

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.69	-5
5-yr UST	1.60	-6
10-yr UST	1.72	-6
30-yr UST	2.16	-7

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.11	0	3.11	0
5-yr	3.28	2	3.32	4
7-yr	3.46	1	3.47	2
10-yr	3.42	-1	3.54	5
15-yr	3.71	11	3.57	0
20-yr	3.75	-5	3.85	2
30-yr	3.91	0	3.81	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.29	2
3-yr	3.29	0
5-yr	3.33	1
7-yr	3.36	1
10-yr	3.44	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries closed steady last Friday on slight bull-steepening mode following reports of China's cancellation of planned farm visits; which dampened optimism for an end to the trade war. Meanwhile the Fed continued to calm the money markets with a series of operational measures that included cash injection. The curve shifted lower as overall benchmark yields declined again between 5-7bps with the UST 2Y at 1.69% whilst the much-watched 10Y at 1.72%. Meanwhile concerns over a recession and global oil demand growth has surfaced despite a 25bps rate cut last week as the 2s10s yield spread continues to narrow. Attention is expected to be focussed by upcoming US economic data including manufacturing & services data, consumer confidence, new home sales etc together with the Treasury's auction of 2Y, 5Y and 7Y papers totalling \$113b.

MGS/GII

- Local govies saw trading momentum ease on lower secondary market volume of RM3.42b with interest mainly centred in the shorter off-the-run 20's and 7Y, 10Y MGS/GII bonds. Overall benchmark MGS yields closed mostly higher between 0-11bps following poor 7Y MGS bond auction bidding metrics and also concerns ahead of the FTSE Russell Index potential weightage changes for Malaysia's bonds by end of this week. The 5Y benchmark MGS 6/24 rose 2bps at 3.28% whilst the 10Y MGS 8/29 bucked the overall trend by edging 1bps lower instead at 3.42%. GII bonds maintained at ~25% of overall trades. Meanwhile, the economic calendar remains light with August CPI data out on wednesday.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk however saw upbeat activity on higher secondary market volume of RM888m with interest seen across the AA part of the curve; followed by the GG and the AAA-segment. Govt-guaranteed DANA 23's closed 14-16bps lower compared to previous-done levels at 3.47-48% levels whereas both PASB 2/26 and DANA 2/25 saw yields spike by 7bps to 3.46% and 3.50% respectively. The long-end DANA 2/49 similarly rose 5bps to 4.08%. Whilst AAA-rated TELEKOM 28's rallied sharply lower on yields between 3.56-59% levels, TNB 8/37 and 8/38 rose between 1-2bps at 3.85% and 3.90% each. AA-rated IJM 4/20 and 6/22 saw better bids on closing levels of 4.32% and 4.38% respectively.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/20	3.069	126	3.072	19/09/2019	0
MGS	10/20	3.133	911	3.092	19/09/2019	4
MGS	07/21	3.120	33	3.093	19/09/2019	3
MGS	09/21	3.111	1	3.114	19/09/2019	0
MGS	11/21	3.116	3	3.136	19/09/2019	-2
MGS	03/22	3.109	79	3.107	19/09/2019	0
MGS	08/22	3.180	3	3.145	19/09/2019	4
MGS	09/22	3.153	2	3.160	19/09/2019	-1
MGS	03/23	3.257	14	3.249	19/09/2019	1
MGS	04/23	3.278	70	3.229	18/09/2019	5
MGS	08/23	3.271	48	3.267	19/09/2019	0
MGS	06/24	3.281	63	3.256	18/09/2019	3
MGS	07/24	3.315	57	3.319	19/09/2019	0
MGS	09/25	3.402	16	3.378	19/09/2019	2
MGS	07/26	3.457	727	3.449	19/09/2019	1
MGS	11/26	3.503	40	3.440	19/09/2019	6
MGS	11/27	3.584	64	3.428	19/09/2019	16
MGS	06/28	3.571	7	3.471	19/09/2019	10
MGS	08/29	3.418	198	3.425	19/09/2019	-1
MGS	11/33	3.733	31	3.682	19/09/2019	5
MGS	07/34	3.713	28	3.608	19/09/2019	11
MGS	05/35	3.744	1	3.712	19/09/2019	3
MGS	06/38	3.752	62	3.802	19/09/2019	-5
GII	08/20	3.122	10	3.058	17/09/2019	6
GII	11/23	3.293	150	3.274	19/09/2019	2
GII	05/24	3.343	60	3.316	12/09/2019	3
