

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.61	2
5-yr UST	1.55	4
10-yr UST	1.74	3
30-yr UST	2.25	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.25	-6	3.28	-2
5-yr	3.33	-10	3.40	-3
7-yr	3.48	-4	3.47	-5
10-yr	3.50	-7	3.57	-1
15-yr	3.76	-3	3.78	-1
20-yr	3.93	0	3.95	-3
30-yr	4.17	-1	4.15	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.30	-2
3-yr	3.28	-4
5-yr	3.29	-5
7-yr	3.33	-7
10-yr	3.45	-5

Source : Bloomberg

Upcoming Government Bond Tender

Reopening of RM3.0b 5Y MGS 10/24 on Thursday,
8th Aug 2019

US Treasuries

• US Treasuries ended weaker on Wednesday; having pared earlier gains that saw yields almost touch YTD lows. led by weaker 10Y auction metrics (auction of \$27b 10Y bonds notched a BTC ratio of 2.20x; drawing a yield of 1.67%). The curve shifted higher with overall benchmark yields closing 2-4bps higher with the the UST 2Y at 1.61% and the much-watched 10Y up 3bps at 1.74%. Investors who earlier were confident that the Fed would limit itself to a 25bps rate cut (with Fed Chair Powell, indirectly insinuating this market assumption) are seeing events unfold with such swiftness that in just a few days dollar bulls lost ground. Some of these include the upcoming imposition of 10% tariffs on \$300b of Chinese goods, devaluation of Renminbi , 50bps cut in RBNZ rate and easing of monetary policy of both central banks of Thailand and India.

MGS/GII

• Trading momentum in local govies picked-up with volume boosted to RM5.46b with strong bids seen across the curve. Interest was seen across off-the-run 19-21's and also benchmark 3Y, 5Y, 7Y and 10Y bonds. Overall benchmark yields ended 0-10bps lower across with the 5Y benchmark MGS 6/24 rallying the most by 10bps at 3.33% whilst the 10Y MGS 8/29 seeing strong inflows as yields ended 7bps lower at 3.50%. GII trades dropped to form 35% of overall trades. Local govies have been resilient with foreign holdings rising yet again for the 2nd month in a row by RM5.6b in July (June: up by RM5.8b). Expect investors to focus on the auction of 5Y MGS 10/24 today.

