

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.74	-2
5-yr UST	1.66	-2
10-yr UST	1.79	-1
30-yr UST	2.23	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.11	1	3.11	0
5-yr	3.26	0	3.28	2
7-yr	3.45	12	3.45	8
10-yr	3.43	8	3.49	9
15-yr	3.61	2	3.57	0
20-yr	3.80	13	3.83	15
30-yr	3.91	5	3.81	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.27	0
3-yr	3.29	3
5-yr	3.32	3
7-yr	3.35	2
10-yr	3.44	4

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries closed steady on Thursday after the Fed carried out additional stimulus to the financial system to stabilize short-term money markets. (For the record the Fed cut interest rate this week for the 2nd time this year by 25bps to 1.75-2.00% range). Overall benchmark yields declined between 1-2bps with the UST 2Y at 1.74% whilst the much-watched 10Y at 1.79%. Meanwhile the Fed injected a 3rd dose of \$75b through an overnight repo operation yesterday; temporarily adding cash in the money markets. Meanwhile US IG bonds that were issued in huge amounts of ~\$150b in the 1st week of September posted a pleasant surprise as they tightened and outperformed in the secondary market. Meanwhile investors and traders note that the UST gains are being met by continued narrowing of swap spreads whilst risk assets could be pressured as leveraged investors sell assets to raise cash.

MGS/GII

- Local govvnies saw trading momentum jump with secondary market volume at RM4.70b with interest mainly centred in the shorter off-the-run 19-20's and 7Y MGS/GII bonds. Overall benchmark MGS yields closed weak i.e. 0-15bps sharply lower in line with the poor auction bidding metrics for the 7Y MGS bonds and also concerns ahead of the FTSE Russell Index potential weightage changes for Malaysia's bonds. The 5Y benchmark MGS 6/24 was untraded at 3.26% whilst the 10Y MGS 8/29 spiked 8bps at 3.43%. GII bonds dropped to form ~22% of overall trades. Meanwhile Fitch Ratings has affirmed 100%-government owned PETRONAS's long-term foreign and local currency issuer default ratings at A-Expect trading to be range-bound on lack of further leads as the economic calendar remains light with Foreign Reserves data out later today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk however saw activity maintain despite lower secondary market volume of RM339m with interest seen again across the AAA part of the curve; followed by the AA-segment. The long-end Govt-guaranteed DANA 2/49 rose 2bps compared to previous-done levels at 3.48%. AAA-rated PLUS 27 traded again; closing unchanged at 3.46% whilst the 2027 tranche closed 5bps lower at 3.48%. TNB 37-38's closed between -1 to +1bps between 3.84-89% area. AA-rated energy bond SEB 32-33's closed 2bps lower between 3.74-84% whilst TBEI 3/30 closed sharply lower on yields at 3.97%. The banking space was active with Bank ISLAM 25NC20 notching 23bps lower at 3.53% whilst PUBLIC Bank 25NC20 saw RM40m in nominal amounts traded 4bps lower at 3.56%.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.037	323	3.035	18/09/2019	0
MGS	11/19	3.049	1054	3.078	18/09/2019	-3
MGS	07/20	3.072	422	3.044	18/09/2019	3
MGS	10/20	3.092	16	3.063	18/09/2019	3
MGS	07/21	3.093	59	3.105	17/09/2019	-1
MGS	09/21	3.114	12	3.115	18/09/2019	0
MGS	11/21	3.136	7	3.108	17/09/2019	3
MGS	03/22	3.107	124	3.096	18/09/2019	1
MGS	08/22	3.145	7	3.135	18/09/2019	1
MGS	09/22	3.160	45	3.139	18/09/2019	2
MGS	03/23	3.249	20	3.210	18/09/2019	4
MGS	08/23	3.267	45	3.248	17/09/2019	2
MGS	07/24	3.319	155	3.298	18/09/2019	2
MGS	09/24	3.329	51	3.303	18/09/2019	3
MGS	03/25	3.363	19	3.299	18/09/2019	6
MGS	09/25	3.378	35	3.315	18/09/2019	6
MGS	04/26	3.434	1	3.348	12/09/2019	9
MGS	07/26	3.449	737	3.327	18/09/2019	12
MGS	11/26	3.440	44	3.386	18/09/2019	5
MGS	03/27	3.416	1	3.397	17/09/2019	2
MGS	05/27	3.424	1	3.450	23/08/2019	-3
MGS	11/27	3.428	1	3.417	18/09/2019	1
MGS	06/28	3.471	3	3.399	18/09/2019	7
MGS	08/29	3.425	77	3.347	18/09/2019	8
MGS	06/31	3.640	30	3.572	17/09/2019	7
MGS	04/32	3.701	2	3.643	13/09/2019	6
MGS	04/33	3.711	64	3.632	18/09/2019	8
MGS	11/33	3.683	16	3.648	17/09/2019	3
MGS	07/34	3.608	25	3.593	17/09/2019	2
MGS	05/35	3.712	1	3.696	17/09/2019	2
MGS	04/37	3.766	22	3.687	18/09/2019	8
MGS	06/38	3.802	136	3.669	18/09/2019	13
MGS	09/43	3.770	1	3.802	17/09/2019	-3
MGS	03/46	4.498	34	3.857	18/09/2019	64
MGS	07/48	3.914	86	3.867	18/09/2019	5
GII	05/20	3.055	101	3.051	17/09/2019	0
GII	08/21	3.151	2	3.126	17/09/2019	2
GII	07/22	3.166	20	3.142	11/09/2019	2
GII	11/23	3.274	30	3.250	18/09/2019	2
GII	10/24	3.281	80	3.256	17/09/2019	3
GII	08/25	3.338	4	3.310	18/09/2019	3
GII	03/26	3.450	270	3.368	18/09/2019	8
GII	09/26	3.478	100	3.387	06/09/2019	9
GII	07/27	3.444	100	3.401	18/09/2019	4
GII	10/28	3.453	40	3.347	04/09/2019	11
GII	07/29	3.486	126	3.393	18/09/2019	9
GII	06/33	3.695	100	3.652	13/09/2019	4
GII	10/35	3.752	40	3.714	18/09/2019	4
GII	09/39	3.833	10	3.685	17/09/2019	15
			<u>4695</u>			

