey Sdn Bhd. A search on the Companies Commission of Malaysia website revealed that Allstar is owned by

Legend Land Malaysia Pte Ltd, whose directors are Chong Ngen and Choo Bee Lian. Legend Land Malaysia is a Singapore-based company with its registered address at Parkway Parade, Singapore, which is also the registered address of Hotel 81 Management Pte Ltd. The 296-room Swiss-Garden Hotel Bukit Bintang marks Chong Ngen's second hotel here, joining the 154-room Nova Hotel in Jalan Alor. The quarter-century old Swiss-Garden Hotel Bukit Bintang, formerly known as Swiss-Garden Hotel Kuala Lumpur, is currently undergoing extensive renovation and is slated to reopen on Aug 15. In December 2017, Chong Ngen, founder of the Hotel 81 budget chain in Singapore, had bought Nova Hotel for RM63.8 million through Regalwide Holdings Sdn Bhd. It has since hired an international hotel operator and rebranded the hotel as Travelodge Bukit Bintang. It is understood that Chong Ngen is retaining OSK's Swiss-Garden International Sdn Bhd as the hotel operator for the new property. Together with the sale of Garden Lodge in Sydney, Australia, OSK made a gain on disposal of RM93.5 million for the financial year ended Dec 31, 2018 (FY18). OSK in its FY18 annual report released in March stated that it plans to use the proceeds from the disposal to fund planned renovations at other hotel properties as well as pare down its debts. With the gain, it has posted a pre-tax profit of RM73.6 million on revenue of RM81 million for FY18. Without the gain on disposal, the group's hospitality division would have posted a pre-tax loss of RM19.9 million. In October 2016, The Edge reported that OSK's wholly-owned subsidiary PJ Development Holdings Bhd (PJD) had put three hotels — Swiss-Garden Beach Resort Kuantan, Pahang, Swiss-Inn Johor Baru, Johor and Swiss-Inn Sungai Petani, Kedah — up for sale. PJD, which was taken private by OSK in 2016, has not sold any of the hotels. "Investing and divesting is a natural process and an important aspect of the hotel business. As such, we are also open to consider suitable bids for the hotels if the pricing is right. In the meantime, we are committed to managing our hotels in the best possible manner to serve our guests and generate returns for our shareholders," Gan said of the three unsold hotel assets. In addition to the three hotels in Pahang, Johor and Kedah, the group also owns the Swiss-Inn Chinatown Kuala Lumpur and the Swiss-Garden Beach Resort, Damai Laut in Lumut, Perak. On whether the group will consider selling its other hotel assets, Gan said OSK is keeping its options open. "Many hospitality groups build new hotels or buy existing hotels, and concurrently divest existing hotels. Should there be suitable bids [for] our assets, we would be open to selling our hotels. Likewise, we can also consider growing our portfolio of assets if we come across suitable opportunities," he added. Apart from the five hotels that it owns, the group also manages Swiss-Garden Resort Residences, Sg Karang in Kuantan, Pahang and Swiss-Garden Residences Kuala Lumpur. It will launch the 561-room Swiss-Garden Hotel & Residences, Genting Highlands, Pahang this month. Swiss-Garden Hotel Melaka, meanwhile, is a franchised property. Although itself a hotel operator, OSK recently hired its international counterpart to operate its hotel in Damai Laut. To this, Gan said: "OSK has invested substantial sums of capital over a long period of time in developing tourism in the Manjung district in Perak, where Damai Laut is located. This is where our executive chairman Tan Sri Ong Leong Huat grew up, and he has a strong commitment to the wellbeing and development of his hometown." He added that as part of its effort to contribute to the growth of tourism in the state, OSK has invested in the hotel and developed infrastructure such as roads, a jetty and lighthouse, an 18-hole award-winning golf course, holiday bungalows and apartments and a mini water theme park. "The group has decided to rebrand Swiss-Garden Beach Resort Damai Laut into a DoubleTree by Hilton Damai Laut Resort to draw more international clientele to the hotel. Also, Hilton is a world-renowned hotel operator with a strong brand and a large customer base. It is our hope that this

partnership would give greater prominence to Lumut as an international tourist destination,” explained Gan. Hilton is expected to take over the management of the 291-room hotel next year. This collaboration with Hilton is the second partnership between OSK and the Hilton Group following a recent signing between Yarra Park City Pty Ltd — OSK’s joint venture company with the Employees’ Provident Fund in Melbourne, Australia — and Hilton for a 600-room hotel in Melbourne Square. The yet-to-be-built hotel will form part of a A\$2.8 billion (RM7.9 billion) mixed-use development there. (Source: *The Edge*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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