

## Global Markets Research

### Fixed Income

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.58	-3
5-yr UST	1.57	-1
10-yr UST	1.76	0
30-yr UST	2.25	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.13	2	3.13	0
5-yr	3.23	-1	3.26	1
7-yr	3.36	0	3.40	2
10-yr	3.42	1	3.44	1
15-yr	3.63	2	3.70	1
20-yr	3.77	1	3.85	1
30-yr	4.01	0	4.01	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.24	0
3-yr	3.26	-1
5-yr	3.31	0
7-yr	3.36	2
10-yr	3.42	1

Source : Bloomberg

### Upcoming Government Bond Tender

Nil

## Fixed Income Daily Market Snapshot

### US Treasuries

- US Treasuries closed mixed on renewed concerns over Brexit and Fed member Clarida's comments which insinuated another potential 25bps rate cut at the upcoming FOMC meeting. The safe appeal status of bonds were also evident following weak Chinese economic data. The curve steepened as overall benchmark yields closed mixed between -3 to +1bps. The UST 2Y rallied 3bps at 1.58% whilst the much-watched 10Y closed within 1bps at 1.76%. The 2s10s spread remains in comfortable territory at ~18bps. Meanwhile the Fed has commenced its balance sheet expansion by buying bonds and plans to buy \$60b of short-term debt every month; for the next 3 quarters. This week will also see further deluge of UST supply with Treasury's auction of 2Y, 5Y and 7Y notes; potentially denting huge appetite for UST's.

### MGS/GII

- Local govies saw decent trading momentum as secondary market volume notch a sizeable RM4.21b last friday despite the lack of leads ahead of the weekend. Investor interest was largely skewed towards the 3Y, 7Y and 10Y MGS bonds as overall benchmark yields ended mostly higher between 0-2bps save for the 5Y. The benchmark 5Y MGS 6/24 edged 1bps lower at 3.23% whilst the 10Y MGS 8/29 moved 1bps higher at 3.42%. GII trades fell further to make up a mere 9% of overall trades. Nevertheless local govies are expected to find decent support due to the recently-announced expansionary budget which will promote steady growth in the Malaysian economy. On the data front is the inflation data for September is expected out on Wednesday, 23<sup>rd</sup> October.

### Corp Bonds/Sukuk

- On the contrary, corporate bonds/sukuk space continued to see soft trading pattern, with total volume at a mere RM201m last Friday. Interest was seen manly in GG issuances followed by the AAA space. Govt-guaranteed LPPSA 4/27 and DANA 11/27 rallied 11bps compared to previous-done levels at 3.56% and 3.59% respectively. The shorter-end i.e. AAA-rated GB Services 11/19 and CAGAMAS 3/20 saw demand; causing yields to end sharply lower at 3.40% and 3.15% each. In the banking space, Bank Muamalat 26NC21 edged 1bps lower at 4.47%. Expect Corp Bonds/Sukuk to continue to be well-supported by portfolio managers on yield-carry requirements.

## Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	11/19	3.062	293	3.038	17/10/19	2
MGS	03/20	3.059	53	3.062	17/10/19	0
MGS	07/20	3.075	50	3.064	17/10/19	1
MGS	10/20	3.092	762	3.081	17/10/19	1
MGS	09/21	3.105	20	3.107	17/10/19	0
MGS	11/21	3.115	6	3.076	17/10/19	4
MGS	03/22	3.140	224	3.109	16/10/19	3
MGS	08/22	3.136	307	3.118	17/10/19	2
MGS	09/22	3.131	22	3.137	15/10/19	-1
MGS	03/23	3.188	38	3.190	17/10/19	0
MGS	04/23	3.189	5	3.188	17/10/19	0
MGS	08/23	3.224	22	3.197	17/10/19	3
MGS	06/24	3.234	12	3.235	17/10/19	0
MGS	07/24	3.261	105	3.247	17/10/19	1
MGS	09/24	3.274	1	3.275	17/10/19	0
MGS	03/25	3.324	150	3.331	17/10/19	-1
MGS	09/25	3.340	30	3.346	17/10/19	-1
MGS	04/26	3.421	3	3.406	16/10/19	1
MGS	07/26	3.362	542	3.364	17/10/19	0
MGS	09/26	3.422	10	3.422	17/10/19	0
MGS	11/26	3.434	30	3.428	17/10/19	1
MGS	06/28	3.447	1	3.436	17/10/19	1
MGS	08/29	3.434	489	3.406	17/10/19	3
MGS	06/31	3.638	239	3.625	16/10/19	1
MGS	04/33	3.702	189	3.697	17/10/19	0
MGS	11/33	3.704	51	3.700	17/10/19	0
MGS	07/34	3.642	91	3.617	15/10/19	2
MGS	04/37	3.770	21	3.767	17/10/19	0
MGS	06/38	3.765	63	3.757	17/10/19	1
GII	08/21	3.123	1	3.130	16/10/19	-1
GII	07/22	3.153	110	3.158	15/10/19	0
GII	11/22	3.160	20	3.163	11/10/19	0
GII	07/23	3.147	1	3.228	17/10/19	-8
GII	10/24	3.262	40	3.255	15/10/19	1
GII	03/26	3.403	20	3.386	17/10/19	2
GII	09/26	3.433	75	3.434	17/10/19	0
GII	07/27	3.472	60	3.455	17/10/19	2
GII	07/29	3.440	21	3.429	17/10/19	1
GII	11/34	3.701	21	3.693	16/10/19	1
GII	09/39	3.851	16	3.837	15/10/19	1
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## 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*	
Turus Pesawat Sdn Berhad		02/25	GG	3.588	40	3.719	09/07/19	-13	35
Lembaga Pembiayaan Perumahan Sektor Awam		04/27	GG	3.560	10	3.668	23/07/19	-11	20
Danainfra Nasional Berhad		11/27	GG	3.590	10	3.699	05/07/19	-11	19
Turus Pesawat Sdn Berhad		11/27	GG	3.718	10	3.587	27/08/19	13	31
Prasarana Malaysia Berhad		03/28	GG	3.611	10	3.400	28/08/19	21	21
Turus Pesawat Sdn Berhad		03/28	GG	3.728	50	4.017	12/06/19	-29	32
Lembaga Pembiayaan Perumahan Sektor Awam		04/28	GG	3.590	10	3.446	27/08/19	14	19
Danainfra Nasional Berhad		05/46	GG	4.075	5	4.099	16/10/19	-2	31
GB Services Berhad		11/19	AAA	3.402	20	4.515	08/07/19	-111	32
Cagamas Berhad		03/20	AAA	3.149	15	3.278	09/10/19	-13	7
Krung Thai Bank Public Company Limited		07/25	AA2	3.957	10	3.646	17/10/19	31	64
Kedah Cement Sdn Berhad (fka Lafarge Cement Sdn Bhd)		12/20	A1	3.950	1	4.361	26/09/19	-41	87
Bank Muamalat Malaysia Berhad		06/26	A3	4.468	10	4.476	15/10/19	-1	111
				<u>201</u>					