GII	10/24	3.319	51	3.281	19/09/2019	4
GII	03/26	3.467	130	3.450	19/09/2019	2
GII	09/26	3.479	92	3.478	19/09/2019	0
GII	07/27	3.502	30	3.444	19/09/2019	6
GII	07/29	3.539	210	3.486	19/09/2019	5
GII	06/33	3.712	20	3.695	19/09/2019	2
GII	10/35	3.748	10	3.752	19/09/2019	0
GII	09/39	3.853	71	3.833	19/09/2019	2
GII	05/47	3.966	10	3.900	18/09/2019	7
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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*
DanaInfra Nasional Berhad	05/23	GG	3.319	15	3.480	24/07/2019	-16	8
DanaInfra Nasional Berhad	10/23	GG	3.329	15	3.470	07/08/2019	-14	9
DanaInfra Nasional Berhad	10/23	GG	3.331	20	3.480	25/07/2019	-15	9
DanaInfra Nasional Berhad	02/25	GG	3.502	35	3.427	09/08/2019	7	21
Pengurusan Air SPV Berhad	02/26	GG	3.456	20	3.388	26/08/2019	7	7
Prasarana Malaysia Berhad	08/26	GG	3.491	20	3.378	11/09/2019	11	4
DanaInfra Nasional Berhad	03/27	GG	3.489	50	3.398	12/09/2019	9	4
DanaInfra Nasional Berhad	05/28	GG	3.512	10	3.409	28/08/2019	10	4
Prasarana Malaysia Berhad	11/28	GG	3.523	10	3.440	06/09/2019	8	5
DanaInfra Nasional Berhad	04/40	GG	3.921	5	4.789	18/02/2019	-87	13
DanaInfra Nasional Berhad	04/45	GG	4.020	5	3.929	13/09/2019	9	23
DanaInfra Nasional Berhad	05/46	GG	4.029	5	3.945	13/09/2019	8	24
DanaInfra Nasional Berhad	10/46	GG	4.039	5	3.949	13/09/2019	9	25
DanaInfra Nasional Berhad	02/49	GG	4.084	60	4.035	19/09/2019	5	29
Zamarad Assets Berhad	03/24	AAA	4.036	20	4.647	22/04/2019	-61	74
Putrajaya Holdings Sdn Berhad	04/25	AAA	3.446	10	3.769	24/07/2019	-32	6
Putrajaya Holdings Sdn Berhad	05/25	AAA	3.464	10	4.088	24/05/2019	-62	8
Projek Lebuhraya Usahasama Berhad	01/26	AAA	3.622	10	3.568	16/08/2019	5	24
Zamarad Assets Berhad	03/26	AAA	4.149	20	4.339	07/08/2019	-19	70
GENM Capital Berhad	03/27	AAA	4.285	1	3.640	11/09/2019	65	82
Telekom Malaysia Berhad	05/28	AAA	3.557	10	4.230	08/05/2019	-67	9
Telekom Malaysia Berhad	10/28	AAA	3.592	10	3.815	02/08/2019	-22	12
Tenaga Nasional Berhad	08/37	AAA	3.850	10	3.834	19/09/2019	2	6
Tenaga Nasional Berhad	08/38	AAA	3.901	10	3.890	19/09/2019	1	11
Sabah Credit Corporation	05/20	AA1	3.680	1	3.883	04/07/2019	-20	61
Kuala Lumpur Kepong Berhad	09/22	AA1	3.480	5	3.558	15/08/2019	-8	36
Celcom Networks Sdn Berhad	08/24	AA+	3.598	25	3.643	11/09/2019	-4	31
Sabah Development Bank Berhad	04/26	AA1	4.438	100	4.100	13/09/2019	34	99
Samalaju Industrial Port Sdn Berhad	12/27	AA1	3.839	10	4.949	27/07/2018	-111	37
Celcom Networks Sdn Berhad	08/22	AA+	3.562	5	3.673	21/08/2019	-11	44
Celcom Networks Sdn Berhad	10/26	AA+	3.690	10	3.649	12/09/2019	4	24
IJM Corporation Berhad	04/20	AA3	3.544	40	3.669	09/08/2019	-13	47
IJM Corporation Berhad	06/22	AA3	3.836	10	3.988	09/08/2019	-15	72
Perbadanan Kemajuan Negeri Selangor	10/23	AA3	3.806	10	3.799	05/09/2019	1	56
BGSM Management Sdn Berhad	08/25	AA3	3.902	10	4.137	09/08/2019	-23	52
AmBank Islamic Berhad	03/27	AA3	3.742	10	3.649	12/09/2019	9	29
AmBank Islamic Berhad	10/28	AA3	3.895	30	3.900	19/09/2019	0	43
Malakoff Power Berhad	12/19	AA-	3.308	15	3.299	19/09/2019	1	24
MMC Corporation Berhad	11/20	AA-	3.890	10	3.931	11/09/2019	-4	82
WCT Holdings Berhad	10/22	AA-	4.319	60	4.402	06/09/2019	-8	120
WCT Holdings Berhad	10/23	AA-	4.379	60	4.406	19/09/2019	-3	114
Tanjung Bin O&M Berhad	07/27	AA-	3.988	10	4.371	13/05/2019	-38	52
Segi Astana Sdn Berhad	01/28	AA-	5.190	50	5.189	11/09/2019	0	172
CIMB Group Holdings Berhad	05/16	A1	4.216	15	4.180	11/09/2019	4	42
CIMB Group Holdings Berhad	05/16	A1	4.306	1	3.948	13/09/2019	36	51
UMW Holdings Berhad	04/18	A1	4.538	3	4.519	13/09/2019	2	75
Quantum Solar Park (Semenanjung) Sdn Berhad	04/31	A+	5.598	10	5.610	21/08/2019	-1	214
Bank Muamalat Malaysia Berhad	11/21	A	4.393	1	4.379	18/09/2019	1	129
Eco World Capital Assets Berhad	08/24	-	6.098	2	6.098	18/09/2019	0	-
				<u>888</u>				

