

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.50	-8
5-yr UST	1.42	-7
10-yr UST	1.53	-5
30-yr UST	1.97	-4

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

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries continued to rally on demand for refuge even though US equities regained some grounds following overall better than expected US data notably retail sales. The rally was however more moderate with the UST yields losing 4-8bps overnight (9-14bps a day ago). The curve steepened back a little with the 2s shedding 8bps to 1.50% while the 10s and 30s by 4-5bps to 1.53% and 1.97% respectively. Yesterday, the US Treasury Department released data that showed Japan reemerged as the largest foreign holders of US treasuries, after having raised its holdings by \$21.9 billion to \$1.12 trillion, the highest level in more than 2.5 years. Meanwhile, China's ownership rose for the first time in four months to \$1.11 trillion, up by \$2.3 billion. We expect UST to remain biddish overall amid lingering growth concerns and protracted trade spat.

MGS/GII

- Trading in local govies remained surprisingly robust yesterday as investors preferred safer government bonds vs riskier equities following the selloff in US and European markets the day before. Trading volume surged for the 2nd straight day to a 2-month high of RM8.7bn yesterday, picking up further from RM6.2bn on Wednesday. Overall benchmark yields ended mixed, by -8 to +2bps again. Massive interests were seen on the 5-10Y tenors i.e. MGS 6/24, MGS 7/26, MGS 8/29 and GII 10/24 which saw a combined RM2.8bn done at 3.21%, 3.25%, 3.26% and 3.23% respectively. GII 8/20 also saw RM610m dealt unchanged at 3.12%. With this, GII trades increased to form 46% of overall trades (vs 27%). All eyes on Malaysia 2Q GDP performance due for release at noon today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk however saw trading momentum softened slightly to RM996m yesterday of which more than half of these (RM592m) were in AA-rated bonds followed by AAA-rated papers (RM217m) and GG (RM145m), relatively well spread across the sectors (energy, financial, infra, telco). The two papers that led the league were AA-rated Benih Restu '6/25 and Fortune Premier '9/25, which saw RM100m changed hand each, at 3.92% (-7bps) and 3.97% (-16bps) respectively. In the GG segment, Danainfra '27-'33, Prasa '25-'31, PTPTN '28-'29 and LPPSA '39 were seen traded 2-23bps lower.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.082	89	3.076	14/08/2019	1
MGS	11/19	3.082	299	3.073	14/08/2019	1
MGS	03/20	3.099	120	3.112	14/08/2019	-1
MGS	07/20	3.100	60	3.107	14/08/2019	-1
MGS	10/20	3.150	259	3.166	09/08/2019	-2
MGS	07/21	3.169	87	3.171	14/08/2019	0
MGS	09/21	3.150	110	3.183	14/08/2019	-3
MGS	11/21	3.161	1	3.189	14/08/2019	-3
MGS	03/22	3.160	178	3.187	14/08/2019	-3
MGS	09/22	3.201	15	3.209	14/08/2019	-1
MGS	04/23	3.226	56	3.243	14/08/2019	-2
MGS	08/23	3.222	90	3.265	14/08/2019	-4
