

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.76	-6
5-yr UST	1.77	-5
10-yr UST	2.03	-2
30-yr UST	2.56	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.30	0	3.32	-2
5-yr	3.43	-1	3.45	0
7-yr	3.54	-2	3.58	0
10-yr	3.61	-1	3.64	-3
15-yr	3.80	-1	3.85	0
20-yr	3.98	0	4.03	-1
30-yr	4.26	0	4.24	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.38	0
3-yr	3.37	-2
5-yr	3.43	-3
7-yr	3.49	-4
10-yr	3.59	-2

Source : Bloomberg

### Upcoming Government Bond Tender

Nil

## Fixed Income Daily Market Snapshot

### US Treasuries

- US Treasuries reversed prior day's move with the curve steepening as the front-end was strongly bid post-comments by Fed member William on the need to cut rates. This move reversed earlier weakness due to strong Philadelphia Fed business outlook data. However Treasury Futures dropped later as markets repriced the dovish statement with current odds down to 40% for a 50bps cut. Overall benchmark yields ended between 2-6bps lower save for the long-bond which edged 1bps higher. The UST 2Y rallied pushing yields down by 6bps to 1.76% and the much-watched 10Y declined 2bps at 2.03%. Meanwhile Treasury secretary Mnuchin said that the debt ceiling could be an issue in early-September and if Treasury is forced to pass a short-term extension; that could cause more fears than a 2-year extension set to be approved next week..

### MGS/GII

- Local govvnies saw a relatively quiet but steady trading session on Thursday with secondary volume up at RM3.19b as interest continued to be seen in the shorter-end i.e. off-the-run 20's and benchmark 3Y, 10Y bonds. Overall benchmark yields were richer between 0-3bps from prior day's level with both the benchmark 5Y MGS 6/24 and 10Y MGS 8/29 edging 1bps lower at 3.43% and 3.61% respectively. GII trades maintained at about -44% of overall trades. Currently EM debt valuations appear less favorable as yields are down, spreads have tightened whilst the USD remains resilient. Nevertheless EM local government debt remains linked to progress on trade and may see support on safe-haven bids.

### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk continued to see upbeat investor interest despite lower volume at RM615m with trades noted across the GG-AA part of the curve. However the belly of the govt-guaranteed segment i.e. GOVCO, PTPTN and DANA 26-27's closed unchanged compared to previous-done levels between 3.66-69% whilst the long-end DANA 11/48 moved 18bps lower at 4.35%. AAA-rated RANTAU 3/29 and DANGA 1/30 closed 19-21bps sharply lower at 3.80% and 3.90% each whilst AMAN 5/24 however rose 3bps at 3.70%. AA-rated highway concession holder DUKE3 saw both the 8/35 and 8/38 tranches close unchanged and 13bps lower respectively at 4.74% and 4.97% levels on total traded nominal amounts of RM40m. The banking space saw AFFIN 27NC22 close 24bps lower at 4.10% on strong demand.

## Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.048	62	3.080	17/07/2019	-3
MGS	11/19	3.040	2	3.080	15/07/2019	-4
MGS	03/20	3.156	42	3.161	17/07/2019	0
MGS	07/20	3.169	1	3.179	17/07/2019	-1
MGS	10/20	3.197	17	3.201	17/07/2019	0
MGS	07/21	3.267	1	3.262	17/07/2019	0
MGS	11/21	3.281	11	3.287	17/07/2019	-1
MGS	03/22	3.297	168	3.300	17/07/2019	0
MGS	08/22	3.352	110	3.350	16/07/2019	0
MGS	09/22	3.354	103	3.359	17/07/2019	0
MGS	03/23	3.412	84	3.415	17/07/2019	0
MGS	08/23	3.454	11	3.447	17/07/2019	1
MGS	06/24	3.431	90	3.444	17/07/2019	-1
MGS	07/24	3.480	35	3.464	17/07/2019	2
MGS	09/24	3.485	68	3.494	17/07/2019	-1
MGS	09/25	3.549	5	3.538	17/07/2019	1
MGS	04/26	3.598	2	3.569	17/07/2019	3
MGS	07/26	3.541	161	3.557	17/07/2019	-2
MGS	11/26	3.603	120	3.619	17/07/2019	-2
MGS	11/27	3.660	5	3.667	17/07/2019	-1
MGS	06/28	3.670	23	3.673	17/07/2019	0
MGS	08/29	3.613	377	3.625	17/07/2019	-1
MGS	06/31	3.811	87	3.812	17/07/2019	0
MGS	04/33	3.853	2	3.852	17/07/2019	0
MGS	07/34	3.803	145	3.815	16/07/2019	-1
MGS	05/35	3.934	1	3.915	17/07/2019	2
MGS	04/37	4.009	37	4.015	17/07/2019	-1
MGS	07/48	4.257	10	4.257	17/07/2019	0
GII	04/20	3.166	130	3.180	17/07/2019	-1
GII	08/20	3.181	255	3.179	09/07/2019	0
GII	04/21	3.281	40	3.294	03/07/2019	-1
GII	03/22	3.319	60	3.337	17/07/2019	-2
GII	04/22	3.338	12	3.368	17/07/2019	-3
GII	11/22	3.386	160	3.393	16/07/2019	-1
GII	08/25	3.546	60	3.559	17/07/2019	-1
GII	10/25	3.569	50	3.570	16/07/2019	0
GII	03/26	3.583	70	3.585	17/07/2019	0
GII	09/26	3.625	60	3.630	17/07/2019	0
GII	07/27	3.661	80	3.685	17/07/2019	-2
GII	07/29	3.637	100	3.665	17/07/2019	-3
GII	06/33	3.892	130	3.889	17/07/2019	0
GII	08/37	4.030	90	4.028	16/07/2019	0
GII	09/39	4.026	120	4.033	17/07/2019	-1
			<u>3194</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*
GovCo Holdings Berhad	06/26	GG	3.689	10	3.691	17/07/2019	0	14
Perbadanan Tabung Pendidikan Tinggi Nasional	08/26	GG	3.659	10	3.660	17/07/2019	0	11
DanaInfra Nasional Berhad	03/27	GG	3.666	25	3.671	05/07/2019	0	7
DanaInfra Nasional Berhad	05/27	GG	3.673	25	3.710	20/06/2019	-4	8
Lembaga Pembiayaan Perumahan Sektor Awam	04/29	GG	3.749	65	3.768	03/07/2019	-2	14
DanaInfra Nasional Berhad	11/32	GG	3.890	20	4.108	04/06/2019	-22	8
DanaInfra Nasional Berhad	03/34	GG	3.928	60	3.930	17/07/2019	0	11
Projek Lebuhraya Usahasama Berhad	12/38	GG	4.084	25	4.305	12/06/2019	-22	8
DanaInfra Nasional Berhad	11/48	GG	4.346	5	4.529	12/06/2019	-18	34
Cagamas Berhad	10/20	AAA	3.451	5	3.886	11/03/2019	-44	28
GENM Capital Berhad	07/23	AAA	3.867	70	4.064	11/07/2019	-20	47
HSBC Amanah Malaysia Berhad	10/23	AAA	3.753	5	4.070	26/03/2019	-32	36
CIMB Bank Berhad	05/24	AAA	3.791	10	3.865	02/07/2019	-7	35
Aman Sukuk Berhad	05/24	AAA	3.701	15	3.669	12/07/2019	3	26
DiGi Telecommunications Sdn Berhad	04/27	AAA	3.869	20	4.122	27/05/2019	-25	27
Rantau Abang Capital Berhad	03/29	AAA	3.799	5	3.989	18/06/2019	-19	19
Danga Capital Berhad	01/30	AAA	3.898	30	4.110	01/07/2019	-21	29
Hong Leong Financial Group Berhad	09/20	AA1	3.660	20	4.310	19/03/2019	-65	49
United Overseas Bank (Malaysia) Berhad	05/25	AA1	3.651	30	4.201	14/03/2019	-55	14
Imtiaz Sukuk II Berhad	05/20	AA2	3.595	10	4.078	22/03/2019	-48	43
First Resources Limited	10/21	AA2	3.896	2	4.082	29/05/2019	-19	64
Imtiaz Sukuk II Berhad	05/22	AA2	3.897	10	4.022	01/07/2019	-13	59
Gamuda Berhad	11/22	AA3	4.010	14	4.144	27/06/2019	-13	71
Country Garden Real Estate Sdn Berhad	02/23	AA3	6.439	7	6.440	17/07/2019	0	305
Edra Energy Sdn Berhad	07/25	AA3	5.127	1	5.127	17/07/2019	0	162
Edra Energy Sdn Berhad	01/29	AA3	4.739	1	4.669	15/07/2019	7	112
Segi Astana Sdn Berhad	01/23	AA-	4.869	1	4.879	16/07/2019	-1	157
UEM Sunrise Berhad	03/24	AA-	4.009	4	4.015	15/07/2019	-1	57
UEM Sunrise Berhad	10/25	AA-	4.038	10	4.127	28/06/2019	-9	53
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/35	AA-	4.739	20	4.739	17/07/2019	0	93
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/38	AA-	4.969	20	5.100	12/06/2019	-13	96
Special Power Vehicle Berhad	11/21	A1	4.183	20	4.507	17/05/2019	-32	92
Affin Bank Berhad	02/27	A1	4.097	40	4.338	14/06/2019	-24	50
Alliance Islamic Bank Berhad	03/19	BBB1	4.550	1	4.783	15/07/2019	-23	54
				<u>615</u>				

