

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

| UST       |             |           |
|-----------|-------------|-----------|
| Tenure    | Closing (%) | Chg (bps) |
| 2-yr UST  | 1.55        | 7         |
| 5-yr UST  | 1.48        | 6         |
| 10-yr UST | 1.61        | 5         |
| 30-yr UST | 2.09        | 5         |

| MGS    |             | GII*      |             |           |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr   | 3.18        | 0         | 3.19        | 2         |
| 5-yr   | 3.22        | 3         | 3.19        | 1         |
| 7-yr   | 3.28        | 8         | 3.34        | 12        |
| 10-yr  | 3.27        | 8         | 3.25        | 3         |
| 15-yr  | 3.42        | 7         | 3.42        | 3         |
| 20-yr  | 3.52        | 7         | 3.57        | 8         |
| 30-yr  | 3.73        | 2         | 3.82        | 0         |

\* Market indicative levels

| MYR IRS Levels |             |           |
|----------------|-------------|-----------|
| IRS            | Closing (%) | Chg (bps) |
| 1-yr           | 3.25        | 0         |
| 3-yr           | 3.23        | 0         |
| 5-yr           | 3.24        | 1         |
| 7-yr           | 3.28        | 2         |
| 10-yr          | 3.40        | 7         |

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- US Treasuries ended weaker as the curve flattened slightly post Fed member's Rosenbreg's comments of holding back on further rate hikes along with the US government's intention of issuing ultra-long 50Y and 100Y bonds. The curve shifted higher as overall benchmark yields closed between 5-7bps higher with the UST 2Y spiking at 1.55% whilst the much-watched 10Y ended up 1.61%. The extension of the temporary general license for Chinese tech giant Huawei's continued operations is also believed to reduce the safe appeal of bonds. Despite last week's brief yield curve inversion, president Trump is confident that he does not foresee an economic downturn. Up next on the economic front are Markit US manufacturing and services PMI data together with the release of the FOMC meeting minutes tomorrow.

#### MGS/GII

- Trading momentum was active despite lower volume of RM5.71b yesterday with main interest seen in the off-the-run 21-22's, 5Y-10Y bonds and also the 22's and also the 20Y GII bonds. Profit-taking activities were evident following the recent rally across the curve. Overall benchmarks closed weaker as yields spiked between 1-12bps across the curve with the 5Y benchmark MGS 6/24 moving 3bps higher at 3.22% whilst the 10Y MGS 8/29 tanked 8bps at 3.27%. GII trades dropped to form ~33% of overall trades. Meanwhile BNM has unveiled further positives to deepen its markets and increase market liquidity by providing businesses with greater hedging flexibility and improving MYR flexibility after onshore trading hours. This comes ahead of an expected decision by FTSE Russell with regards to its revision of MYR bond weightage in its index come September.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw secondary market volume spike to RM1.26b mainly due to RM350m in nominal trades in MAYBANK 31NC26 bonds as overall yields bucked the trend seen in govies. The govt-guaranteed space saw mid-to-long tenors traded with PTPTN 3/29 closing 7bps lower compared to previous-done levels at 3.43% and and DANA 3/34 also sharply lower on yields at 3.51%. AAA-rated CAGAMAS dominated trades with the 2020 and 2021 tranches closing between 3.16-22% levels and 3.25% respectively whilst CAGA 5/23 closed unchanged at 3.35%. TELEKOM 24's closed 12-25bps lower between 3.47-50%. In the AA-space WCT 10/23 and 4/26 closed 0-2bps lower at 4.93% and 5.12% each.