Corp Bonds/Sukuk

• Corporate Bonds/Sukuk saw solid interest as volume notched a YTD high of RM2.0b with interest mainly across the GG-segment, followed by the AAA and AA-part of the curve as yields ended mostly lower. A slew of DANA (RM260m) and PRASA (RM240m) nominal amount of bonds dominated the Govt-guaranteed sector. DANA 25-26's saw yields close lower lower compared to previous-done levels between 3.51-59% levels whilst PTPTN 7/28 saw its maiden trade at 3.71% (coupon 4.25% issued in 2013). AAA-rated CAGAMAS 5/233 saw RM235m in nominal amounts traded 13bps lower at 3.62%. In the AA-space UMW 2/21 and 6/22 closed 30-88bps lower at 3.65% and 3.70% whilst both highway operator KESTURI 12/28 and DUKE 8/29 closed unchanged at 4.29% and 4.43% each.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.101	174	3.079	06/08/2019	2
MGS	11/19	3.081	38	3.080	06/08/2019	0
MGS	03/20	3.131	40	3.140	06/08/2019	-1
MGS	07/20	3.133	176	3.160	05/08/2019	-3
MGS	10/20	3.153	253	3.209	06/08/2019	-6
MGS	02/21	3.236	8	3.224	02/08/2019	1
MGS	07/21	3.228	67	3.245	06/08/2019	-2
MGS	09/21	3.243	100	3.292	06/08/2019	-5
MGS	11/21	3.270	173	3.270	06/08/2019	0
MGS	03/22	3.248	339	3.304	06/08/2019	-6
MGS	08/22	3.306	2	3.316	06/08/2019	-1
MGS	09/22	3.311	8	3.328	06/08/2019	-2
MGS	03/23	3.365	5	3.376	01/08/2019	-1
MGS	04/23	3.391	151	3.396	06/08/2019	0
MGS	08/23	3.380	93	3.398	06/08/2019	-2
MGS	06/24	3.331	320	3.429	06/08/2019	-10
MGS	07/24	3.448	41	3.459	06/08/2019	-1
MGS	09/24	3.432	27	3.460	06/08/2019	-3
MGS	03/25	3.505	100	3.513	06/08/2019	-1
MGS	09/25	3.529	48	3.537	06/08/2019	-1
MGS	04/26	3.520	25	3.584	01/08/2019	-6
MGS	07/26	3.482	392	3.526	06/08/2019	-4
MGS	11/26	3.540	29	3.582	06/08/2019	-4
MGS	03/27	3.629	1	3.649	02/08/2019	-2
MGS	11/27	3.575	6	3.612	06/08/2019	-4
MGS	06/28	3.589	51	3.636	06/08/2019	-5
MGS	08/29	3.498	326	3.567	06/08/2019	-7
MGS	04/30	3.644	61	3.738	06/08/2019	-9
MGS	06/31	3.708	100	3.789	05/08/2019	-8
MGS	04/33	3.825	50	3.837	06/08/2019	-1
MGS	11/33	3.799	72	3.813	06/08/2019	-1
MGS	07/34	3.757	24	3.784	05/08/2019	-3
MGS	04/37	3.954	19	3.972	06/08/2019	-2
MGS	06/38	3.926	47	3.930	05/08/2019	0
MGS	09/43	4.131	60	4.128	06/08/2019	0
MGS	03/46	4.188	10	4.137	05/08/2019	5
MGS	07/48	4.172	131	4.184	06/08/2019	-1
GII	08/19	3.126	10	3.092	19/06/2019	3
GII	03/21	3.217	89	3.219	02/08/2019	0
GII	03/22	3.278	370	3.294	06/08/2019	-2
GII	07/22	3.310	10	3.342	23/07/2019	-3
GII	11/22	3.323	10	3.360	23/07/2019	-4
GII	07/23	3.398	30	3.427	02/08/2019	-3