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

## Market/Corporate News: What's Brewing

**The Government is prepared to provide full support to the corporate sector to spur Industrial Revolution 4.0 (IR 4.0).** Energy, Science, Technology, Environment and Climate Change Minister Yeo Bee Yin said the support included open policies to ensure that the players were not only capable of being followers but also become industry leaders. Although the Government might only provide limited support, the sector could still achieve much with existing technological advances, she said in her closing remark at the Beyond Paradigm Summit 2019 here, today. Yeo also emphasised that the corporate sector should take the opportunity to penetrate the market by being more innovative to compete in the global space. "It's very important for us and the corporate sector in the country to embrace new technology, is even wiser for the government to do so. Because the emerging technology does not have a winner yet," she said. The two-day Beyond Paradigm Summit that began yesterday with the theme 'Creating Distinctive Digital Solutions', showcased advanced technologies encapsulating the core ideas of automation and data exchange surrounding IR 4.0. The summit was hosted by Serba Dinamik Holdings Berhad, a global integrated engineering services provider. The summit also saw Sophia, the social humanoid robot powered by artificial intelligence, the core technology of IR 4.0,

featured for the first time in Malaysia. Sophia stands testament to how state-of-the-art artificial intelligence can value-add businesses as it binds together various separate processes through the Internet of Things (IoT). Meanwhile, Serba Dinamik chief executive officer and group managing director Datuk Dr Ir Mohd Abdul Karim Abdullah said the summit achieved its objective to provide industry players with an opportunity to understand more about IR4.0. "The summit's primary goal is to bring together businesses that have been working on adopting small-scale IR 4.0 solutions and gathering them together to initiate ideas, discuss concepts and implement these ideas to change Malaysia's digital landscape," he said. (Source: *The Edge*)

**Malaysia Airports Holdings Bhd said the High Court's ruling today in the civil suits it brought against AirAsia Group Bhd over unpaid passenger service charges (PSC), which favoured the airport operator, has provided clarity on the issue of PSC implementation.** According to MAHB, the Government gazetted the equalisation of PSC at all airports in Malaysia in January 2017, after which the equalisation of PSC for non-Asean international passengers of RM73 came into effect. This, it said meant all airlines operating from both terminals at KLIA will have to collect from passengers and pay the same amount to PSC to MAHB. "We are pleased with this ruling as this means that not only are we able to collect the gazetted PSC amount but it also means that we can have an environment of fairer competition between airlines operating at these two terminals, as well as allow Malaysia to be better aligned with international guidelines, including with the International Civil Aviation Organisation (ICAO) principle of non-discriminatory pricing at airports," MAHB group chief executive officer Raja Azmi Raja Nazuddin said. Earlier yesterday, the High Court dismissed AirAsia's application to strike out MAHB's suits and allowed summary judgments be entered against AirAsia in the three suits the airport operator brought against the company to recover unpaid PSC. It also ruled that AirAsia will have to pay at least RM40.6 million to MAHB's subsidiary Malaysia Airports (Sepang) Sdn Bhd, over unpaid PSC from July to December last year. AirAsia plans to appeal the court's decision. (Source: *The Edge*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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