

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.67	8
5-yr UST	1.58	9
10-yr UST	1.70	6
30-yr UST	2.15	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.18	1	3.20	1
5-yr	3.27	2	3.29	-2
7-yr	3.38	-1	3.40	-3
10-yr	3.44	1	3.45	0
15-yr	3.60	-3	3.61	-7
20-yr	3.80	-2	3.80	-5
30-yr	3.97	-8	4.13	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.28	-2
3-yr	3.25	0
5-yr	3.26	0
7-yr	3.28	1
10-yr	3.40	0

Source : Bloomberg

#### Upcoming Government Bond Tender

Reopening of RM3.0b of 20Y MGS 6/38 on Wednesday, 14<sup>th</sup> of August

#### US Treasuries

- US Treasuries bear-flattened aggressively on Tuesday as following reports of delay on imposition of trade tariffs on Chinese goods by President Trump's administration; led by the front-end of the curve. Overall benchmark yields closed between 3-9bps sharply lower; reversing prior day's gains. The UST 2Y moved spiked 8bps at 1.67% whilst the much-watched 10Y ended 6bps higher at 1.70%. The 10% tariff set to take effect on 1<sup>st</sup> September is expected to be delayed until 15th December for certain products that include cell phones, laptop computers, video game consoles, computer monitors, and certain items of footwear and clothing. Meanwhile the Labor Department reported CPI at 0.3% for July after inching up by 0.1% for May and June (Core CPI data also notched 0.3% for which economists were expecting an uptick of 0.2%) suggesting that inflationary pressures may not be as subdued as widely assumed.

#### MGS/GII

- Although trading momentum in local govies eased amid lower volume of RM3.0b on Tuesday; overall interest on the longer-ends i.e. 20Y and 30Y bonds was still evident as yields continued to decline. Overall benchmarks closed mixed -8 to +2bps across the curve with both the 5Y benchmark MGS 6/24 and the 10Y MGS 8/29 edging 1-2bps higher at 3.27% and 3.44% respectively. GII trades maintained to form ~38% of overall trades. Meanwhile expect attention to shift to the upcoming auction reopening today for the 20Y MGS 6/38. Data is light for the week until Friday when CPI and GDP figures are released.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk continued to register decent interest with volume at RM606m; largely due to the debut of 3Y CAGAMAS at coupon of 3.50%. Overall interest dwindled with DANA 3/27 and PRASA 28-29's being the only trades in the GG-part of the curve; done 8-13bps lower compared to previous-done levels at 3.51% and 3.52-56% levels respectively. AAA-rated DANGA 33's saw tremendous interest closing 2-11bps lower at 3.80-81 levels. In the AA-space KESTURI 12/27 moved 4bps lowr at 4.22% whereas EDRA energy 1/33 closed unchanged at 4.69%; separate from its 2038 tranche which closed sharply lower on yields at 4.97%.

## Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.059	77	3.106	09/08/2019	-5
MGS	11/19	3.071	25	3.083	09/08/2019	-1
MGS	03/20	3.106	113	3.107	09/08/2019	0
MGS	07/20	3.110	8	3.101	09/08/2019	1
MGS	02/21	3.173	35	3.166	09/08/2019	1
MGS	07/21	3.182	4	3.202	09/08/2019	-2
MGS	09/21	3.179	70	3.186	09/08/2019	-1
MGS	11/21	3.181	37	3.177	09/08/2019	0
MGS	03/22	3.175	71	3.160	09/08/2019	1
MGS	08/22	3.203	65	3.237	09/08/2019	-3
MGS	09/22	3.191	3	3.226	09/08/2019	-4
MGS	03/23	3.226	80	3.271	09/08/2019	-4
MGS	04/23	3.248	50	3.248	09/08/2019	0
MGS	08/23	3.277	84	3.290	09/08/2019	-1
MGS	06/24	3.268	102	3.252	09/08/2019	2
MGS	07/24	3.303	23	3.330	09/08/2019	-3
MGS	09/24	3.315	49	3.336	09/08/2019	-2
MGS	03/25	3.318	36	3.383	08/08/2019	-6
MGS	09/25	3.351	5	3.414	09/08/2019	-6
MGS	04/26	3.419	15	3.422	09/08/2019	0
MGS	07/26	3.376	159	3.383	09/08/2019	-1
MGS	05/27	3.480	1	3.502	09/08/2019	-2
MGS	11/27	3.436	6	3.458	09/08/2019	-2
MGS	06/28	3.438	32	3.442	09/08/2019	0
MGS	08/29	3.441	3	3.433	09/08/2019	1
MGS	04/30	3.577	30	3.588	09/08/2019	-1
MGS	04/33	3.675	21	3.680	09/08/2019	-1
MGS	11/33	3.653	153	3.695	09/08/2019	-4
MGS	07/34	3.601	116	3.635	09/08/2019	-3
MGS	05/35	3.788	10	3.854	02/08/2019	-7
MGS	04/37	3.791	13	3.954	07/08/2019	-16
MGS	06/38	3.800	98	3.820	09/08/2019	-2
MGS	09/43	3.987	30	4.143	08/08/2019	-16
MGS	03/46	3.953	1	4.088	09/08/2019	-14
MGS	07/48	3.968	237	4.047	09/08/2019	-8
GII	04/20	3.115	80	3.131	08/08/2019	-2
GII	04/20	3.111	40	3.153	06/08/2019	-4
GII	03/22	3.204	90	3.196	09/08/2019	1
GII	04/22	3.237	2	3.224	09/08/2019	1
GII	07/22	3.287	20	3.264	08/08/2019	2
GII	11/23	3.250	20	3.263	09/08/2019	-1
GII	08/24	3.321	30	3.369	08/08/2019	-5
GII	10/24	3.294	100	3.317	09/08/2019	-2
GII	08/25	3.364	2	3.414	08/08/2019	-5
GII	03/26	3.398	50	3.428	09/08/2019	-3
GII	09/26	3.440	20	3.440	09/08/2019	0
GII	07/27	3.462	3	3.474	09/08/2019	-1
GII	10/28	3.455	7	3.499	09/08/2019	-4
GII	07/29	3.445	41	3.440	09/08/2019	0
GII	09/30	3.580	50	3.600	09/08/2019	-2
GII	08/33	3.679	10	3.704	09/08/2019	-3
GII	11/34	3.605	10	3.671	09/08/2019	-7
GII	10/35	3.766	20	3.780	09/08/2019	-1
GII	08/37	3.840	30	3.862	09/08/2019	-2
GII	09/39	3.801	490	3.848	09/08/2019	-5
GII	05/47	4.055	20	4.133	09/08/2019	-8
			<u>2998</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*
DanaInfra Nasional Berhad	03/27	GG	3.510	20	3.641	14/08/2019	-13	8
Prasarana Malaysia Berhad	03/28	GG	3.520	15	3.601	13/08/2019	-8	8
Prasarana Malaysia Berhad	03/29	GG	3.559	5	3.713	13/08/2019	-15	12
Cagamas Berhad	08/22	AAA	3.500	200			-	32
Pengurusan Air SPV Berhad	06/24	AAA	3.651	20			-	38
GENM Capital Berhad	07/28	AAA	4.608	1	3.880	08/08/2019	73	117
Danga Capital Berhad	01/33	AAA	3.803	180	3.908	07/08/2019	-11	19
Danga Capital Berhad	09/33	AAA	3.814	50	3.830	08/08/2019	-2	20
YTL Power International Berhad	05/27	AA1	4.039	10	4.083	07/08/2019	-4	61
Country Garden Real Estate Sdn Berhad	02/23	AA3	6.419	2	6.419	09/08/2019	0	318
Edra Energy Sdn Berhad	01/33	AA3	4.690	10	4.690	09/08/2019	0	108
Edra Energy Sdn Berhad	01/38	AA3	4.965	5	5.159	24/07/2019	-19	115
Segi Astana Sdn Berhad	01/23	AA-	4.801	1	4.839	02/08/2019	-4	162
WCT Holdings Berhad	10/23	AA-	4.952	10	5.052	11/07/2019	-10	172
Sinar Kamiri Sdn Berhad	01/26	AA-	5.056	5	5.550	02/01/2019	-49	171
Sinar Kamiri Sdn Berhad	01/27	AA-	5.119	5	5.711	19/09/2018	-59	174
Konsortium Lebuhraya Utara-Timur (KL) Sdn B	12/27	AA-	4.222	30	4.259	08/08/2019	-4	79
Serba Dinamik Holdings Berhad	10/28	AA-	4.671	10	4.889	20/06/2019	-22	123
UiTM Solar Power Sdn Berhad	04/30	AA-	5.023	5	5.089	15/07/2019	-7	158
UMW Holdings Berhad	04/18	A1	4.784	10	4.785	06/08/2019	0	97
Eco World Capital Assets Berhad	07/19	-	6.100	2	5.750	08/08/2019	35	228
YNH Property Berhad	#N/A	-	6.753	10	6.403	09/08/2019	35	-
DRB-Hicom Berhad	02/22	A+	5.142	1	5.142	09/08/2019	0	197
				<u>606</u>				