GII	05/24	3.427	70	3.466	06/08/2019	-4
GII	08/24	3.443	260	3.467	06/08/2019	-2
GII	10/24	3.400	40	3.426	06/08/2019	-3
GII	08/25	3.496	40	3.515	06/08/2019	-2
GII	03/26	3.469	120	3.523	06/08/2019	-5
GII	09/26	3.511	120	3.557	06/08/2019	-5
GII	10/28	3.592	120	3.645	06/08/2019	-5
GII	07/29	3.569	70	3.577	06/08/2019	-1
GII	09/30	3.706	10	3.699	06/08/2019	1
GII	06/33	3.793	50	3.829	06/08/2019	-4
GII	08/33	3.867	40	3.840	06/08/2019	3
GII	11/34	3.780	50	3.794	06/08/2019	-1
GII	10/35	3.867	80	3.878	02/08/2019	-1
GII	08/37	3.961	110	3.979	06/08/2019	-2
GII	09/39	3.952	70	3.979	06/08/2019	-3
GII	05/47	4.190	120	4.201	06/08/2019	-1
			<u>5457</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	03/20	GG	3.208	40	3.257	16/07/2019	-5	6
Khazanah Nasional Berhad	08/23	GG	3.459	10	3.465	12/07/2019	-1	11
DanaInfra Nasional Berhad	10/23	GG	3.470	50	3.468	05/08/2019	0	12
Khazanah Nasional Berhad	03/24	GG	3.501	20	3.580	25/06/2019	-8	12
DanaInfra Nasional Berhad	04/25	GG	3.511	90	3.560	08/07/2019	-5	4
DanaInfra Nasional Berhad	05/25	GG	3.511	20	3.918	26/03/2019	-41	4
DanaInfra Nasional Berhad	10/26	GG	3.589	10	3.631	25/07/2019	-4	10
GovCo Holdings Berhad	02/27	GG	3.668	30	3.717	23/07/2019	-5	13
Perbadanan Tabung Pendidikan Tinggi Nasiona	03/27	GG	3.669	60	3.691	12/07/2019	-2	13
DanaInfra Nasional Berhad	07/27	GG	3.661	5	3.812	14/06/2019	-15	12
Prasarana Malaysia Berhad	09/27	GG	3.628	30	3.658	06/08/2019	-3	9
Turus Pesawat Sdn Berhad	11/27	GG	3.824	60	3.840	23/07/2019	-2	28
Turus Pesawat Sdn Berhad	02/28	GG	3.829	130	3.990	17/06/2019	-16	27
Perbadanan Tabung Pendidikan Tinggi Nasiona	02/28	GG	3.659	40	3.954	10/06/2019	-30	10
Prasarana Malaysia Berhad	03/28	GG	3.677	20	3.667	06/08/2019	1	12
DanaInfra Nasional Berhad	05/28	GG	3.675	5	3.665	02/08/2019	1	12
Perbadanan Tabung Pendidikan Tinggi Nasiona	07/28	GG	3.710	200	-	-	-	15
Prasarana Malaysia Berhad	08/28	GG	3.681	5	3.999	10/05/2019	-32	13
Lembaga Pembiayaan Perumahan Sektor Awai	10/28	GG	3.678	30	3.728	05/07/2019	-5	12
DanaInfra Nasional Berhad	11/28	GG	3.689	20	3.780	02/07/2019	-9	13
DanaInfra Nasional Berhad	02/29	GG	3.701	10	3.699	29/07/2019	0	17
Perbadanan Tabung Pendidikan Tinggi Nasiona	03/29	GG	3.726	25	3.820	01/07/2019	-9	20
Prasarana Malaysia Berhad	03/29	GG	3.713	20	3.710	12/07/2019	0	18
DanaInfra Nasional Berhad	03/29	GG	3.704	10	3.730	09/07/2019	-3	17
Prasarana Malaysia Berhad	09/29	GG	3.690	130	3.787	03/07/2019	-10	16
Prasarana Malaysia Berhad	03/30	GG	3.728	35	3.930	13/06/2019	-20	20
