

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.85	2
5-yr UST	1.87	2
10-yr UST	2.10	1
30-yr UST	2.61	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.29	-1	3.33	1
5-yr	3.44	1	3.45	1
7-yr	3.55	0	3.58	0
10-yr	3.62	1	3.65	2
15-yr	3.82	1	3.85	4
20-yr	4.00	1	4.03	0
30-yr	4.25	1	4.24	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.38	0
3-yr	3.39	0
5-yr	3.45	0
7-yr	3.52	0
10-yr	3.61	-2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries saw yields rise as dollar rallied following better-than-expected US retail sales for June. Overall benchmark yields ended between 0-2bps higher with the UST 2Y at 1.85% and the much-watched 10Y edging 1bps higher at 2.10% yesterday as the yield curve flattened. Meanwhile foreign net selling in UST's in May was \$33.8b with Japan's holdings rose \$37b to \$1.1 trillion whilst China saw its share of holdings fall for the 3rd straight month, slightly by \$2.8b to \$1.11 trillion. Fed Chair Powell reaffirmed the case for a rate cut amid threats by US President Trump to impose additional tariffs on China.

MGS/GII

- Trading momentum in local govies improved on Tuesday with secondary volume up at RM3.34b with interest seen mainly in benchmark 3Y, 7Y and 10Y bonds. Overall benchmark yields ended mostly higher between 0-4bps from prior day's level with both the benchmark 5Y MGS 6/24 and the 10Y MGS 8/29 edging 1bps higher at 3.44% and 3.62%. GII trades maintained at ~38% of overall trades. Separately, the government has recovered ~RM1.0b from China Petroleum Pipeline due to variance between the completed costs of projects versus payments made.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw solid interest as volume notched higher at RM991m with interest mainly across most tenures of the GG-segment followed by some spillover into the AAA-AA part of the curve causing yields to decline further. Govt-guaranteed Khazanah 19-20's and 8/24 dominated the space closing 3-14bps lower compared to previous-done levels between 3.05-26% levels and 3.49% respectively. The AAA-AMAN 3/25 saw RM100m in nominal trades closing 27bps lower at 3.78% whilst the longer-end MANJUNG 30-31's saw similar moves closing at 3.88-92% levels. AA-rated energy-bonds SEB 8/25 closed unchanged at 3.92% whilst the 2033-2036 tranches ended 3-11bps lower between 3.92-4.47%.. The banking space was relatively quiet with some odd-lot trades done on names like RHBIB and AmBank. Meanwhile Khazanah is reputed to have trimmed its stake in CIMB by 3.45% to current levels of ~23.5%.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.070	42	3.080	15/07/2019	-1
MGS	03/20	3.154	132	3.163	15/07/2019	-1
MGS	07/20	3.186	4	3.183	15/07/2019	0
MGS	07/21	3.258	2	3.257	15/07/2019	0
MGS	09/21	3.282	70	3.274	15/07/2019	1
MGS	11/21	3.274	5	3.287	15/07/2019	-1
MGS	03/22	3.288	204	3.297	15/07/2019	-1
MGS	08/22	3.350	40	3.362	12/07/2019	-1
MGS	09/22	3.352	42	3.358	10/07/2019	-1
MGS	03/23	3.407	20	3.400	15/07/2019	1
MGS	08/23	3.434	217	3.435	15/07/2019	0
MGS	06/24	3.444	60	3.433	15/07/2019	1
MGS	07/24	3.473	144	3.477	15/07/2019	0
MGS	09/24	3.486	156	3.486	15/07/2019	0
MGS	03/25	3.524	80	3.518	12/07/2019	1
MGS	09/25	3.545	1	3.536	12/07/2019	1
MGS	04/26	3.584	22	3.568	11/07/2019	2
MGS	07/26	3.551	263	3.556	12/07/2019	0
MGS	11/26	3.621	5	3.604	15/07/2019	2
MGS	06/28	3.673	10	3.666	15/07/2019	1