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

## Market/Corporate News: What's Brewing

**The heightening uncertainties in Hong Kong are sending more investors and potential home buyers from there to hunt for safe haven real estate, especially for post retirement in Malaysia.** Not helping are the escalating trade tensions between United States and China and the possible spillover effect for the special administrative region. Many have identified Malaysia as a comfort zone for them to settle down, with the Malaysia My Second Home (MM2H) programme serving as an attraction. It recently concluded the Setia MM2H expo in Hong Kong this past weekend, which was packed with thousands of visitors and potential investors. S P Setia was the only property developer featured during the expo alongside Malaysia External Trade Development Corporation's (Matrade), Tourism Malaysia and MY Healthcare. More than 6, 500 visitors thronged the exhibition, which was held at the JW Marriott Hotel Hong Kong. The expo also saw a record crowd of several hundreds attending a seminar by S P Setia on obtaining residence permits under MM2H. S P Setia deputy president and chief operating officer Datuk Wong Tuck Wai said the group is encouraged by the overwhelming support received over the two-day period. Datuk Wong Tuck Wai is the deputy president and COO of S P Setia. Datuk Wong Tuck Wai is the deputy president and COO of S P Setia. "It proves that we have the right products and strategies to address the rising interest from the Hong Kong market. "We have plans to return soon with more to offer. The Hong Kong property buyers are familiar with the Setia brand and its offerings. This is an added advantage to us and to them as the buyers are able to choose from a wide variety of Setia properties located in London, Australia, Singapore and Malaysia, " he said. S P Setia's Penang properties were a huge favourite among the Hong Kong house buyers as offerings from the island made up more than half of the bookings received. The

Hong Kong residents also registered their interests in the developer's properties in Kuala Lumpur and Battersea. Among S P Setia properties featured during the expo are Setia V Residences and Setia SkyVille in Penang; KL Eco City, Setia Sky Seputeh and Setia Eco Glades in Kuala Lumpur; Setia Sky 88 in Johor; Aeropod in Sabah, Daintree in Singapore, UNO Melbourne in Australia and the iconic Battersea Power Station in London. StarBiz reported on Aug 1 that ongoing demonstrations in Hong Kong have resulted in a spike in interest in Malaysian property and in private international school enquiries. Street demonstrations have rocked Hong Kong of late. The now-abandoned extradition bill, which revolved around extraditing alleged criminals to China for trial, caused unhappiness which has evolved into pro-democracy violence on the streets, in the airport and on its public train transport system. While many are also seeking out properties in Singapore, experts are saying that more are looking at Malaysian properties as it cost about a fraction of the prices in Hong Kong on top of the larger space offered. Industry players have also said that countries such as Malaysia are deemed a safer alternative investment destination and potential Hong Kong buyers are culturally more comfortable with the Malaysian environment in terms language, amenities and food. Projects with a GDV of around RM6.8bil are expected to be launched this financial year with major launches being in the central region, with some in the southern and northern regions. For the first quarter, it has launched RM339mil worth of development projects, which were mainly landed residential units, Revenue for the quarter was RM864mil, with a profit before tax of RM126.1mil. New sales recorded were at RM718mil and over RM700mil worth of properties were also booked during the period. (Source: The Star)

**Malaysia Airports Holdings Bhd (MAHB) saw a 5.3% increase in passenger traffic in July on the back of higher domestic passenger movements in Malaysia and high growth of international passenger movements for Istanbul Sabiha Gokcen International Airport (SGIA).** MAHB said its network of airports, inclusive of SGIA, recorded 12.53 million passengers in July, from 11.90 million passengers in the same month of last year. This is the highest passenger movement for a month for both the international and domestic sectors, the group said in a filing with Bursa Malaysia. "The traffic surpassed December passenger movements of previous years where December had always been the highest month for passenger movements," the group said. The international sector grew 5.3% to 6.04 million in passengers in July, from 5.73 million in July 2018, whereas the domestic sector also grew 5.3% to 6.49 million passengers from 6.16 million passengers. July's travel figures bring the airport operator's year-to-date passenger movements to 80.41 million passengers, a 4.5% increase from 76.92 million passengers seen in the corresponding period last year. Over 12 months to July, MAHB saw passenger numbers increasing 3.7% to 136.65 million passengers, from 131.73 million posted in the corresponding period last year. MAHB added that its airports within Malaysia registered 9.19 million passengers in July, an increase of 7.2% from 8.57 million passengers in July 2018. International and domestic sectors recorded 4.7 million and 4.5 million passenger movements, up 2.3% and 12.9% respectively. "KLIA (Kuala Lumpur International Airport) passenger movements registered a 3.9% growth over July 2018 with 5.5 million passenger movements. A total of 1.9 million passengers were recorded for the Asean destinations while 2.1 million passengers were recorded for the non-Asean destinations. The domestic sector grew by 9.6% with 1.5 million passengers. The last 12-month passenger movements for KLIA Main Terminal recorded 28.3 million passengers, an increase of 0.4%. klia2 passenger movements increased by 2.3% with 32.5 million passengers. In the case of Istanbul SGIA, the airport grew 0.4% to

3.33 million passengers in July, from 3.32 million posted in July last year. (Source: *The Edge*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Northern Gateway Infrastructure Sdn Bhd'	M340 million MTN Programme (2017/2034)	AA1/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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