

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.71	5
5-yr UST	1.64	5
10-yr UST	1.78	4
30-yr UST	2.25	4

MGS			GII*	
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.10	1	3.11	0
5-yr	3.23	0	3.24	0
7-yr	3.31	-2	3.37	3
10-yr	3.30	-3	3.38	1
15-yr	3.54	0	3.53	0
20-yr	3.62	-1	3.70	2
30-yr	3.86	0	3.81	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.26	6
3-yr	3.27	8
5-yr	3.30	5
7-yr	3.34	5
10-yr	3.42	5

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- US Treasuries ended weaker for the 4<sup>th</sup> day in a row on Thursday after a lackluster US debt auction for 30Y bond; surrendering earlier gains amid reports that US was looking into a limited trade deal with China. Markets were also digesting Draghi's comments on the need for more government spending and higher US inflation on a day that saw ECB cut rates and initiate a massive-bond buying programme. The curve shifted higher as overall benchmark yields rose between 4-5bps with both the UST 2Y and much-watched 10Y yields up at 1.71% and 1.78% levels respectively. Meanwhile the auction of \$16b of 30Y bonds saw softer bidding metrics with a BTC ratio of 2.22x (previous 6 auctions: 2.24x) that tailed 1.6bps and was awarded at 2.27%. Separately, the US budget gap widened and topped the \$1.0 trillion mark for the eleven(11) months of the fiscal year. This was the highest in seven (7) years. Reports on retail sales and consumer sentiment will be in focus tonight.

#### MGS/GII

- Trading momentum for local govies was maintained with secondary market volume at RM4.82b as BNM maintained the OPR; similar to our house view at 3.00%. Activity was mainly centred in the shorter off-the-run 19-20's and benchmark 3Y, 10Y bonds. Overall benchmark MGS yields closed mixed between -3 to +3bps across the curve and did not seem to reflect the selling-bias as as bids were far-fetched. The 5Y benchmark MGS 6/24 closed within 1bps at 3.23% whilst the 10Y MGS 8/29 closed 3bps lower at 3.30%. GII bonds maintained to form ~26% of overall trades. BNM in its statement indicated a neutral basis going forward and is confident that resilience of private spending alongside a stable labor market and wage growth are expected to remain supportive of the economic activity.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw decent traction as secondary market volume notched RM631m with interest seen across the GG-AAA part of the curve. The Govt-guaranteed saw considerable number of trades with DANA, PRASA and PASB closing mixed on yields compared to previous-done levels. DANA 26's closed 0-2bps higher at 3.39% whilst the 27's closed 1-3bps lower between 3.40-41% area. AAA-rated BAKUN Hydro 8/29 closed 3bps lower at 3.55% whilst TNB 8/38 edged 1bps higher at 3.88%. The AA-space saw Fortune Premier 9/25 close 7bps lower at 3.81%. The banking space saw Sabah Development Bank 2/26 edge 1bps lower at 4.39%.

## Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.030	114	3.027	06/09/2019	0
MGS	11/19	3.030	574	3.041	11/09/2019	-1
MGS	03/20	3.092	520	3.042	11/09/2019	5
MGS	07/20	3.087	111	3.051	11/09/2019	4
MGS	10/20	3.077	28	3.026	11/09/2019	5
MGS	02/21	3.104	11	3.070	11/09/2019	3
MGS	07/21	3.069	60	3.070	11/09/2019	0
MGS	09/21	3.077	110	3.057	11/09/2019	2
MGS	11/21	3.082	2	3.086	11/09/2019	0
MGS	03/22	3.101	430	3.092	11/09/2019	1
MGS	08/22	3.138	50	3.140	10/09/2019	0
MGS	03/23	3.172	12	3.191	11/09/2019	-2
MGS	04/23	3.186	199	3.194	11/09/2019	-1
MGS	08/23	3.200	50	3.204	11/09/2019	0
MGS	06/24	3.225	234	3.228	11/09/2019	0
MGS	07/24	3.277	31	3.245	11/09/2019	3
MGS	09/24	3.271	21	3.287	11/09/2019	-2
MGS	03/25	3.281	22	3.331	10/09/2019	-5
MGS	09/25	3.325	30	3.335	11/09/2019	-1
MGS	07/26	3.309	162	3.327	11/09/2019	-2
MGS	11/26	3.348	28	3.374	11/09/2019	-3
MGS	11/27	3.404	21	3.397	11/09/2019	1
MGS	06/28	3.400	114	3.396	11/09/2019	0
MGS	08/29	3.302	249	3.337	11/09/2019	-4
MGS	04/30	3.487	108	3.480	10/09/2019	1
MGS	06/31	3.552	90	3.571	10/09/2019	-2
MGS	04/33	3.572	14	3.623	11/09/2019	-5
MGS	07/34	3.535	154	3.539	11/09/2019	0
MGS	06/38	3.620	139	3.627	11/09/2019	-1
MGS	07/48	3.862	3	3.865	11/09/2019	0
GII	08/20	3.060	130	3.048	11/09/2019	1
GII	03/21	3.097	30	3.076	06/09/2019	2
GII	07/23	3.185	53	3.189	04/09/2019	0
GII	11/23	3.272	130	3.201	11/09/2019	7
GII	05/24	3.316	30	3.277	27/08/2019	4
GII	08/24	3.313	70	3.301	11/09/2019	1
GII	10/24	3.240	180	3.242	11/09/2019	0
GII	08/25	3.322	65	3.324	10/09/2019	0
GII	03/26	3.365	40	3.332	11/09/2019	3
GII	07/27	3.374	31	3.382	11/09/2019	-1
GII	08/28	3.476	30	3.346	29/08/2019	13
GII	07/29	3.376	250	3.377	11/09/2019	0
GII	06/33	3.643	10	3.558	05/09/2019	9
GII	11/34	3.527	20	3.528	10/09/2019	0
GII	09/39	3.697	60	3.672	11/09/2019	2
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## 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	02/23	GG	3.300	25	3.339	21/08/2019	-4	21
Pengurusan Air SPV Berhad	06/23	GG	3.300	20	3.279	20/08/2019	2	12
Danainfra Nasional Berhad	04/26	GG	3.390	50	3.389	26/08/2019	0	10
Danainfra Nasional Berhad	10/26	GG	3.390	100	3.371	16/08/2019	2	10
Danainfra Nasional Berhad	03/27	GG	3.400	50	3.428	22/08/2019	-3	8
Danainfra Nasional Berhad	07/27	GG	3.400	10	3.406	28/08/2019	-1	8
Prasarana Malaysia Berhad	12/27	GG	3.410	40	3.408	10/09/2019	0	9
Prasarana Malaysia Berhad	09/29	GG	3.505	50	3.488	29/08/2019	2	18
Danainfra Nasional Berhad	03/34	GG	3.660	10	3.509	19/08/2019	15	14
Prasarana Malaysia Berhad	02/36	GG	3.720	20	3.704	22/08/2019	2	20
Danainfra Nasional Berhad	02/44	GG	3.880	40	4.399	10/06/2019	-52	26
Danainfra Nasional Berhad	02/49	GG	3.970	60	3.975	11/09/2019	0	35
Suria KLCC Sdn Berhad	12/24	AAA	3.390	15	3.730	03/07/2019	-34	17
TNB Northern Energy Berhad	05/28	AAA	3.530	10	3.638	21/08/2019	-11	18
EKVE Sdn Berhad	01/29	AAA	3.768	1	4.825	27/02/2018	-106	42
Bakun Hydro Power Generation Sdn Berhad (fka	08/29	AAA	3.550	40	3.578	05/09/2019	-3	23
Tenaga Nasional Berhad	08/38	AAA	3.880	40	3.870	27/08/2019	1	26
Sabah Development Bank Berhad	02/26	AA1	4.390	10	4.398	11/09/2019	-1	112
YTL Power International Berhad	05/27	AA1	3.800	1	3.799	30/08/2019	0	48
Celcom Networks Sdn Berhad	10/26	AA+	3.650	5	3.724	11/09/2019	-7	36
Fortune Premiere Sdn Berhad	09/25	AA	3.810	20	3.876	23/08/2019	-7	54
Bumitama Agri Ltd	07/26	AA3	3.731	2	3.723	11/09/2019	1	44
AmBank Islamic Berhad	03/27	AA3	3.650	1	3.995	21/08/2019	-35	33
AmBank (M) Berhad	03/28	AA3	3.760	3	3.897	05/09/2019	-14	41
Special Power Vehicle Berhad	11/21	A1	4.047	4	4.204	05/08/2019	-16	97
UMW Holdings Berhad	04/18	A1	4.440	3	4.705	11/09/2019	-27	82
Eco World International Berhad	04/23	-	5.870	2	5.726	28/08/2019	14	-
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\*spread against nearest indicative tenured MGS (Source : BPAM)