Perbadanan Tabung Pendidikan Tinggi Nasiona	07/31	GG	3.761	10	3.888	15/07/2019	-13	23
DanaInfra Nasional Berhad	10/31	GG	3.769	10	3.942	19/06/2019	-17	24
Lembaga Pembiayaan Perumahan Sektor Awai	04/32	GG	3.814	20	4.651	03/10/2018	-84	6
DanaInfra Nasional Berhad	02/33	GG	3.830	20	3.889	23/07/2019	-6	7
DanaInfra Nasional Berhad	11/34	GG	3.870	5	3.880	06/08/2019	-1	11
Perbadanan Tabung Pendidikan Tinggi Nasiona	07/41	GG	4.039	70	4.144	24/07/2019	-11	10
Jambatan Kedua Sdn Berhad	07/41	GG	4.050	15	4.125	26/07/2019	-8	11
DanaInfra Nasional Berhad	04/43	GG	4.115	10	4.250	02/07/2019	-14	17
Cagamas Berhad	09/20	AAA	3.404	5	3.950	06/09/2018	-55	25
Cagamas Berhad	11/20	AAA	3.400	10	3.384	16/07/2019	2	25
Cagamas Berhad	05/23	AAA	3.619	235	3.744	13/06/2019	-13	27
Malaysia Steel Works (KL) Berhad	11/23	AAA	4.307	5	4.310	06/08/2019	0	95
Zamarad Assets Berhad	07/24	AAA	4.438	5	4.441	06/08/2019	0	106
Zamarad Assets Berhad	03/26	AAA	4.339	5	4.341	06/08/2019	0	85
Danga Capital Berhad	01/33	AAA	3.908	50	3.880	05/08/2019	3	15
Tenaga Nasional Berhad	08/33	AAA	3.920	10	4.099	05/07/2019	-18	16
Danga Capital Berhad	09/33	AAA	3.829	10	3.890	05/08/2019	-6	7
Tenaga Nasional Berhad	08/38	AAA	4.050	10	4.071	06/08/2019	-2	11
Public Bank Berhad	04/27	AA1	3.751	160	3.751	05/08/2019	0	21
YTL Power International Berhad	05/27	AA1	4.083	10	4.098	06/08/2019	-1	54
Public Bank Berhad	10/28	AA1	3.850	60	4.453	26/03/2019	-60	29
TRIplic Medical Sdn Berhad	10/33	AA1	4.268	5	4.269	06/08/2019	0	51
UMW Holdings Berhad	02/21	AA2	3.649	20	4.528	27/04/2018	-88	41
UMW Holdings Berhad	06/22	AA2	3.702	5	4.004	24/05/2019	-30	43
Anih Berhad	11/25	AA	3.998	20	4.128	23/07/2019	-13	53
Tadau Energy Sdn Berhad	07/23	AA3	4.338	5	4.341	06/08/2019	0	99
Besraya (M) Sdn Berhad	07/27	AA3	4.428	2	4.429	06/08/2019	0	89
CIMB Thai Bank Public Company Limited	03/28	AA3	3.973	20	3.997	06/08/2019	-2	42
IJM Corporation Berhad	08/28	AA3	4.220	40	4.631	25/04/2019	-41	66
Edra Energy Sdn Berhad	07/31	AA3	4.669	1	4.710	05/08/2019	-4	114
MMC Corporation Berhad	04/27	AA-	4.938	5	4.940	06/08/2019	0	140
SAJ Capital Sdn Berhad	01/28	AA-	4.528	5	4.529	06/08/2019	0	99
Konsortium Lebuhraya Utara-Timur (KL) Sdn B	12/28	AA-	4.289	5	4.291	06/08/2019	0	73
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/29	AA-	4.430	5	4.431	06/08/2019	0	90
DRB-Hicom Berhad	02/22	A+	5.148	2	4.668	15/07/2019	48	188
MMC Corporation Berhad	11/20	AA-	4.392	20	4.407	26/07/2019	-1	124
				2000				

