

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.60	-3
5-yr UST	1.63	-4
10-yr UST	1.82	-4
30-yr UST	2.30	-4

MGS			GII*	
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.10	1	3.13	1
5-yr	3.27	3	3.30	-1
7-yr	3.43	2	3.40	-1
10-yr	3.45	1	3.92	0
15-yr	3.68	3	3.79	0
20-yr	3.81	4	3.93	1
30-yr	4.04	1	4.10	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.33	0
3-yr	3.34	0
5-yr	3.38	-1
7-yr	3.40	-2
10-yr	3.43	-1

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries gained following reports that an interim US-China trade deal may be delayed to December and also as investors seemed eager to seek values after a 3-day sell-off. The labor Department's release of Non-farm productivity fell to a 4-year low of 0.3% annualized rate; defying economists estimate of 0.9% growth. The curve shifted lower as overall benchmark yields ended 3-4bps lower. The UST 2Y closed at 1.60% whilst the much-watched 10Y declined 4bps at 1.82%. The \$27b 10Y auction saw solid bidding metrics at a BTC ratio of 2.49x at an average yield of 1.809% (Previous 6 auctions: 2.36x; averaging 1.945%). Meanwhile investors are expected to monitor the upcoming issuance of \$19b of 30Y notes today.

MGS/GII

- Local govies continued to weaken on Wednesday post-MPC as investors digested BNM's statement and weighed the possible factors on the interest rate outlook going forward as secondary market volume eased to RM3.29b. Interest was skewed mainly in the shorter-tenured off-the-run 19-20's, 23's and also the longer-end GII bonds. Overall benchmark yields ended mostly higher between 0-4bps again save for the 5-7Y GII bonds. The benchmark 5Y MGS 6/24 closed 3bps higher at 3.27% whilst the 10Y MGS 8/29 edged 1bps higher at 3.45%. GII trades dropped to form ~38% of overall trades. Meanwhile the government is seen satisfied with existing growth outlook with the economy relatively resilient to the fallout from escalating US-China trade war.