## Market/Corporate News: What's Brewing

**Astro Malaysia Holdings Bhd's net profit for the second quarter ended July 31, 2019 (2QFY20) swelled to RM169.34 million, ten times more than RM16.58 million a year ago on the back of lower finance costs and higher earnings before interest, taxes, depreciation and amortisation.** The group said in a bourse filing that earnings per share (EPS) rose to 3.24 sen from 0.32 sen last year. Astro declared a second interim dividend of two sen a share with an entitlement date of Sept 30 and payment on Oct 11, bringing a total dividend payout for the first half of the year (1HFY20) to four sen, from five sen a year ago. Despite a higher quarterly net profit, revenue slid 12.71% to RM1.24 billion from RM1.42 billion last year, on lower subscription revenue, licensing income, advertising revenue and merchandise sales. Astro chief executive officer Henry Tan said the group is "putting in place building blocks for new revenue adjacencies, specifically in broadband and content bundles with Maxis and in OTT (over-the-top) through our strategic partnerships with iQIYI and HBO Asia; with more partnerships in the coming months". Net profit for 1HFY20 jumped 80.62% year-on-year to RM345.53 million, from RM191.31 million in the corresponding period last year, translating into a higher cumulative EPS of 6.63 sen, from 3.67 sen last year. Half-year revenue declined 9.41% to RM2.47 billion from RM2.73 billion. On its outlook, the group said: "The market remained challenging with structural changes in the global content, media and advertising industries, including threat of piracy." The group will continue to fortify its core pay-TV and NJOI businesses by redefining customer value propositions, elevating customer service and refreshing content, in addition to continuing cost optimisation efforts. (Source: The Edge)

**Sunway Bhd said a joint venture firm in China has won a tender to acquire land in Tianjin for development of seven blocks of condominiums.** The group said Tianjin Eco-City Sunway Property Development Co Ltd will acquire the 27,712.5 square meters of land from Sino-Singapore Tianjin Eco-City Investment and Development Co Ltd for 438mil yuan (RM257.78mil). "Tianjin Eco-City Sunway will undertake a residential development known as Sunway Garden Phase 3 which consists of seven blocks of condominiums on the land," it said in a filing with Bursa Malaysia today. Tianjin Eco-City Sunway is 60% owned joint venture of Sunway City (Singapore) Pte Ltd, a subsidiary of Sunway Bhd. Sino-Singapore Tianjin Eco-City Investment and Development is the joint venture partner holding the balance 40% equity interest in Tianjin Eco-City Sunway. "The proposed development is expected to commence in May 2020 and targeted to be completed by May 2023," Sunway Bhd said. The project, the company said, is expected to contribute positively to the earnings of Sunway Group from the financial year 2023 onwards. (Source: *The Star*)

**Bank Negara Malaysia's monetary policy committee has maintained the overnight policy rate (OPR) at 3%, as expected by economists, and kept its economic growth forecast for this year at between 4.3% and 4.8%.** In a statement issued on Thursday, it said that with the OPR maintained at the current level, the stance of monetary policy remains accommodative and supportive of economic activity. "The MPC will continue to assess the balance of risks to domestic growth and inflation, to ensure that the monetary policy stance remains conducive to sustainable growth amid price stability," it said. Bank Negara said the MPC will continue to assess the balance of risks to domestic growth and inflation, to ensure that the monetary policy stance remains conducive to sustainable growth amid price stability. In the statement, it expressed concerns about the geopolitical landscape, trade disputes and the impact on the financial markets. It pointed out the global economy was expanding at a more modest pace amid slower growth in most major advanced and emerging economies. However, the recent escalation of trade tensions point to weaker global trade going forward, with increasing signs of spillovers to domestic economic activity in a number of countries. "Monetary policy easing in several major economies has eased global financial conditions, but uncertainty from the prolonged trade disputes and geopolitical developments could lead to excessive financial market volatility," it said. Bank Negara said for Malaysia, the stronger economic growth performance in the second quarter of 2019 was underpinned by the resilience of private spending amid broad-based expansion in key economic sectors. It added that going forward, these domestic drivers of growth, alongside stable labour market and wage growth, are expected to remain supportive of economic activity. On the external front, Malaysia's diversified exports would partly mitigate the impact of softening global demand. Overall, the baseline growth projection for 2019 remains unchanged, within the range of between 4.3% and 4.8%. "This projection, however, is subject to further downside risks from worsening trade tensions, uncertainties in the global and domestic environment, and extended weakness in commodity-related sectors. Average headline inflation year-to-date is 0.3%. Headline inflation is projected to average higher for the remaining months of the year and into 2020. However, headline inflation is expected to remain low. "This reflects the lapse in the impact of consumption tax policy changes, the relatively subdued outlook on global oil prices, and policy measures in place to contain food prices," it said. However, the trajectory of headline inflation would hinge on global oil and commodity price developments. "Underlying inflation is expected to remain

stable, supported by the continued expansion in economic activity and in the absence of strong demand pressures," it said. (Source: *The Star*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
IGB REIT Capital Sdn Bhd	M1.2 billion First Tranche MTN	AAA/Stable	Reaffirmed

Source: RAM, MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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