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

Market/Corporate News: What's Brewing

Investors rushed into the safety of U.S. government bonds on Wednesday, muting a broad stocks rally as fears of a global recession grew. Yields on the benchmark 10-year Treasury note fell to their lowest levels since October 2016, and gold soared to a six-year high, while riskier assets like stocks and oil slid. On Wall Street, the Dow Jones Industrial Average opened more than 500 points lower, helping erase gains in European shares, before ending the day close to where it started. MSCI's gauge of stocks across the globe gained 0.16%. "Bonds are being bought in a panic mode," said Andrew Brenner, managing director at National Alliance Capital Markets. The Dow Jones Industrial Average fell 22.45 points, or 0.09%, to 26,007.07, the S&P 500 gained 2.21 points, or 0.08%, to 2,883.98 and the Nasdaq Composite added 29.56 points, or 0.38%, to 7,862.83. The pan-European STOXX 600 index rose 0.24%. There were few clear reasons for the afternoon rebound in U.S. stocks from their earlier lows. "It's become a matter of buyers remaining interested in continuing to buy stocks that they feel have been oversold and a lack of sellers' supply," said Michael James, managing director of equity trading at Wedbush Securities in Los Angeles. U.S. shares had gained overnight after President Donald Trump downplayed worries of a lengthy trade war and senior adviser Larry Kudlow said Trump's administration was planning to host a Chinese delegation for talks in September. Wall Street futures gauges also rose. The U.S. administration's remarks marked a shift in tone from recent days, when Beijing warned that Washington's labeling China as a currency manipulator would have severe consequences for the global financial order. The U.S. move rattled financial markets and dimmed hopes the trade war was ending. Since then, China's state banks have been active in the onshore yuan forwards market, tightening dollar supply and supporting the Chinese currency, sources told Reuters. Despite that support, the yuan still dropped 0.2% to 7.0708 in offshore markets, with currency markets still on edge after the People's Bank of China (PBOC) set its official reference rate at an 11-year low. The skittish mood was underlined by continuing demand for currencies and commodities considered safe havens. Gold touched a six-year high of \$1,489.76 per ounce. The Japanese yen rose 0.2% to 106.26, although that was still some way from levels on Monday, when the trade war's escalation panicked investors. The rush to the yen was also fueled by a 2% slump in the New Zealand dollar after its central bank made an aggressive interest rate cut and said negative rates were possible, promoting bets on further policy easing around the world. Central banks, looking to rev up growth and fight low inflation rates, have turned increasingly dovish in recent months. Benchmark 10-year notes last rose 7/32 in price to yield 1.7156%, from 1.739% late on Tuesday, after touching earlier lows. Wednesday's trough marked their lowest yield since 2016, as investors bet on another Federal Reserve rate cut in September. Germany's 10-year bond yield fell to record lows deep in negative territory as the bigger-than-expected Kiwi interest rate cut and weak German economic data fueled the rally in bond markets. In commodity markets, oil prices slipped to near seven-month lows, with the potential for damage to the global economy and dampened demand from the Sino-U.S. trade dispute casting a shadow over the market. (Source: *The Edge*)

Genting Malaysia and Genting Bhd share prices dropped today following news yesterday that Tan Sri Lim Kok Thay, via Kien Huat Realty III Ltd, is selling 46% of the common stock in Nasdaq-listed gaming and entertainment company, Empire Resorts Inc, to Genting Malaysia for US\$128.6 million cash or RM538.8

million. www.theedgemarkets.com, quoting Genting Malaysia's Bursa filing yesterday, reported that the related party transaction is priced at US\$9.74 per share of the common stock, some 13.2 million in all, which represent about 35% of the outstanding voting power of Empire on a fully diluted basis, after conversion of all outstanding preferred stocks into common stocks. It was reported that Kien Huat currently controls an 84% stake in Empire, which has been loss making for the past two decades, according to Bloomberg. Empire posted a net loss of US\$155.36 million for the financial year ended Dec 31, 2018 — the biggest ever loss, www.theedgemarkets.com reported. Today, Rakuten Trade Sdn Bhd head of research Kenny Yee said the KLCI fell due to continued jittery sentiment against external uncertainties as a result of lingering worries on the ongoing US-China trade tension. “Basically, today's decline in the KLCI is due to profit taking after yesterday's rebound. Any upside, investors will try to lock in profit. In the very short term, markets will still be very volatile, and coupled with the announcement made by Genting Malaysia, it didn't help much with the market conditions now,” he told theedgemarkets.com. The KLCI tracked Asia stock indices' retreat amid lingering concerns on the escalating US-China trade war. Reuters reported that shares in Asia fell for an eighth straight session on Wednesday on lingering worries over the trade war, but losses and nerves were soothed somewhat by White House assurances that it wants to press ahead with negotiations. It was reported that signs that China is stepping in to steady the yuan after its recent sharp fall also helped ease investors' fears of a possible global currency war, though the yuan slipped further in morning trade, keeping markets guessing. (Source: *The Edge*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Cypark Ref Sdn Bhd	Proposed RM550 mil SRI Sukuk Murabahah Programme (2019/2040) (SRI Sukuk Murabahah)	AA3/Stable	Assigned

Source: RAM, MARC

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