Corp Bonds/Sukuk

- Corporate bonds/sukuk space continued to see muted interest with volume at RM254m. Overall interest was seen mainly in the AAA to AA-part of the curve as overall yields however ended mostly mixed-to-lower. The sole Govt-guaranteed PRASA 3/24 however rose 13bps compared to previous-done levels at 3.45%. AAA-rated EKVE 31 and 34 closed sharply lower on yields at 4.07% and 4.17% respectively. The AA-space was dominated by enry-related bonds like YTL Power, EDRA and MALAKOFF. EDRA Solar saw its 2031 and 2034 tranches make its debut secondary trades at 4.55% and 4.73%; between 10-12bps below their coupon rates as these papers were only issued recently last month. Expect portfolio managers to continue seeking values across the curve.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 11/19	3.003	263	3.029	05/11/2019	-3
MGS 03/20	2.955	945	3.018	05/11/2019	-6
MGS 10/20	3.061	28	3.058	05/11/2019	0
MGS 02/21	3.082	12	3.091	05/11/2019	-1
MGS 07/21	3.093	3	3.102	05/11/2019	-1
MGS 09/21	3.105	16	3.104	05/11/2019	0
MGS 11/21	3.101	19	3.090	05/11/2019	1
MGS 03/22	3.099	29	3.091	05/11/2019	1
MGS 08/22	3.144	14	3.140	04/11/2019	0
MGS 09/22	3.135	5	3.143	05/11/2019	-1
MGS 03/23	3.194	306	3.210	05/11/2019	-2
MGS 04/23	3.194	4	3.232	05/11/2019	-4
MGS 08/23	3.218	1	3.204	05/11/2019	1
MGS 06/24	3.273	130	3.242	05/11/2019	3
MGS 07/24	3.321	18	3.299	05/11/2019	2
MGS 09/24	3.323	13	3.355	05/11/2019	-3
MGS 03/25	3.367	3	3.347	05/11/2019	2
MGS 09/25	3.385	94	3.376	05/11/2019	1
MGS 04/26	3.440	2	3.391	04/11/2019	5
MGS 07/26	3.433	180	3.416	05/11/2019	2
MGS 11/26	3.434	5	3.410	05/11/2019	2
MGS 05/27	3.464	1	3.462	31/10/2019	0
MGS 11/27	3.425	4	3.439	05/11/2019	-1
MGS 06/28	3.491	18	3.429	05/11/2019	6
MGS 08/29	3.447	161	3.438	05/11/2019	1
MGS 04/30	3.606	2	3.584	05/11/2019	2
MGS 04/33	3.720	4	3.727	05/11/2019	-1
MGS 11/33	3.745	8	3.732	05/11/2019	1
MGS 07/34	3.677	26	3.650	05/11/2019	3
MGS 04/37	3.776	13	3.776	05/11/2019	0
MGS 06/38	3.808	42	3.764	05/11/2019	4
MGS 03/46	4.030	7	4.024	05/11/2019	1
MGS 07/48	4.044	6	4.033	05/11/2019	1
GII 04/20	3.036	5	3.061	05/11/2019	-2
GII 05/20	2.991	10	3.001	05/11/2019	-1
GII 03/21	3.116	1	3.093	05/11/2019	2
GII 03/22	3.125	20	3.119	05/11/2019	1
GII 04/22	3.131	15	3.131	05/11/2019	0
GII 10/24	3.301	1	3.312	05/11/2019	-1
GII 10/25	3.397	38	3.409	05/11/2019	-1
GII 03/26	3.401	16	3.410	05/11/2019	-1
GII 10/28	3.431	7	3.467	01/11/2019	-4
GII 09/30	3.629	60	3.635	05/11/2019	-1
GII 06/33	3.837	330	3.835	05/11/2019	0
GII 08/33	3.840	30	3.845	01/11/2019	-1
GII 08/37	3.961	234	3.945	05/11/2019	2
GII 09/39	3.927	148	3.920	05/11/2019	1
		<u>3292</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*
Prasarana Malaysia Berhad	03/24	GG	3.447	10	3.320	06/09/2019	13	21
Puncak Wangi Sdn Berhad	11/20	AAA	4.121	25	-	-	-	107
Malaysia Steel Works (KL) Berhad	11/21	AAA	3.995	10	4.900	30/11/2018	-91	91
Genting RMTN Berhad	11/29	AAA	4.000	42	4.130	05/11/2019	-13	55
EKVE Sdn Berhad	01/31	AAA	4.066	10	4.338	23/05/2019	-27	61
EKVE Sdn Berhad	01/34	AAA	4.170	10	5.049	31/07/2018	-88	51
Genting RMTN Berhad	11/34	AAA	4.240	13	4.307	05/11/2019	-7	58
YTL Corporation Berhad	04/23	AA1	3.798	10	3.889	09/08/2019	-9	69
YTL Power International Berhad	06/28	AA1	4.179	10	4.498	13/06/2019	-32	73
Edra Solar Sdn Berhad	10/31	AA2	4.549	5	-	-	-	110
Edra Solar Sdn Berhad	10/34	AA2	4.729	5	-	-	-	107
Tadau Energy Sdn Berhad	07/21	AA3	3.957	10	-	-	-	87
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/20	AA-	3.692	20	3.947	11/07/2019	-26	64
UEM Edgenta Berhad	04/22	AA-	3.815	10	3.816	14/10/2019	0	73
Sinar Kamiri Sdn Berhad	01/26	AA-	4.921	10	4.930	04/11/2019	-1	157
Sinar Kamiri Sdn Berhad	01/27	AA-	5.001	20	5.117	14/08/2019	-12	162
MMC Corporation Berhad	11/27	AA-	4.898	10	4.898	05/11/2019	0	148
MMC Corporation Berhad	03/28	AA-	4.918	10	4.899	29/10/2019	2	150
Malakoff Power Berhad	12/30	AA-	4.149	10	4.688	24/01/2019	-54	70
Alliance Bank Malaysia Berhad	11/17	BBB1	5.015	1	5.570	28/11/2018	-56	124
Eco World International Berhad	04/23	-	5.916	1	5.631	05/11/2019	29	281
YNH Property Berhad	08/19	-	6.598	2	6.772	05/11/2019	-17	282
				<u>254</u>				