Daily Trades : Corp Bonds/ Sukuk

c		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Perbadanan Tabung Pendidikan Tinggi Nasional	03/29	GG	3.480	10	3.462	13/09/2019	2	3
DanaInfra Nasional Berhad	02/49	GG	4.035	10	3.969	12/09/2019	7	28
Impian Ekspresi Sdn Berhad	11/20	AAA	3.830	30	4.277	03/06/2019	-45	77
Gulf Investment Corporation G.S.C	03/21	AAA	4.066	5	4.083	20/08/2019	-2	100
Public Bank Berhad	04/25	AAA	3.560	50	3.597	11/09/2019	-4	21
Bank Pembangunan Malaysia Berhad	11/26	AAA	3.580	10	3.668	20/08/2019	-9	15
Projek Lebuhraya Usahasama Berhad	01/27	AAA	3.460	10	3.460	18/09/2019	0	3
Bank Pembangunan Malaysia Berhad	03/27	AAA	3.590	10	3.580	11/09/2019	1	16
Aman Sukuk Berhad	07/27	AAA	3.535	5	3.582	26/08/2019	-5	10
Projek Lebuhraya Usahasama Berhad	01/28	AAA	3.480	10	3.530	21/08/2019	-5	4
GENM Capital Berhad	07/33	AAA	4.070	4	4.073	13/09/2019	0	42
Tenaga Nasional Berhad	08/37	AAA	3.838	10	3.830	18/09/2019	1	8
Tenaga Nasional Berhad	08/38	AAA	3.893	10	3.898	13/09/2019	-1	13
Sarawak Energy Berhad	12/32	AA1	3.740	10	3.759	27/08/2019	-2	9
Sarawak Energy Berhad	11/33	AA1	3.810	10	3.829	26/08/2019	-2	16
Fortune Premiere Sdn Berhad	12/22	AA	3.671	10	3.697	04/09/2019	-3	56
Fortune Premiere Sdn Berhad	09/25	AA	3.790	10	3.798	17/09/2019	-1	44
WCT Holdings Berhad	10/23	AA-	4.410	10	4.408	18/09/2019	0	118
Mumtaz Rakyat Sukuk Berhad	06/26	AA3	3.820	2	3.834	10/09/2019	-1	39
Bumitama Agri Ltd	07/26	AA3	3.723	3	3.729	12/09/2019	-1	29
AmBank Islamic Berhad	10/28	AA3	3.900	10	3.923	05/09/2019	-2	45
Tanjung Bin Energy Issuer Berhad	03/30	AA3	3.970	10	4.309	13/06/2019	-34	54
Malakoff Power Berhad	12/19	AA-	3.322	6	3.322	17/09/2019	0	26
MMC Corporation Berhad	04/23	AA-	4.499	1	4.499	06/09/2019	0	127
UEM Sunrise Berhad	03/24	AA-	3.717	1	3.717	13/09/2019	0	44
DRB-Hicom Berhad	07/20	A+	3.884	1	3.853	11/09/2019	3	82
Special Power Vehicle Berhad	11/20	A1	3.810	30	4.531	15/02/2019	-72	75
Tan Chong Motor Holdings Berhad	11/21	A1	4.130	10	4.574	23/08/2019	-44	104
Bank Islam Malaysia Berhad	12/25	A1	3.530	40	3.762	25/07/2019	-23	18
Alliance Bank Malaysia Berhad	10/25	A2	4.410	1	4.038	11/09/2019	37	106
YNH Properties Berhad	07/19	-	6.690	1	6.604	18/09/2019	9	293
				<u>339</u>				

