

Global Markets Research

Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.62	2
5-yr UST	1.60	4
10-yr UST	1.77	4
30-yr UST	2.24	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.11	2	3.15	0
5-yr	3.23	0	3.26	0
7-yr	3.38	0	3.39	-1
10-yr	3.41	-1	3.42	2
15-yr	3.62	2	3.65	2
20-yr	3.73	1	3.84	1
30-yr	3.98	2	4.01	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.24	0
3-yr	3.23	0
5-yr	3.28	-2
7-yr	3.31	-2
10-yr	3.39	-3

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries markets reopened after closing for Columbus Day holiday on Monday. Yields generally went up modestly higher as markets are back into risk-on mode following upbeat quarterly corporate earnings that temporarily eased the worries over US-China uncertain trade deal. Yields finished 2-4bps higher along the curve where the benchmark 2Y yield closed 2bps higher at 1.62% while the benchmark 10Y yield gained 4bps to 1.77%. Expect safe havens bidding to drive up treasuries today on rising geopolitical risks as news emerged this morning that China has threatened to retaliate against the US after the country's lawmakers passed legislations aimed at supporting Hong Kong protests. The passage of the act would severely damage an already fragile relation and reverse recent progress made to reach a broader trade deal. Key data to watch out for is the US September retail sales data that could provide clearer assessment of American consumer spending.

MGS/GIII

- Local govies ended mostly lower amidst more active secondary trading with RM3.32bn traded on Tuesday (compared to only RM1.34bn on Monday). Yields generally rose by -1bps to 2bps across the board. Interest was mainly seen in the benchmark 10Y MGS that changed hand by RM422bn and thus yielded a lower 3.41% (-1bp). RM1.36bn worth of GII trades made up 41% of total volume, with demand saturated in the 5Y GII (RM610bn traded) and the longer term 20Y GII (RM402bn traded). We continue to expect demand for local govies to stay supported by an expansionary budget to promote steady growth in the Malaysian economy.

Corp Bonds/Sukuk

- In tandem with the more active govies trading, corporate bonds/sukuk space also saw higher interests on Tuesday with secondary market volume rising to RM422bn (versus RM246bn traded in the previous session). GG and AAA-rated bonds made up half of the volume – Names such as that of the Pelabuhan Tanjung Pelepas, Danainfra and Prasarana dominated the GG space. AAA-rated bonds namely Telekom'24 and Sarawak Energy'35 last dealt at 3.439% and 3.967%

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.024	221	3.062	14/10/19	-4
MGS	11/19	3.047	306	3.076	14/10/19	-3
MGS	02/21	3.090	90	3.085	10/10/19	0
MGS	09/21	3.112	190	3.141	14/10/19	-3
MGS	08/22	3.119	150	3.111	11/10/19	1
MGS	03/23	3.196	101	3.173	14/10/19	2
MGS	09/24	3.270	54	3.291	14/10/19	-2
MGS	04/26	3.415	45	3.384	10/10/19	3
MGS	07/26	3.379	205	3.374	14/10/19	0
MGS	08/29	3.411	422	3.418	14/10/19	-1
MGS	04/30	3.555	53	3.577	11/10/19	-2
MGS	03/46	3.952	88	3.936	11/10/19	2
MGS	07/48	3.981	30	3.965	14/10/19	2
GII	08/21	3.144	610	3.127	11/10/19	2
GII	11/23	3.242	40	3.236	09/10/19	1
GII	10/24	3.255	40	3.255	11/10/19	0
GII	03/26	3.390	200	3.396	11/10/19	-1
GII	08/33	3.663	40	3.661	04/10/19	0
GII	11/34	3.650	30	3.634	08/10/19	2
GII	09/39	3.837	402	3.831	14/10/19	1
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Daily Trades : Corp Bonds/ Sukuk