MGS	08/29	3.619	222	3.611	15/07/2019	1
MGS	11/33	3.836	132	3.841	15/07/2019	-1
MGS	07/34	3.815	20	3.806	15/07/2019	1
MGS	06/38	4.004	104	3.994	15/07/2019	1
MGS	03/46	4.262	22	4.261	15/07/2019	0
MGS	07/48	4.254	35	4.245	15/07/2019	1
GII	03/22	3.330	30	3.319	15/07/2019	1
GII	04/22	3.336	70	3.339	15/07/2019	0
GII	11/22	3.393	50	3.378	12/07/2019	1
GII	07/23	3.460	70	3.453	15/07/2019	1
GII	11/23	3.471	20	3.472	11/07/2019	0
GII	10/24	3.449	110	3.434	11/07/2019	1
GII	08/25	3.538	100	3.562	15/07/2019	-2
GII	10/25	3.570	44	3.572	12/07/2019	0
GII	03/26	3.578	160	3.582	15/07/2019	0
GII	09/26	3.624	40	3.598	11/07/2019	3
GII	07/27	3.678	30	3.643	15/07/2019	4
GII	10/28	3.685	100	3.671	15/07/2019	1
GII	07/29	3.649	160	3.627	11/07/2019	2
GII	06/33	3.894	70	3.867	11/07/2019	3
GII	11/34	3.850	20	3.811	11/07/2019	4
GII	08/37	4.028	40	4.028	15/07/2019	0
GII	09/39	4.029	170	4.024	15/07/2019	0
			<u>3337</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	08/19	GG	3.054	120	3.086	15/07/2019	-3	-11
Khazanah Nasional Berhad	03/20	GG	3.257	130	3.290	12/07/2019	-3	10
Prasarana Malaysia Berhad	11/20	GG	3.262	10	3.406	31/05/2019	-14	10
Turus Pesawat Sdn Berhad	03/23	GG	3.618	50	3.739	20/05/2013	-12	22
Prasarana Malaysia Berhad	08/23	GG	3.578	20	3.529	24/06/2019	5	18
Pengurusan Air SPV Berhad	06/24	GG	3.470	30	3.501	11/07/2019	-3	3
Khazanah Nasional Berhad	08/24	GG	3.489	50	3.610	25/06/2019	-12	5
GovCo Holdings Berhad	06/31	GG	3.959	30	3.959	11/07/2019	0	34
GovCo Holdings Berhad	09/32	GG	4.039	20	4.231	21/06/2019	-19	23
Lembaga Pembiayaan Perumahan Sektor Awam	04/33	GG	3.909	40	4.480	11/02/2019	-57	10
Lembaga Pembiayaan Perumahan Sektor Awam	04/34	GG	3.950	40	3.956	10/07/2019	-1	14
Prasarana Malaysia Berhad	09/42	GG	4.179	10	4.179	11/07/2019	0	17
Danainfra Nasional Berhad	10/46	GG	4.310	5	4.310	08/07/2019	0	30
Danainfra Nasional Berhad	11/47	GG	4.320	4	4.560	10/06/2019	-24	31
Cagamas Berhad	11/20	AAA	3.384	6	3.602	20/06/2019	-22	22
Telekom Malaysia Berhad	08/23	AAA	3.646	10	3.876	17/06/2019	-23	25
Aman Sukuk Berhad	03/25	AAA	3.781	100	4.055	25/04/2019	-27	27
Manjung Island Energy Berhad	11/30	AAA	3.888	30	4.069	12/06/2019	-18	27
Manjung Island Energy Berhad	11/31	AAA	3.923	40	4.235	06/05/2019	-31	31
Tenaga Nasional Berhad	08/37	AAA	4.120	30	4.439	10/06/2019	-32	11
YTL Power International Berhad	03/23	AA1	3.976	10	3.994	12/07/2019	-2	58
Sarawak Energy Berhad	08/25	AA1	3.919	40	3.921	11/07/2019	0	41
Sarawak Energy Berhad	11/33	AA1	4.228	10	4.309	20/06/2019	-8	42
Sarawak Energy Berhad	08/35	AA1	4.399	20	4.430	01/07/2019	-3	59
Sarawak Energy Berhad	04/36	AA1	4.469	10	4.584	29/05/2019	-11	66
Tanjung Bin Power Sdn Berhad	08/20	AA2	3.731	10	4.119	15/04/2019	-39	57
Fortune Premiere Sdn Berhad	03/23	AA	4.017	10	4.366	15/04/2019	-35	62
Perbadanan Kemajuan Negeri Selangor	12/22	AA3	4.146	30	-	-	-	85
Country Garden Real Estate Sdn Berhad	02/23	AA3	6.440	2	6.521	15/07/2019	-8	304
RHB Investment Bank Berhad	04/25	AA3	3.979	6	4.176	10/07/2019	-20	47
Edra Energy Sdn Berhad	01/31	AA3	4.754	10	4.789	12/07/2019	-4	114
Edra Energy Sdn Berhad	07/31	AA3	4.764	10	4.799	12/07/2019	-4	115
Tanjung Bin O&M Berhad	07/22	AA-	3.956	40	4.346	27/03/2019	-39	66
AmBank (M) Berhad	08/39	A1	3.579	6	3.956	10/06/2019	-38	-43
UMW Holdings Berhad	04/18	A1	4.790	1	4.540	12/07/2019	25	78
Eco World International Berhad	05/23	-	5.805	2	5.805	15/07/2019	-	-
				<u>991</u>				