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

**Market/Corporate News: What's Brewing**

**Econpile Holdings Bhd has inked an RM43.98 million contract to undertake demolition, earthworks, piling and substructure works for the Tropicana Gardens mixed development in Kota Damansara.** In a bourse filing, the group said its wholly-owned subsidiary Econpile (M) Sdn Bhd (EMSB) had secured the contract from Tropicana Indah Sdn Bhd. The group said the 16-month contract will be focused on the mixed development, which is composed of a 42-storey commercial block that sits on top of an 11-storey podium block and a basement car park. Tropicana Gardens' 42-storey commercial block houses 630 serviced apartment units and 397 small office, flexible office (SoFo) units, it added. This commercial block will be built on top of the 11-storey podium, which consists of two-storey business space, an eight-storey carpark and a level for a lobby and facilities. Econpile noted that the contract is the mainstream business of EMSB, and that it is expected to positively contribute to the group's top and bottom line for financial years ending June 30, 2020 (FY20) and (FY21). The group's chief executive officer and executive director Raymond Pang said in a statement that the group's latest win showcases its competitive edge. "Having previously performed works for Tropicana Corporation Bhd in 2012 to undertake basement works for W Hotel & Residences, securing two contracts for their separate high-rise developments signifies a strong vote of confidence from the client in our technical capabilities and our commitment to timely deliveries," said Pang. He added that with this contract win in hand; the group has secured RM72.7 million worth of contracts year to date for FY20. Its order book stands at some RM850 million, which provides earnings visibility for the next two years. On Oct 7, the group announced that EMSB had secured an RM20.8 million earthworks, soil nailing works, piling and pile cap and basement lowest floor slab works contract from Tropicana Metropark Sdn Bhd, for the Tropicana Metropark mixed development in Subang Jaya. (Source: *The Star Edge*)

**Of 16,140 feedback received on the proposed light rail transit (LRT) project for Penang, only 2.35% objected.** Penang Chief Minister Chow Kon Yeow said the feedback were obtained through a questionnaire in conjunction with a public display put up on Aug 19 on the proposed project. He stressed that the state government played no part in preparing the questionnaire. According to him, the Land Public Transport Agency (APAD) during a meeting on Oct 10 requested project delivery partner, SRS Consortium to present the first month public feedback report. "We received a total of 16,140 feedback, out of which 15,760 supported the LRT project, while 380 or 2.35 per cent objected," he told reporters here today. Details on the proposed project are being displayed for public scrutiny until Nov 19 at APAD's offices in Penang and Kuala Lumpur, at Level Three in Komtar and at Seberang Perai Municipal Council (MPSP) in Bandar Perda. A mobile booth will be set up to cover six other locations at different periods such as at Tesco E-Gate, Penang International Airport, Sunshine Square, Sungai Nibong Bus Terminal, Penang Sentral in Butterworth and Penang Skills Development Centre. Chow who is also Padang Kota assemblyman said the public had the right to object to the project, when answering the questionnaire during the public display. He rebutted a non-governmental organisation's claim that the questions prepared during the public display were engineered in a way that only positive feedback would be received. "Those who respond can respond in any way they like, because if you don't support, you can say you don't support. It's not a 100 per cent Yes scenario; of course at this moment, we will have to look at every complaint even if it is No why no, even if it is yes why yes," he said. The rail line for the LRT project will cover 29.9 kilometres and 27 stations, running from Komtar to Penang International Airport and to the three future reclaimed islands in the south of Penang, estimated to cost RM8 billion. It is a state-initiated project under the Penang Transport Master Plan (PTMP) to solve the state's traffic woes, which is expected to cost an estimated RM46 billion. (Source: *The Star Online*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Kinabalu Capital Sdn Bhd	RM20 million Class A Medium-Term Notes (MTN) RM200 million Commercial Papers (CP) under Issue 1.	AAA MARC-1	Affirmed
MEX II Sdn Bhd	RM1.30 billion Sukuk Murabahah Programme RM150 million Junior Bonds	From AA-IS to A-IS From A- to BBB.	Lowered

Source: RAM, MARC

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