Securities	Maturity (dd/mm/yy)	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
DanalFra Nasional Berhad	07/27	GG	3.59	10	3.543	09/10/19	5	18
Pelabuhan Tanjung Pelepas Sdn Berhad	11/30	GG	3.71	20	3.638	21/08/19	7	29
Pelabuhan Tanjung Pelepas Sdn Berhad	10/31	GG	3.75	20	3.681	21/08/19	7	33
DanalFra Nasional Berhad	05/41	GG	4.04	15	3.909	07/10/19	13	31
Prasarana Malaysia Berhad	09/42	GG	4.01	10	3.989	09/08/19	2	28
DanalFra Nasional Berhad	05/46	GG	4.11	5	4.011	07/10/19	10	38
Telekom Malaysia Berhad	12/24	AAA	3.514	20	3.439	18/09/19	7	29
Telekom Malaysia Berhad	11/25	AAA	3.546	10	3.471	11/09/19	7	21
Putrajaya Bina Sdn Berhad	09/26	AAA	3.622	10	3.732	12/07/19	-11	24
Telekom Malaysia Berhad	09/27	AAA	3.587	10	3.506	11/09/19	8	18
Pengurusan Air SPV Berhad	02/29	AAA	3.663	10	3.67	09/10/19	-1	24
TNB Northern Energy Berhad	11/33	AAA	3.909	10	4.962	14/03/18	-105	30
TNB Northern Energy Berhad	05/34	AAA	3.919	10	5.01	04/07/17	-109	31
Sabah Development Bank Berhad	09/20	AA1	3.899	1	4.474	01/08/19	-58	82
Malayan Banking Berhad	01/31	AA1	3.897	0	3.881	02/10/19	2	48
Sarawak Energy Berhad	08/35	AA1	4.054	30	3.967	06/09/19	9	45
CIMB Group Holdings Berhad	09/29	AA	3.921	0	3.906	03/09/19	1	51
Eco World Internatioanl Berhad	10/21	AA3	4.469	50	4.419	24/09/19	5	136
BGSM Management Sdn Berhad	09/23	AA3	3.799	10	4.049	09/08/19	-25	61
Eco World Capital Assets Berhad	08/24	AA3	4.338	30	4.198	10/10/19	14	111
Edra Energy Sdn Berhad	01/30	AA3	4.378	50	4.444	15/08/19	-7	96
Edra Energy Sdn Berhad	07/30	AA3	4.398	20	4.62	05/08/19	-22	98
Edra Energy Sdn Berhad	07/31	AA3	4.448	10	4.449	11/10/19	0	103
Malakoff Power Berhad	12/19	AA-	3.118	20	3.235	11/10/19	-12	4
MMC Corporation Berhad	04/23	AA-	4.453	0	4.457	11/10/19	0	126
UEM Sunrise Berhad	03/24	AA-	3.778	2	3.788	04/10/19	-1	58
MMC Corporation Berhad	11/25	AA-	4.718	10	4.684	05/09/19	3	139
Southern Power Generation Sdn Berhad	10/33	AA-	4.239	10	4.561	07/05/19	-32	63
Edra Solar Sdn Berhad	10/26	A3	4.476	2	4.482	09/10/19	-1	110
WCT Holdings Berhad	09/19	A	5.67	10	5.797	02/10/19	-13	194
DRB-Hicom Berhad	03/22	A+	4.414	5	4.697	11/07/19	-28	131
IJM Land Berhad	03/19	A2	4.814	0	4.629	02/10/19	19	108
YNH Property Berhad	NA	NA	6.601	1	6.633	08/10/19	-3	NA
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Malaysia down two rungs in global competitiveness: Malaysia has slipped two notches in the global competitiveness ranking this year after being overtaken by Spain and the United Arab Emirates (UAE), according to the latest survey by the World Economic Forum. In the recently published Global Competitiveness Report (GCR) 2019, Malaysia is ranked 27th out of 141 countries in terms of overall score. Last year, Malaysia was ranked 25th out of 140 countries. In terms of overall score, Malaysia saw a mere improvement of 0.2 point to 74.6 points this year in the survey that rates economies based on 12 pillars, namely, institutions; infrastructure; information communications technology (ICT) adoption; macro-economic stability; health; skills; product market; labour market; financial system; market size; business dynamism; and innovation capability. According to the GCR 2019, Malaysia's main strengths remained its macro-economic stability, financial system and health of human capital. Within Asean, Malaysia was ranked second behind Singapore in terms of the overall global competitiveness index (GCI) score this year. Coming in third was Thailand, which ranked 40th globally with an overall GCI score of 68.1 points, and followed by Indonesia, which ranked 50th globally with 64.6 points. Notably, Singapore also beat out the United States to emerge as the world's most competitiveness economy for 2019, with an overall GCI score of 84.8 points. The United States, which took the top rank last year, fell one notch globally with an overall GCI score of 83.7 points. Hong Kong, which is currently under pressure from 19 straight weeks of anti-government protests, rose four notches to rank third in the GCR 2019, with an overall GCI score of 83.1 points. In the report, Hong Kong was featured in the top-10 of eight pillars, which was a record, and outperformed the OECD benchmark on every pillar. Meanwhile, China was ranked 28th in the overall GCI score, just one spot behind Malaysia, and unchanged its position from last year. The GCR 2019 said, China's score increased by 1.3 points, driven by a significant boost in ICT adoption. "China's strengths obviously include the sheer size of its market and macro-economic stability," it said. (Source: Starbiz)

