

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.91	3
5-yr UST	1.86	2
10-yr UST	2.09	1
30-yr UST	2.58	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.35	-1	3.41	0
5-yr	3.46	0	3.52	0
7-yr	3.62	0	3.49	0
10-yr	3.71	0	3.73	0
15-yr	4.03	3	4.02	0
20-yr	4.16	1	4.21	0
30-yr	4.45	0	4.49	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.41	2
3-yr	3.42	1
5-yr	3.49	1
7-yr	3.58	2
10-yr	3.75	1

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- The US Treasuries fell for the first time in five days, taking the hit of weaker than expected US data. Yields took a turn and settled largely higher by 1-3bps up to the 10Y bonds while the 30Y long bond ended little changed at 2.58%. The curve bear flattened with the 2/10 spread narrowing 6bps to 18bps, its flattest since early June. Yesterday's report revealed that China slashed its holding of US treasuries by \$7.5b to a two-year low of \$1.11 trillion in April before President Trump triggered an escalation of trade war in early May. Markets is expected to stay cautious and jittery ahead of the much anticipated FOMC meeting starting tonight. All eyes will be on the Fed language for timing of a potential rate cut.

#### MGS/GII

- Trading momentum in local govovies pulled back sharply to RM1.96bn yesterday, its lowest since end-May as investors stayed on the sideline ahead of FOMC meeting where guidance of a potential Fed rate cut is widely expected. Overall govovies yields ended little changed with the exception of 15Y MGS that rose 3bps to 4.03%. Benchmark 5Y MGS 4/23 closed unchanged at 3.46% whilst the 10Y MGS 8/29 was also flat at 3.71%. Interests were seen skewed to the front end of the curve including MGS 11/19, MGS 11/21 and GII 7/22. GII bond trades dropped substantially to form only 18% of overall trades, from the 40% ranges in the past few days. We continue to expect quiet trading as investors await more cues from FOMC meeting.

#### Corp Bonds/Sukuk

- Trading interests in Corporate Bonds/Sukuk also softened but not as much as the pullback in local govovies. Secondary trade volume fell about 30% to RM636m yesterday, from RM905m a day ago. Trading momentum in GG papers were notably softer concentrated on Turus Pesawat '2/28 (RM50m), PTPTN 34-37 and DANA 27-43 with yields all traded lower, futher narrowing the gap with MGS. The AA-rated space remained in favour accounting for close to half of total secondary trade done. Energy names continued to take center stage, led by SEB 26-33 that collectively saw RM170m changed hands at 4.068-4.346% (0 to -16bps). Other papers that saw heavy interests were AAA-rated GENM '3/22 at 4.072% and Rantau '1/32 at 4.109%, as well as AA1-rated KLK '9/22 at 3.925%, each with RM30m done.

## Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 10/19	3.111	41	3.119	14/06/2019	-1
MGS 11/19	3.125	240	3.119	14/06/2019	1
MGS 03/20	3.161	32	3.175	14/06/2019	-1
MGS 07/20	3.215	2	3.209	13/06/2019	1
MGS 10/20	3.236	50	3.230	13/06/2019	1
MGS 02/21	3.302	12	3.302	14/06/2019	0
MGS 07/21	3.333	121	3.344	14/06/2019	-1
MGS 09/21	3.339	60	3.363	14/06/2019	-2
MGS 11/21	3.343	230	3.358	14/06/2019	-2
MGS 03/22	3.352	11	3.360	14/06/2019	-1
MGS 08/22	3.417	3	3.407	13/06/2019	1
MGS 09/22	3.421	73	3.416	10/06/2019	0
MGS 03/23	3.437	3	3.450	11/06/2019	-1
MGS 04/23	3.438	3	3.439	14/06/2019	0
MGS 08/23	3.482	0	3.480	14/06/2019	0
MGS 07/24	3.518	67	3.534	14/06/2019	-2
MGS 09/24	3.541	34	3.546	14/06/2019	0
MGS 09/25	3.649	10	3.656	14/06/2019	-1
MGS 07/26	3.617	1	3.615	14/06/2019	0
MGS 11/26	3.691	2	3.691	14/06/2019	0
MGS 11/27	3.764	52	3.764	14/06/2019	0
MGS 06/28	3.766	52	3.760	14/06/2019	1
MGS 08/29	3.711	201	3.706	14/06/2019	0
MGS 06/31	3.896	28	3.907	14/06/2019	-1
MGS 11/33	4.028	2	4.002	14/06/2019	3
MGS 04/37	4.164	1	4.169	13/06/2019	0
MGS 06/38	4.164	80	4.157	11/06/2019	1
MGS 03/46	4.473	2	4.474	14/06/2019	0
MGS 07/48	4.452	132	4.464	14/06/2019	-1
GII 04/22	3.407	1	3.413	14/06/2019	-1
GII 07/22	3.419	100	3.424	13/06/2019	0
GII 11/22	3.450	70	3.463	14/06/2019	-1
GII 11/22	3.450	30	3.483	11/06/2019	-3
GII 11/23	3.475	1	3.481	14/06/2019	-1
GII 10/24	3.519	40	3.517	14/06/2019	0
GII 09/26	3.706	12	3.691	14/06/2019	2
GII 10/28	3.768	4	3.758	14/06/2019	1
GII 07/29	3.733	20	3.737	14/06/2019	0
GII 09/30	3.849	60	3.883	14/06/2019	-3
GII 10/35	4.129	20	4.142	10/06/2019	-1
SPK 03/23	3.500	60	3.490	14/06/2019	1
		<u>1963</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	3.802	10	3.936	28/05/2019	-13	10
Turus Pesawat Sdn Berhad	02/28	GG	3.990	50	4.000	10/06/2019	-1	27
DanaInfra Nasional Berhad	05/31	GG	3.950	20	3.965	13/06/2019	-1	22
DanaInfra Nasional Berhad	03/32	GG	4.051	5	4.050	13/06/2019	0	3
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	4.109	30	4.129	13/06/2019	-2	9
Perbadanan Tabung Pendidikan Tinggi Nasional	03/37	GG	4.230	10	4.529	25/04/2019	-30	4
DanaInfra Nasional Berhad	02/39	GG	4.235	20	4.550	22/04/2019	-32	4
DanaInfra Nasional Berhad	04/43	GG	4.350	10	4.380	10/06/2019	-3	16
Prasarana Malaysia Berhad	09/47	GG	4.471	10	4.661	27/05/2019	-19	28
Aman Sukuk Berhad	02/21	AAA	3.764	10	4.305	13/08/2018	-54	45
Gulf Investment Corporation G.S.C	03/21	AAA	4.480	5	4.547	10/05/2019	-7	117
GENM Capital Berhad	03/22	AAA	4.072	30	5.158	23/05/2019	-109	71
Aman Sukuk Berhad	04/22	AAA	3.788	5	3.883	29/05/2019	-10	43
Telekom Malaysia Berhad	08/23	AAA	3.876	10	3.906	11/06/2019	-3	44
Putrajaya Bina Sdn Berhad	09/26	AAA	3.951	5	4.026	30/05/2019	-7	31
Genting Capital Berhad	06/27	AAA	4.279	15	4.416	28/05/2019	-14	57
Bakun Hydro Power Generation Sdn Berhad	08/27	AAA	3.919	10	4.048	31/05/2019	-13	21
Putrajaya Bina Sdn Berhad	03/28	AAA	4.041	5	4.558	13/12/2018	-52	32
Manjung Island Energy Berhad	11/28	AAA	3.999	10	4.108	07/05/2019	-11	28
Rantau Abang Capital Berhad	01/32	AAA	4.109	30	4.429	26/03/2019	-32	9
Projek Lebuhraya Usahasama Berhad	01/36	AAA	4.508	20	4.510	11/06/2019	0	49
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	10/20	AA1	4.047	10	4.490	30/11/2018	-44	85
Kuala Lumpur Kepong Berhad	09/22	AA1	3.925	30	4.269	29/01/2019	-34	57
YTL Power International Berhad	10/24	AA1	4.327	20	4.445	03/05/2019	-12	84
Sarawak Energy Berhad	06/26	AA1	4.068	20	4.225	16/04/2019	-16	42
Sarawak Energy Berhad	12/32	AA1	4.323	90	4.326	11/06/2019	0	30
Sarawak Energy Berhad	11/33	AA1	4.346	60	4.363	31/05/2019	-2	33
Country Garden Real Estate Sdn Berhad	02/23	AA3	6.590	3	6.590	14/06/2019	0	315
Edra Energy Sdn Berhad	01/30	AA3	4.749	1	5.049	10/06/2019	-30	102
Edra Energy Sdn Berhad	07/31	AA3	4.780	1	5.081	13/06/2019	-30	105
Edra Energy Sdn Berhad	01/32	AA3	4.789	2	5.289	21/05/2019	-50	77
Edra Energy Sdn Berhad	07/32	AA3	5.097	30	5.098	13/06/2019	0	108
MMC Corporation Berhad	11/20	AA-	4.576	5	4.576	12/06/2019	0	138
Segi Astana Sdn Berhad	01/23	AA-	5.009	0	5.010	14/06/2019	0	157
Segi Astana Sdn Berhad	01/24	AA-	5.061	0	5.081	11/06/2019	-2	158
UEM Sunrise Berhad	03/24	AA-	4.187	10	4.582	26/03/2019	-40	70
Southern Power Generation Sdn Berhad	04/24	AA-	4.069	10	4.119	27/05/2019	-5	59
Southern Power Generation Sdn Berhad	10/24	AA-	4.078	10	4.568	23/10/2018	-49	60
CIMB Group Holdings Berhad	05/16	A1	4.374	10	4.478	14/06/2019	-10	18
Eco World International Berhad	05/23	-	6.401	1	-	-	-	296
Mah Sing Group Berhad	03/15	-	5.698	1	5.702	14/06/2019	0	151
Mah Sing Group Berhad	04/17	-	6.039	2	-	-	-	185
				<u>636</u>				