MGS	06/24	3.207	599	3.265	14/08/2019	-6
MGS	09/24	3.247	44	3.320	14/08/2019	-7
MGS	03/25	3.288	0	3.330	14/08/2019	-4
MGS	09/25	3.323	123	3.356	14/08/2019	-3
MGS	07/26	3.254	675	3.375	14/08/2019	-12
MGS	11/26	3.323	152	3.400	14/08/2019	-8
MGS	05/27	3.391	0	3.451	14/08/2019	-6
MGS	11/27	3.367	75	3.431	14/08/2019	-6
MGS	06/28	3.363	23	3.429	14/08/2019	-7
MGS	08/29	3.259	674	3.421	14/08/2019	-16
MGS	04/30	3.453	186	3.566	14/08/2019	-11
MGS	06/31	3.476	101	3.583	14/08/2019	-11
MGS	04/32	3.506	58	3.821	06/08/2019	-32
MGS	04/33	3.510	181	3.600	14/08/2019	-9
MGS	07/34	3.464	158	3.525	14/08/2019	-6
MGS	05/35	3.546	16	3.666	14/08/2019	-12
MGS	06/38	3.603	159	3.714	14/08/2019	-11
MGS	09/43	3.770	40	3.922	14/08/2019	-15
MGS	03/46	3.742	21	3.942	14/08/2019	-20
MGS	07/48	3.853	51	3.936	14/08/2019	-8
GII	04/20	3.105	240	3.115	13/08/2019	-1
GII	04/20	3.126	180	3.156	14/08/2019	-3
GII	05/20	3.137	60	3.111	09/08/2019	3
GII	08/20	3.116	610	3.118	08/08/2019	0
GII	03/21	3.164	50	3.168	09/08/2019	0
GII	03/22	3.174	110	3.207	14/08/2019	-3
GII	04/22	3.186	160	3.220	14/08/2019	-3
GII	11/22	3.239	30	3.264	09/08/2019	-2
GII	07/23	3.230	20	3.245	14/08/2019	-2
GII	10/23	3.218	80	3.274	14/08/2019	-6
GII	11/23	3.224	50	3.250	13/08/2019	-3
GII	05/24	3.232	40	3.345	14/08/2019	-11
GII	08/24	3.244	130	3.321	14/08/2019	-8
GII	10/24	3.226	890	3.290	14/08/2019	-6
GII	08/25	3.276	10	3.339	14/08/2019	-6
GII	10/25	3.338	90	3.365	09/08/2019	-3
GII	03/26	3.318	346	3.391	14/08/2019	-7
GII	06/27	3.414	30	3.626	31/07/2019	-21
GII	07/27	3.396	20	3.425	14/08/2019	-3
GII	10/28	3.418	30	3.450	14/08/2019	-3
GII	07/29	3.318	260	3.431	14/08/2019	-11
GII	06/33	3.509	50	3.601	14/08/2019	-9
GII	08/33	3.509	50	3.608	14/08/2019	-10
GII	11/34	3.522	115	3.564	14/08/2019	-4
GII	10/35	3.537	80	3.688	14/08/2019	-15
GII	08/37	3.598	130	3.732	14/08/2019	-13
GII	09/39	3.610	115	3.756	14/08/2019	-15
GII	05/47	3.887	50	3.963	14/08/2019	-8
GII	11/49	3.818	20	4.031	14/08/2019	-21
			<u>8746</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	12/25	GG	3.397	30	3.600	19/07/2019	-20	5
Danainfra Nasional Berhad	07/27	GG	3.478	10	3.551	09/08/2019	-7	5
Perbadanan Tabung Pendidikan Tinggi Nasional	02/28	GG	3.549	40	3.659	07/08/2019	-11	11
Perbadanan Tabung Pendidikan Tinggi Nasional	03/29	GG	3.498	20	3.726	07/08/2019	-23	6
Prasarana Malaysia Berhad	03/30	GG	3.568	5	3.599	14/08/2019	-3	13
Danainfra Nasional Berhad	04/30	GG	3.569	5	3.589	14/08/2019	-2	13
Prasarana Malaysia Berhad	02/31	GG	3.599	5	3.619	14/08/2019	-2	16
Danainfra Nasional Berhad	05/31	GG	3.599	5	3.619	14/08/2019	-2	16
Danainfra Nasional Berhad	04/33	GG	3.660	5	3.781	09/08/2019	-12	5
Lembaga Pembiayaan Perumahan Sektor Awam	04/39	GG	3.799	20	3.938	09/08/2019	-14	-2
Rantau Abang Capital Berhad	12/20	AAA	3.650	2	3.419	17/07/2019	23	53
Genting Capital Berhad	06/22	AAA	3.609	19	3.611	14/08/2019	0	43
Purple Boulevard Berhad	05/24	AAA	3.977	10	4.118	09/07/2019	-14	71
Pengurusan Air SPV Berhad	06/26	AAA	3.722	10	3.989	14/08/2019	-27	34