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

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Market/Corporate News: What's Brewing

Khazanah Nasional Bhd will sell assets that are “not useful to us” to raise funds to pay off the country's debts, said Prime Minister Tun Dr Mahathir Mohamad. However, no decision had been made yet for Khazanah to dispose of its entire assets, he said. "No, they are just studying whether they should (sell) or should not, but no decision has been made," he told reporters after launching the Heritage and National Culture Charter here today. He said those assets that were not worth keeping would be sold in order to raise funds to pay debts left by the previous government. "Remember that the previous government borrowed more than \$1 trillion and that is a burden to us. They borrowed and the money was not invested. It's hidden. "If the money was invested, we (would be able to) go back to the related companies and get back the money, but we don't know where the money is," he explained. The Prime Minister said Khazanah was originally set up to purchase shares which were allocated to the Bumiputeras but it had gone

beyond that. "That is not the original mandate for Khazanah but now we are trying to go back to the original objective," he added. Dr Mahathir said at the moment the Government had to pay debts left by former Prime Minister Datuk Seri Najib Tun Razak from taxes or by selling assets. "That is the burden left by Najib and now of course he talks a lot. But, all these things were carried out, including buying the ships from China. It's not our decision. It's stupid, but, he is referring to himself, because he was the one who bought it, not me," he added. It was reported that Najib had earlier criticised the Pakatan Harapan Government on its decision to dispose of assets by Khazanah, including selling the Prince Court Medical Centre. (Source: *The Edge*)

Eco World Development Group Bhd's (EcoWorld) nine months ended July 31, 2019 (9MFY19) net profit of RM122 million (+25.7% year-on-year [y-o-y]). Its 9MFY19 earnings were largely contributed by Eco Majestic, Eco Forest, Eco Sanctuary and Eco Sky in Klang Valley; Eco Botanic, Eco Spring, Eco Summer, Eco Business Park I, Eco Business Park II, Eco Tropics and Eco Business Park III in Iskandar Malaysia; and Eco Meadows and Eco Terraces in Penang. Meanwhile, stronger results from joint-venture projects namely Eco Grandeur and Eco Business Park V, Eco Horizon, Eco Ardence and Bukit Bintang City Centre have also contributed to the group's higher earnings. EcoWorld recorded new sales of RM1.94 billion in the first 10 months in FY19 (RM2 billion in FY18) of which RM1.71 billion was secured in the first six months of the National Home Ownership Campaign which was launched in March. EcoWorld's 27%-associate Eco World International Bhd (EWI) registered a 9MFY19 net profit of RM68.7 million compared to a loss of RM23.7 million y-o-y. This is mainly due to the completion and handover of two additional residential blocks at London City Island and the commencement of revenue and profit recognition of EcoWorld London's built-to-rent sales. (Source: *The Edge*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
WCT Holdings Berhad	Proposed Perpetual Sukuk Musharakah Programme (perpetual sukuk) of up to RM1.0 billion	A/stable	Assigned
AZRB Capital Sdn Bhd (ACSB)	Proposed issuance of up to RM535.0 million Islamic Medium-Term Notes (Sukuk Murabahah)	AA-IS/Stable	Assigned

Source: RAM, MARC

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