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

Market/Corporate News: What's Brewing

The Terengganu government is still negotiating with Malaysia Rail Link Sdn Bhd (MRL) to decide on the new alignment of the East Coast Rail Link (ECRL) and the number of stations to be built in the state. Menteri Besar Dr Ahmad Samsuri Mokhtar said the launching ceremony of ECRL will be held in Dungun on July 26. "In the final days before July 26, we are still negotiating...on important decisions relating to the new alignment and the number of stations linked to the factor of catalyst for the district involved as well as the socio-economy of the local community," he told reporters after the Terengganu State Legislative Assembly sitting here today. Asked what are the requests of the state government in the negotiation, Ahmad Samsuri said the state government hoped the new alignment would be in line with the state government's plan as well as initiatives under the East Coast Economic Region Development Council (ECERDC). The six ECRL stations proposed in Terengganu are Chukai, Kemasik, Dungun, Pengkalan Berangan, Kuala Terengganu and Kampung Raja.. (Source: The Edge)

After months of high tension drama as it teetered on the brink of bankruptcy, Hyflux looks like it is finally going to be saved by a white knight investor. United Arab Emirates utilities group Utico FZC announced Tuesday it is buying an 88% stake in the debt-ridden water treatment firm for S\$535 million. Utico also intends to offer the cash equivalent of a 4% stake in the enlarged Utico group plus additional cash payouts to the holders of preference shares and perpetual capital securities.. (Source: The Edge)

The Malaysia External Trade Development Corporation (Matrade) is optimistic that Malaysia's total exports projection of more than RM1 trillion set by the Ministry of International Trade and Industry can be achieved due positive catalysts and economic outlook moving forward. Chief executive officer Datuk Wan Latiff Wan Musa said for January-May this year, Malaysia recorded total exports of RM405.36 billion, an increase of 0.3% when compared with the same period last year. "We managed to achieve 0.3 per cent growth in exports in the first six months, and we just need 0.2 per cent increase this year to exceed the RM1 trillion threshold," he told a media briefing on the bilateral relations between Malaysia and Europe today. He said with the current uptrend in export, as well an increase in foreign direct investments (FDIs) inflows, exports were most likely to perform better in the second half of this year. "As we all know, export is always better in the second half of the year as compared with the first half. "September and October are usually good months for Malaysia (in term of exports) and I hope the current trade negotiations between the US and China would find common ground soon," he added. Meanwhile, Sage latest survey entitled 'We Power the Nation' revealed that 59% Malaysian businesses are positive on trade performance moving forward, despite the global trade challenges. The report was commissioned to explore the impact of international trade on Malaysia, which also included data on 3,000 businesses across 12 countries. Sage Asia's vice president and managing director Arlene Wherrett said six out of 10 domestic businesses were optimistic that trade would improve in the next 12 months, driven by previous year's healthy performance and profit growth, as well as stronger inter-regional trading prospects. Despite volatility in the current global market due to the US-China trade war, Wherrett said the survey showed that Malaysian businesses continued to rely on key trading partners such as China (43%), the US (27%) and Japan (26%). Survey respondents reported that in the next 12 months, diversification of market would be a priority, given the current global trade uncertainties with 68% of local firms said they were keen on exploring markets across Asia. "After Asia, Malaysian businesses are seeing Australasia as the next most sought-after market (32%), followed by Europe (30%)." "These findings suggest that efforts to facilitate future development of trade, be it through export promotion programmes by the government or government-affiliated organisations, as well as inter-region collaborations should focus on these continents," she added. (Source: *The Edge/Bernama*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Konsortium KAJV Sdn Bhd	RM1.0 billion Sukuk Wakalah Programme	AA-IS	Assigned
Kapar Energy Ventures Sdn Bhd's	RM2.0 billion Sukuk Ijarah	AA+IS	Affirmed

Source: RAM, MARC

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