Danga Capital Berhad	09/27	AAA	3.548	20	3.677	05/08/2019	-13	12
GENM Capital Berhad	07/28	AAA	4.461	2	4.608	13/08/2019	-15	102
Manjung Island Energy Berhad	11/31	AAA	3.719	10	3.922	22/07/2019	-20	28
Tenaga Nasional Berhad	08/32	AAA	3.779	40	4.195	29/05/2019	-42	17
Danga Capital Berhad	01/33	AAA	3.729	10	3.789	14/08/2019	-6	12
Tenaga Nasional Berhad	08/37	AAA	3.919	90	4.098	19/07/2019	-18	10
Tenaga Nasional Berhad	08/38	AAA	4.041	4	4.050	07/08/2019	-1	22
Kuala Lumpur Kepong Berhad	09/22	AA1	3.558	40	3.690	08/07/2019	-13	38
Kuala Lumpur Kepong Berhad	08/25	AA1	3.728	70	4.075	30/05/2019	-35	38
Sarawak Energy Berhad	08/25	AA1	3.639	10	3.818	06/08/2019	-18	29
Malayan Banking Berhad	10/25	AA1	3.843	10	4.824	06/07/2017	-98	50
Malayan Banking Berhad	01/29	AA1	3.944	20	4.079	17/07/2019	-14	51
YTL Corporation Berhad	06/34	AA1	4.149	10	4.209	14/08/2019	-6	54
YTL Corporation Berhad	11/36	AA1	4.198	10	4.519	28/06/2019	-32	59
Celcom Networks Sdn Berhad	08/19	AA+	3.343	80	3.651	31/05/2019	-31	22
Tanjung Bin Power Sdn Berhad	08/24	AA2	3.981	10	4.370	24/04/2019	-39	71
Benih Restu Berhad	06/25	AA2	3.918	100	3.990	24/07/2019	-7	57
Fortune Premiere Sdn Berhad	09/25	AA	3.974	100	4.137	23/07/2019	-16	63
Country Garden Real Estate Sdn Berhad	03/22	AA3	6.138	20	6.138	26/07/2019	0	296
Perbadanan Kemajuan Negeri Selangor	10/23	AA3	3.986	15	4.078	08/08/2019	-9	75
AmBank (M) Berhad	03/27	AA3	3.895	10	4.016	25/07/2019	-12	47
Edra Energy Sdn Berhad	01/28	AA3	4.398	10	4.580	01/08/2019	-18	97
AmBank (M) Berhad	03/28	AA3	4.614	2	4.266	26/06/2019	35	118
Edra Energy Sdn Berhad	01/30	AA3	4.444	10	4.989	20/06/2019	-55	100
Edra Energy Sdn Berhad	01/35	AA3	4.628	10	5.049	02/07/2019	-42	102
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/22	AA-	3.898	10	4.020	08/08/2019	-12	72
WCT Holdings Berhad	04/26	AA-	5.121	5	5.120	14/08/2019	0	174
Jimah East Power Sdn Berhad	12/31	AA-	4.228	10	4.388	28/06/2019	-16	79
Jimah East Power Sdn Berhad	12/32	AA-	4.280	10	4.499	11/06/2019	-22	67
Southern Power Generation Sdn Berhad	10/34	AA-	4.430	10	4.649	14/06/2019	-22	82
Southern Power Generation Sdn Berhad	10/35	AA-	4.550	10	4.769	14/06/2019	-22	94
Affin Bank Berhad	02/27	A1	4.577	1	2.616	07/08/2019	196	120
Affin Bank Berhad	09/27	A1	3.999	15	4.139	25/07/2019	-14	57
CIMB Group Holdings Berhad	05/16	A1	4.170	1	4.333	06/08/2019	-16	35
IJM Land Berhad	03/19	A2	4.827	2	4.889	09/08/2019	-6	101
Affin Bank Berhad	07/18	A3	4.782	0	5.237	19/07/2019	-46	96
DRB-Hicom Berhad	02/22	A+	5.137	1	5.142	13/08/2019	-1	196
Quantum Solar Park (Semenanjung) Sdn Berhad	10/28	A+	5.290	5	5.509	24/07/2019	-22	185
Quantum Solar Park (Semenanjung) Sdn Berhad	04/29	A+	5.350	5	5.579	24/07/2019	-23	191
Quantum Solar Park (Semenanjung) Sdn Berhad	04/31	A+	5.590	5	5.589	09/08/2019	0	215
Quantum Solar Park (Semenanjung) Sdn Berhad	04/32	A+	5.691	5	5.691	14/08/2019	0	208
Eco World Capital Assets Berhad	08/24	-	6.100	4	5.750	14/08/2019	35	-
				<u>996</u>				