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

Market/Corporate News: What's Brewing

Payment for the Pan Borneo highway project has been delayed by three months by Lebuhraya Borneo Utara (LBU), whose role is as the project delivery partner (PDP), said Minister of Works, Baru Bian. He said he received a lot of reports on the project being carried out a bit slow and there were some packages that did not seem to work. "I'm very happy to note that works on progress is ongoing. There is not much problem and they (contractors) do recognise there are some delays. "The contractors said they are complaining about some delays in getting their claims settled. On the average, three months delay," he said in a media conference here today. Baru added that the delay was since July. "Of course if they haven't been paid on time, how would the contractors want to proceed and I am very sympathetic with them because it involves a large amount of money." Baru said currently, the whole project is under LBU while the Ministry of Works would only take over the project in February 2020. Meanwhile, Baru assured that when the Works Ministry takes over the project in February next year, all payments to the contractors will be made within 30 days. Baru said he also received a complaint regarding the bad condition of the roads along the alignment of the Pan Borneo and had instructed the contractors to improve the road conditions as well as provide any necessary features for the safety of road users. "I think the signage and the blinkers at night must be there. Sufficient warning to all road users must be given because it involves their safety," he said.. (Source: The EdgeMarkets)

Petroleum Nasional Bhd (Petronas) was recently approached by Saudi Aramco to participate in the Middle Eastern company's initial public offering, Reuters reported Petronas as saying. "Petronas confirms that we have been recently approached by representatives of Saudi Aramco to consider Petronas' participation in its initial public offering exercise," Petronas said in an email, according to the newswire. "However, we will not be providing any further comments on this matter at this time." Petronas and Saudi Aramco currently have a US\$16bil joint project – the Refinery and Petrochemical Integrated Development – in Pengerang, Johor, which will be fully operational in the fourth quarter of this year. The project will see some 300,000 barrels produced per day, making

Malaysia into a net exporter of refined fuels for the first time in more than a decade. (Source: Star)

Tenaga Nasional Bhd (TNB) has entered into agreements for its proposed internal reorganisation involving the transfer of its domestic power generation and electricity retail businesses into two new units, GenCo and RetailCo respectively. In a filing with Bursa Malaysia today, TNB said it has sealed a conditional GenCo share purchase agreement (SPA) and conditional GenCo asset purchase agreement (APA) with its wholly-owned subsidiary, TNB Power Generation Sdn Bhd (TPGSB), for the transfer of the generation business to TPGSB by way of a scheme. The giant utility also entered into a conditional RetailCo SPA and conditional RetailCo APA with its wholly-owned subsidiary TNB Retail Sdn Bhd (TRSB) for the transfer of the retail business to TRSB by way of a scheme. It said the shares of TNB Renewables Sdn Bhd (TNB Renewables) will no longer be transferred to TPGSB, pursuant to the proposed GenCo transfer as disclosed in Section 2.1.1 of the initial announcement. Instead, the shares of TNB Bukit Selambau Solar Sdn Bhd, the wholly-owned subsidiary of TNB Renewables, will now be transferred to TPGSB pursuant to the proposed GenCo transfer. "Save for the conditions precedent of the RetailCo SPA and RetailCo APA, the other salient terms of the RetailCo SPA and RetailCo APA as disclosed in Section 2.2.3 of the initial announcement remain unchanged," it added. TNB said the proposed consideration for the GenCo assets & liabilities and RetailCo assets & liabilities based on the net carrying value in the unaudited pro forma balance sheet of the generation business and retail business as at Dec 31, 2018 stood at RM12.05 billion and RM2 billion respectively, due to the exclusion of certain liabilities and properties which do not form part of the generation and retail businesses to be transferred. (Source: The EdgeMarkets)

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

Source: RAM, MARC

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