## Daily Trades : Government Bond

| Securities |       | Closing<br>YTM | Vol<br>(RM mil) | Previous<br>YTM | Previous<br>Trade Date<br>(dd/mm/yyyy) | Chg<br>(bp) |
|------------|-------|----------------|-----------------|-----------------|--|-------------|
| MGS        | 10/19 | 3.088          | 277             | 3.090           | 16/08/2019                             | 0           |
| MGS        | 11/19 | 3.089          | 5               | 3.080           | 16/08/2019                             | 1           |
| MGS        | 03/20 | 3.113          | 6               | 3.098           | 16/08/2019                             | 2           |
| MGS        | 07/20 | 3.048          | 1               | 3.098           | 16/08/2019                             | -5          |
| MGS        | 10/20 | 3.112          | 379             | 3.131           | 16/08/2019                             | -2          |
| MGS        | 02/21 | 3.177          | 240             | 3.129           | 16/08/2019                             | 5           |
| MGS        | 07/21 | 3.175          | 24              | 3.161           | 16/08/2019                             | 1           |
| MGS        | 11/21 | 3.173          | 4               | 3.156           | 16/08/2019                             | 2           |
| MGS        | 03/22 | 3.180          | 17              | 3.176           | 16/08/2019                             | 0           |
| MGS        | 08/22 | 3.195          | 10              | 3.181           | 16/08/2019                             | 1           |
| MGS        | 09/22 | 3.195          | 1               | 3.201           | 15/08/2019                             | -1          |
| MGS        | 03/23 | 3.211          | 14              | 3.181           | 16/08/2019                             | 3           |
| MGS        | 04/23 | 3.208          | 344             | 3.189           | 16/08/2019                             | 2           |
| MGS        | 08/23 | 3.196          | 1               | 3.216           | 16/08/2019                             | -2          |
| MGS        | 06/24 | 3.218          | 850             | 3.186           | 16/08/2019                             | 3           |
| MGS        | 07/24 | 3.232          | 50              | 3.193           | 16/08/2019                             | 4           |
| MGS        | 09/24 | 3.245          | 6               | 3.225           | 16/08/2019                             | 2           |
| MGS        | 09/25 | 3.295          | 34              | 3.366           | 16/08/2019                             | -7          |
| MGS        | 04/26 | 3.303          | 1               | 3.280           | 16/08/2019                             | 2           |
| MGS        | 07/26 | 3.282          | 323             | 3.206           | 16/08/2019                             | 8           |
| MGS        | 09/26 | 3.318          | 3               | 3.410           | 16/08/2019                             | -9          |
| MGS        | 11/26 | 3.308          | 23              | 3.247           | 16/08/2019                             | 6           |
| MGS        | 03/27 | 3.323          | 6               | 3.453           | 14/08/2019                             | -13         |
| MGS        | 11/27 | 3.339          | 27              | 3.285           | 16/08/2019                             | 5           |
| MGS        | 06/28 | 3.343          | 17              | 3.240           | 16/08/2019                             | 10          |
| MGS        | 08/29 | 3.265          | 321             | 3.186           | 16/08/2019                             | 8           |
| MGS        | 04/30 | 3.404          | 106             | 3.367           | 16/08/2019                             | 4           |
| MGS        | 06/31 | 3.426          | 113             | 3.392           | 16/08/2019                             | 3           |
| MGS        | 04/33 | 3.473          | 9               | 3.454           | 16/08/2019                             | 2           |
| MGS        | 11/33 | 4.273          | 98              | 3.384           | 16/08/2019                             | 89          |
| MGS        | 07/34 | 3.418          | 138             | 3.351           | 16/08/2019                             | 7           |
| MGS        | 05/35 | 3.467          | 35              | 3.494           | 16/08/2019                             | -3          |
| MGS        | 04/37 | 3.541          | 5               | 3.612           | 16/08/2019                             | -7          |
| MGS        | 06/38 | 3.520          | 161             | 3.446           | 16/08/2019                             | 7           |
| MGS        | 03/46 | 3.739          | 111             | 3.664           | 16/08/2019                             | 7           |
| MGS        | 07/48 | 3.727          | 97              | 3.702           | 16/08/2019                             | 2           |
| GII        | 04/20 | 3.105          | 3               | 3.105           | 15/08/2019                             | 0           |
| GII        | 05/20 | 3.099          | 10              | 3.101           | 16/08/2019                             | 0           |
| GII        | 08/20 | 3.124          | 10              | 3.096           | 16/08/2019                             | 3           |
| GII        | 03/21 | 3.162          | 50              | 3.157           | 16/08/2019                             | 0           |
| GII        | 03/22 | 3.185          | 137             | 3.169           | 16/08/2019                             | 2           |
| GII        | 04/22 | 3.161          | 400             | 3.154           | 16/08/2019                             | 1           |
| GII        | 07/23 | 3.282          | 80              | 3.234           | 16/08/2019                             | 5           |
| GII        | 10/24 | 3.188          | 20              | 3.178           | 16/08/2019                             | 1           |
| GII        | 10/25 | 3.293          | 85              | 3.249           | 16/08/2019                             | 4           |
| GII        | 03/26 | 3.335          | 300             | 3.218           | 16/08/2019                             | 12          |
| GII        | 09/26 | 3.337          | 141             | 3.268           | 16/08/2019                             | 7           |
| GII        | 10/28 | 3.375          | 60              | 3.278           | 16/08/2019                             | 10          |
| GII        | 07/29 | 3.248          | 13              | 3.214           | 16/08/2019                             | 3           |
| GII        | 09/30 | 3.406          | 5               | 3.313           | 16/08/2019                             | 9           |
| GII        | 06/33 | 3.493          | 116             | 3.451           | 16/08/2019                             | 4           |
| GII        | 08/33 | 3.546          | 150             | 3.441           | 16/08/2019                             | 11          |
| GII        | 11/34 | 3.417          | 35              | 3.385           | 16/08/2019                             | 3           |
| GII        | 10/35 | 3.559          | 2               | 3.462           | 16/08/2019                             | 10          |
| GII        | 09/39 | 3.571          | 230             | 3.491           | 16/08/2019                             | 8           |
|            |       |                | <u>5705</u>     |                 |  |             |