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

Market/Corporate News: What's Brewing

Japan surpassed China in June as the top holder of U.S. Treasuries as the trade war between the world's two largest economies intensified. Japan increased its holdings of U.S. bonds, bills and notes by \$21.9 billion to \$1.12 trillion, the highest level in more than 2 1/2 years, according to data released by the Treasury Department on Thursday.

Meanwhile, China's ownership rose for the first time in four months to \$1.11 trillion, up by \$2.3 billion. The last time Japan held the position as America's largest foreign creditor was May 2017. The nation has added more than \$100 billion worth of Treasuries at a fairly steady pace since October 2018. Treasuries have become more attractive as the globe's pool of negative yielding debt grows, according to BMO Capital Markets. While benchmark 10-year U.S. yields have plunged to the lowest level since 2016 in recent months, the rate on 10-year Japanese government bonds is currently negative 0.23%. "The buying we have seen from Japanese investors is really a reflection of the globally low and negative yield environment," said BMO strategist Ben Jeffery. A cautious months-long calm in the U.S.-China trade war was interrupted in May when talks between the two sides broke down. In June the U.S. raised tariffs on \$200 billion of Chinese goods to 25% from 10%. While Trump and Chinese leader Xi Jinping agreed to a ceasefire in late June, that only lasted about a month before the U.S. president announced that on Sept. 1 he'll impose a 10% levy on virtually every import from China not yet subject to duties. This week, Trump partially backed down by delaying the 10% charge on certain items, including mobile phones and laptops, until Dec. 15 to stem the impact on holiday shopping. Beijing says it still plans to retaliate. China's U.S. debt hoard has come under increased scrutiny in the trade dispute amid speculation that the Asian nation could sell Treasuries in response. Earlier this month, the U.S. formally labeled China a currency manipulator after the yuan weakened past 7 per dollar. (Source: *The EdgeMarkets/ Bloomberg*)

Oil prices fell more than 1% on Thursday, extending the previous session's 3% drop, pressured by mounting recession concerns and a surprise boost in U.S. crude inventories. In a sign of investor concern that the world's biggest economy could be heading for recession, weighing on oil demand, the U.S. Treasury bond yield curve inverted on Wednesday for the first time since 2007. China's threat to impose counter-measures in retaliation for the latest U.S. tariffs on \$300 billion of Chinese goods also weighed on oil prices. Brent crude fell as much as \$1.81, or 3%, to \$57.67 a barrel. The international benchmark was \$1.23, or 2.1%, lower at \$58.25 and West Texas Intermediate crude (WTI) was down 75 cents, or 1.4%, to \$54.48 by 12:32 p.m. ET (1632 GMT) "Oil is getting whacked again as risk-aversion again kicks in and fears of a trade war inflicted slowdown grip traders," said Craig Erlam, senior market analyst at OANDA. "WTI had enjoyed a decent rebound over the last week but failed at the first hurdle, running into resistance around the mid-July lows before plunging once again." The price of Brent is still up 10% this year thanks to supply cuts led by the Organization of the Petroleum Exporting Countries and allies such as Russia, a group known as OPEC+. In July, OPEC+ agreed to extend oil output cuts until March 2020 to prop up prices. A Saudi official on Aug. 8 indicated more steps may be coming, saying "Saudi Arabia is committed to do whatever it takes to keep the market balanced next year." But the efforts of OPEC+ have been outweighed by worries about the global economy amid the U.S.-China trade dispute and uncertainty over Brexit, as well as rising U.S. stockpiles of crude and higher output of U.S. shale oil. "The market is becoming very anxious about global growth," said Tamas Varga of oil broker PVM. China reported disappointing data for July, including a surprise drop in industrial output growth to a more than 17-year low. A slump in exports sent Germany's economy into reverse in the second quarter. Meanwhile, a second week of unexpected rises in U.S. crude inventories is adding to the pressure. U.S. crude stocks grew by 1.6 million barrels last week, compared with expectations for a drop of 2.8 million barrels, the Energy Information Administration (EIA) said. Providing some support to U.S. crude prices, inventories at Cushing, Oklahoma, the delivery point for WTI, fell by about 2 million barrels in the week to Aug. 13, traders said, citing data from market intelligence firm Genscape. That helped narrow U.S. crude's discount to Brent to as little as \$3.60 a barrel, near the smallest level since March 2018. (Source: *The Star Online/ Reuters*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.