UMW sees better second-half 2019 earnings: UMW HOLDINGS BHD expects better second-half 2019 earnings, driven by its automotive division. President and group chief executive officer Badrul Feisal Abdul Rahim said the recently announced budget provided some much-needed measures to promote consumer spending. We're optimistic about the second-half. It's still quite good but I think it depends on how the automotive segment actually moves," he said after the company's EGM yesterday. "I think the budget is good, as it encourages more private consumption to buy cars. Not just our models, but other makes as well." According to reports, for Toyota, the group is targeting more than a 12% growth in sales to 75,000 units compared to the 66,562 units sold in 2018, driven by its first batch of the all-new Vios and locally assembled Yaris hatchback. "We're still targeting 12%. We know that it's going to be very competitive. There's still another three-and-a-half months to go and we'll try our best to achieve our target," said Badrul. Meanwhile, Perodua has revised upwards its sales target for this year to 235,000 units from 231,000 cars previously, underpinned by sustained healthy demand for all its models. The target, if achieved, would be a new record high for the national carmaker. Separately, shareholders approved the sale of land by UMW for RM287.7mil at its EGM. Badrul said proceeds from the disposal would be used for capital expenditure and operational expenditure purposes, to pay off debt and provide dividends. On Nov 30 last year, UMW announced that it was selling industrial leasehold land measuring 38.803 acres in Shah Alam, Selangor to Strategic Sonata Sdn Bhd (SSSB). Permodalan Nasional Bhd (PNB) had on June 13 entered into a share subscription agreement with SSSB for a 30% stake acquisition in the latter. PNB, by virtue of it being the investment manager of Amanah Saham Bumiputera and Amanah Saham Nasional Bhd, collectively held a 59.62% equity interest in UMW as at May 31. As a result, the proposed disposal of land to SSSB is deemed to be a related-party transaction. UMW's net profit fell 32.3% to RM84.19mil for the second quarter ended June, compared with RM124.38mil in the corresponding quarter last year, in the absence of a one-off reversal of provisions. During the quarter in review, the diversified conglomerate saw its revenue falling 1.6% to RM2.97bil from RM2.92bil in the previous corresponding period. For the cumulative period, UMW's net profit was lower by 14% at RM170.69mil, compared with RM198.46mil in the first-half ended

June 30,2018. The group's revenue rose 7.6% to RM5.74bil for the first-half of 2019 from RM5.33bil previously. (Source: Starbiz)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM, MARC

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