## Daily Trades : Corp Bonds/ Sukuk

| Securities                                   |       | Rating | Closing<br>YTM | Vol<br>(RM mil) | Previous<br>YTM | Previous<br>Trade Date<br>(dd/mm/yyyy) | Chg<br>(bp) | Spread<br>Against<br>MGS* |
|--|-------|--------|----------------|-----------------|-----------------|--|-------------|---------------------------|
| DanaInfra Nasional Berhad                    | 11/25 | GG     | 3.392          | 60              | 3.511           | 08/08/2019                             | -12         | 15                        |
| Jambatan Kedua Sdn Berhad                    | 07/26 | GG     | 3.432          | 140             | 3.880           | 19/06/2019                             | -45         | 18                        |
| DanaInfra Nasional Berhad                    | 11/28 | GG     | 3.429          | 40              | 3.579           | 08/08/2019                             | -15         | 16                        |
| Perbadanan Tabung Pendidikan Tinggi Nasional | 03/29 | GG     | 3.428          | 40              | 3.498           | 15/08/2019                             | -7          | 18                        |
| Perbadanan Tabung Pendidikan Tinggi Nasional | 02/34 | GG     | 3.610          | 50              | 3.610           | 16/08/2019                             | 0           | 17                        |
| DanaInfra Nasional Berhad                    | 03/34 | GG     | 3.509          | 50              | 3.927           | 19/07/2019                             | -42         | 7                         |
| DanaInfra Nasional Berhad                    | 11/42 | GG     | 3.731          | 5               | 5.035           | 06/08/2018                             | -130        | 21                        |
| Cagamas Berhad                               | 03/20 | AAA    | 3.164          | 20              | 3.337           | 08/08/2019                             | -17         | 5                         |
| Cagamas Berhad                               | 11/20 | AAA    | 3.218          | 10              | 3.400           | 07/08/2019                             | -18         | 11                        |
| Cagamas Berhad                               | 04/21 | AAA    | 3.253          | 40              | 3.967           | 26/10/2018                             | -71         | 10                        |
| Bakun Hydro Power Generation Sdn Berhad (fl) | 08/21 | AAA    | 3.396          | 40              | 3.579           | 11/07/2019                             | -18         | 24                        |
| Cagamas Berhad                               | 04/22 | AAA    | 3.315          | 30              | 4.151           | 02/01/2019                             | -84         | 14                        |
| Bakun Hydro Power Generation Sdn Berhad (fl) | 08/22 | AAA    | 3.422          | 50              | 3.993           | 13/05/2019                             | -57         | 24                        |
| Cagamas Berhad                               | 05/23 | AAA    | 3.347          | 100             | 3.350           | 16/08/2019                             | 0           | 15                        |
| Bakun Hydro Power Generation Sdn Berhad (fl) | 08/23 | AAA    | 3.456          | 10              | 4.194           | 15/03/2019                             | -74         | 26                        |
| Telekom Malaysia Berhad                      | 08/23 | AAA    | 3.455          | 10              | 3.646           | 16/07/2019                             | -19         | 26                        |
| Telekom Malaysia Berhad                      | 03/24 | AAA    | 3.465          | 40              | 3.719           | 08/07/2019                             | -25         | 25                        |
| Telekom Malaysia Berhad                      | 10/24 | AAA    | 3.493          | 10              | 3.618           | 08/08/2019                             | -13         | 28                        |
| Telekom Malaysia Berhad                      | 12/24 | AAA    | 3.504          | 20              | 3.627           | 08/08/2019                             | -12         | 29                        |
| Projek Lebuhraya Usahasama Berhad            | 01/29 | AAA    | 3.657          | 10              | 3.869           | 25/07/2019                             | -21         | 39                        |
| Projek Lebuhraya Usahasama Berhad            | 01/30 | AAA    | 3.700          | 10              | 3.999           | 08/07/2019                             | -30         | 46                        |
| Manjung Island Energy Berhad                 | 11/31 | AAA    | 3.629          | 10              | 3.719           | 15/08/2019                             | -9          | 39                        |
| Danga Capital Berhad                         | 01/33 | AAA    | 3.639          | 20              | 3.729           | 15/08/2019                             | -9          | 20                        |
| Danum Capital Berhad                         | 02/34 | AAA    | 3.674          | 30              | 3.840           | 08/08/2019                             | -17         | 23                        |
| Sarawak Energy Berhad                        | 07/24 | AA1    | 3.478          | 10              | 3.659           | 14/08/2019                             | -18         | 27                        |
| Malayan Banking Berhad                       | 01/31 | AA1    | 3.878          | 350             | 4.239           | 18/06/2019                             | -36         | 63                        |
| Bumitama Agri Ltd                            | 07/26 | AA3    | 3.843          | 20              | 3.999           | 02/08/2019                             | -16         | 59                        |
| Edra Energy Sdn Berhad                       | 07/31 | AA3    | 4.429          | 1               | 4.498           | 09/08/2019                             | -7          | 119                       |
| WCT Holdings Berhad                          | 10/23 | AA-    | 4.930          | 10              | 4.952           | 13/08/2019                             | -2          | 173                       |
| WCT Holdings Berhad                          | 04/26 | AA-    | 5.121          | 10              | 5.119           | 16/08/2019                             | 0           | 187                       |
| MMC Corporation Berhad                       | 04/27 | AA-    | 4.850          | 10              | 4.938           | 07/08/2019                             | -9          | 159                       |
| DRB-Hicom Berhad                             | 02/22 | A+     | 5.136          | 1               | 5.137           | 15/08/2019                             | 0           | 198                       |
| Eco World Capital Assets Berhad              | 08/24 | -      | 6.100          | 1               | 5.749           | 16/08/2019                             | 35          | -                         |
|  |       |        |                | <u>1257</u>     |                 |  |             |                           |