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

## Market/Corporate News: What's Brewing

Bank Negara Malaysia (BNM), together with the financial industry, is in the process of establishing a Financial Threat Intelligence Platform. Its governor Datuk Nor Shamsiah Mohd Yunus said the platform would collate, analyse and disseminate real-time information on cyber threats and trends to strengthen the detective capabilities of the industry against such threats. "We expect to operationalise the platform before the year-end. I am also pleased to announce the establishment of a dedicated innovation lab, right here in Sasana Kijang," she said in her opening speech at the inaugural MyFintech Week 2019 here today. Sasana Kijang, established by BNM in 2011, is a centre of excellence in knowledge and learning in central banking and financial services. Among others, it houses the South East Asian Central Banks (SEACEN) Centre and BNM Museum and Art Gallery. Nor Shamsiah noted that the lab would provide a collaborative environment for the purpose of creating, elaborating, and

prototyping innovative solutions to clearly defined problem statements. The central bank will also start with open and fair access to a shared payment infrastructure for banks and non-banks alike. "It is also important to recognise the need for other digital public infrastructures as key enablers to harness the full potential of fintech (financial technology). These include having a national digital identity system, framework for open API (application programming interface) and open banking, clear cloud policy and nationwide broadband connectivity," said Nor Shamsiah. Meanwhile, BNM will also differentiating its regulatory and supervisory approach to capture new sources and transmission of risks while allowing room for experimentation and for firms to develop economies of scale. "An important objective will be minimising regulatory arbitrage, which can lead to risks building up in parts of the financial system that may be subject to differentiated regulations. "We anticipate that this will call for a much more dynamic approach to regulation and supervision as well as better communication of regulatory developments going forward," said Nor Shamsiah. – (Source: Bernama/ The Star Online)

Intel Corp. is reviewing its global supply chain amid the growing trade war between the U.S. and China, Chief Executive Officer Bob Swan said. Intel doesn't believe tariffs are an "effective way to drive global trade," Swan said on Sunday, and is encouraging the governments to engage in constructive dialogue -- even as the company tries to mitigate the impact of the dispute. "How do we move goods -- sometimes our customers will move their operations -- and how do we work the global supply chain so less product is coming directly from China to the U.S. that would be subject to tariffs?" Swan said in an interview with Bloomberg TV in Tel Aviv. Behind the trade war is President Donald Trump's position that China and other trading partners are taking advantage of the U.S. For more than a year he has ratcheted up taxes on imports and encouraged U.S. companies to move production back home. Uncertainty as U.S.-China trade negotiations enter a crucial stage is weighing on companies like Intel, as are signals from the Chinese government that it might not implement major stimulus measures -- as it has done in the past -- if the economy struggles. Intel already cut its revenue forecast for the full year, citing "China headwinds." Apple Inc. has a backup plan if the trade war with China keeps escalating: Say goodbye to Beijing. Taiwan-based Foxconn Technology Group, Apple's primary manufacturing partner, said it has enough capacity to make all iPhones bound for America outside of China. Alphabet Inc.'s Google is reportedly moving some production of Nest thermostats and server hardware out of China, avoiding U.S. tariffs and an increasingly hostile government in Beijing. It has already reportedly shifted much of its production of U.S.-bound motherboards to Taiwan, according to people familiar with the matter. The migration is taking place as both foreign and domestic companies seek to pivot production away from China amid Trump's efforts to reset the parameters for global trade and manufacturing. Beijing is also showing growing signs of clamping down on American corporations, from Ford Motor Co. to FedEx Corp., within the world's largest consumer market and production base. (Source: Bloomberg)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM, MARC

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