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

Market/Corporate News: What's Brewing

The EcoWorld Group posted its best ever quarterly profits on strong sales and higher handover of completed units on both local and international fronts. In the third quarter ended July 31, net profit at ECO WORLD DEVELOPMENT GROUP Bhd (EcoWorld Malaysia) jumped 81% to RM50.5mil compared with RM27.8mil made a year ago. Revenue was up 15% to RM521.4mil. "Our profits for 3Q FY2019 are the highest we have ever achieved since we first started," president & CEO of EcoWorld Malaysia Datuk Chang Khim Wah said. He said EcoWorld Malaysia recorded RM1.94bil in sales as at Aug 31, of which RM1.71bil was secured in the 6 months since the launch of the Home Ownership Campaign (HOC) in March. He said in the final quarter of the financial year, EcoWorld Malaysia will begin unveiling new phase launches at its various projects as it presses on to achieve the two-year RM6bil sales target set for FY2019 and FY2020. As at Aug 31, Eco World's effective stake in the future revenue of properties sold by its subsidiaries and joint-ventures remained high at RM5.86bil. Separately, Eco World International Bhd (EWI), saw its net profit jumping 350% to RM57.94mil from RM12.85mil in the previous corresponding period, mainly due to higher recognition of revenue and profit by its joint-venture projects in the United Kingdom. EWI said it recorded RM773mil in sales in the first ten months of 2019, with the group's projects in the UK generating RM686mil in sales, while those in Australia recorded RM87mil. (Source: The Star)

Khazanah Nasional Bhd is divesting its entire 55% stake in PT Lintas Marga Sedaya (LMS), the concession holder and operator of Indonesia's Cikopo-Palimanan (Cipali) toll road, to the Canada Pension Plan Investment Board (CPPIB) and PT Astra Tol Nusantara (Astra Infra). The 55% stake in LMS is currently held by PLUS Expressways International Bhd, a subsidiary of UEM Group, which is wholly-owned by Khazanah. In a statement today, CPPIB said it will take up a 45% stake in LMS, while the

remaining 10% stake will be taken up by Astra Infra's wholly-owned unit PT Baskhara Utama Sedaya (BUS). As BUS is an existing owner of a 45% stake in LMS, the acquisition will increase the company's stake to 55%. CPPIB did not disclose the acquisition price, but Bloomberg reported on Friday (Sept 13) that Khazanah received an offer of about US\$500 million for its stake in the 117-km toll road. CPPIB said today that transaction is expected to be completed in the fourth quarter, subject to customary closing conditions including regulatory approvals. CPPIB senior managing director and head of Asia Pacific, Suyi Kim, said the fund's first infrastructure investment in Indonesia would deepen its commitment to the Asia-Pacific region, as well as its focus on investments in new markets with attractive return and risk characteristics. CPPIB managing director and head of infrastructure Scott Lawrence said the Cipali toll road provides CPPIB access to a vital infrastructure development, supported by rising motorization rates in one of the most densely populated and economically productive regions in Indonesia. "We are pleased to invest in the Cipali toll road alongside Astra Infra, a knowledgeable and sophisticated local partner, and look forward to a successful long-term relationship between our two organizations," he said. (Source: *The Edge*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
CIMB Thai Bank Public Company Limited	Financial institution Rating (FIR)	AA2/Stable/P1	Reaffirmed
	RM2 billion Tier-2 Subordinated Debt Programme (2014/2044)	AA3/Stable	Reaffirmed
Trinity Asia Ventures Berhad	RM52 mil Tranche 1 IMTN	AA3/Stable	Assigned

Source: RAM, MARC

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