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

## Market/Corporate News: What's Brewing

**Khazanah Nasional Bhd says it has submitted a proposal on toll highways to the government alongside several other proposals from various parties.** "There have been several proposals on toll highways submitted to the government, including from Khazanah. "It is up to the government to consider and decide on these proposals," said the sovereign wealth fund in a statement. It has been reported by an English daily that the government has received a fresh proposal to take over 15 highways, including PLUS Malaysia Bhd, for a total of RM43bil. The SPV would then raise debt papers to take over the highways. The proposal would see the government offering to buy highways, including PLUS Malaysia, for RM30.8bil; Projek Lintasan Kota Holdings Sdn Bhd (Prolintas) for RM3.1bil; GAMUDA BHD for RM5.6bil; and IJM Corp Bhd for RM2.7bil. However, it is still unknown who had come up with the recent proposal. Analysts pointed out that the likelihood of Gamuda accepting the offer was dim, as the company has given its nod to the offer proposed by the Finance Ministry. "Furthermore, the Employees Provident Fund is likely to turn down any offer that doesn't value PLUS adequately, which takes into account the debt and future cash flows of its highways," an analyst said. The government, on June 21, announced a RM6.2bil offer to acquire four toll concessionaires - Lingkarans Trans

Kota Holdings Bhd (Litrak), Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd (Sprint), Kesas Sdn Bhd and Projek SMART Holdings Sdn Bhd. Gamuda owns a 44% stake in Litrak, 52% in Sprint, 70% in Kesas and 50% in SMART. Based on Gamuda's effective interest in these toll highways, the proposal values Gamuda's highway assets at RM2.36bil. Meanwhile, for PLUS, in 2017, it received a proposal from Tan Sri Abu Sahid Mohamed of Maju Holdings Bhd to buy the group for RM37bil, including taking over RM30bil of PLUS' debts. PLUS is the largest highway concessionaire in the country, operating eight expressways under five concessions. Its highways are the 772km North-South Expressway, which runs from Bukit Kayu Hitam in Kedah near the Malaysia-Thai border to Johor Baru; the New Klang Valley Expressway; Federal Highway Route 2; the Seremban-Port Dickson Highway; the NSE Central Link; the Malaysia Singapore Second Link; Lebuhraya Butterworth-Kulim and the Penang Bridge. Its concession is expiring in December 2038. It has been reported that Abu Sahid is submitting a fresh proposal that entails buying out PLUS from the government with a promise to reduce toll rates by running the highway more efficiently. (Source: *The Edge*)

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

Source: RAM, MARC

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