

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.84	3
5-yr UST	1.83	3
10-yr UST	2.08	3
30-yr UST	2.62	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.27	-2	3.32	0
5-yr	3.42	0	3.44	0
7-yr	3.54	-1	3.57	-1
10-yr	3.61	0	3.63	0
15-yr	3.80	0	3.83	0
20-yr	4.00	1	4.01	0
30-yr	4.25	0	4.24	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.37	0
3-yr	3.37	1
5-yr	3.43	1
7-yr	3.49	2
10-yr	3.61	2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries ended weaker on Tuesday led by the long-ends amid a busy IG issuance period; brushing aside weaker-than-expected data on existing home sales released by the National Association of Realtors. Reports on US officials travelling soon to China for further trade talks spurred some risk-on activity by traders. The curve bear-steepened and shifted higher as overall benchmark yields closed 3-4bps higher with both the UST 2Y and much-watched 10Y at 1.84% and 2.08% respectively. Meanwhile \$40b worth of 2Y notes in yesterday's auction saw average yields of 1.825% on a modestly below average BTC ratio of 2.50x (previous : 2.56x). The current Fed implied odds are 82% for a 25bps cut followed by a 18% for a 50bps cut at the end of this month.

MGS/GII

- Local govies saw momentum improve on higher secondary market volume of RM3.65b with interest seen mainly in the shorter-end i.e. off-the-run 19-20's and 7Y bonds. Overall benchmark yields ended mostly mixed within 1bps from prior day's levels save for the odd-lot trade on the 3Y MGS. Both the benchmark 5Y MGS 6/24 and 10Y MGS 8/29 similarly ended within 1bps higher at 3.42% and 3.61% each. GII trades maintained at ~36% of overall trades. As liquidity and sentiment indicators improve, EM is seeing a surge in primary non-dollar activity as yields decline in Japan and Europe. Up next on the economic calendar today is June inflation data.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw a surge in secondary market trades as volume notched RM718m with trades centred mainly in the GG followed by the AA-part of the curve as yields continued its march downwards. Both govt-guaranteed PTPTN 1/33 and DANA 4/33 edged 1bps lower compared to previous-done levels at 3.97% and 3.90% each whilst GOVCO and LPPSA 27's closed unchanged at 3.67% and 3.84% respectively. The short AAA-rated HSBC Amanha 10/19 moved 4bps lower at 3.16%. AA-rated energy bond i.e. EDRA 31-36's closed 0-19bps lower between 4.76-5.07% levels. The banking space however was relatively quiet.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.041	570	3.070	22/07/2019	-3
MGS	11/19	3.051	300	3.059	22/07/2019	-1
MGS	03/20	3.137	100	3.146	22/07/2019	-1
MGS	07/20	3.163	145	3.165	22/07/2019	0
MGS	10/20	3.177	260	3.212	22/07/2019	-4
MGS	02/21	3.248	1	3.249	19/07/2019	0
MGS	07/21	3.252	1	3.254	22/07/2019	0
MGS	11/21	3.243	154	3.272	22/07/2019	-3
MGS	03/22	3.272	38	3.289	22/07/2019	-2
MGS	03/23	3.403	1	3.414	22/07/2019	-1
MGS	06/24	3.422	100	3.417	22/07/2019	1
MGS	09/24	3.484	4	3.485	22/07/2019	0
MGS	03/25	3.521	2	3.539	22/07/2019	-2
MGS	09/25	3.544	52	3.550	19/07/2019	-1
MGS	07/26	3.542	50	3.547	22/07/2019	-1
MGS	11/26	3.611	59	3.588	19/07/2019	2
MGS	05/27	3.642	5	3.649	22/07/2019	-1
MGS	11/27	3.637	4	3.628	22/07/2019	1
MGS	06/28	2.254	55	3.640	22/07/2019	-
MGS	08/29	3.608	11	3.607	22/07/2019	0
MGS	04/30	3.742	40	3.747	22/07/2019	0
MGS	06/31	3.811	41	3.801	22/07/2019	1
MGS	04/33	3.839	8	3.834	22/07/2019	0
MGS	11/33	3.842	41	3.840	22/07/2019	0
MGS	07/34	3.799	6	3.801	22/07/2019	0
MGS	06/38	3.996	155	3.990	22/07/2019	1
MGS	09/43	4.181	10	4.182	22/07/2019	0
MGS	07/48	4.245	110	4.245	22/07/2019	0
GII	04/20	3.151	200	3.166	22/07/2019	-2
GII	05/20	3.155	210	3.169	22/07/2019	-1
GII	05/20	3.167	10	3.169	22/07/2019	0
GII	06/20	3.168	30	3.186	19/07/2019	-2
GII	08/20	3.177	125	3.189	19/07/2019	-1
GII	03/21	3.247	40	3.254	11/07/2019	-1
GII	04/21	3.254	20	3.267	22/07/2019	-1
GII	03/22	3.320	40	3.316	19/07/2019	0
GII	07/22	3.342	20	3.378	17/07/2019	-4
GII	11/22	3.360	50	3.386	18/07/2019	-3
GII	10/24	3.443	60	3.441	22/07/2019	0
GII	08/25	3.540	20	3.548	19/07/2019	-1
GII	10/25	3.565	70	3.567	19/07/2019	0
GII	03/26	3.568	210	3.575	22/07/2019	-1
GII	07/27	3.658	10	3.661	18/07/2019	0
GII	06/33	3.860	30	3.859	22/07/2019	0
GII	08/33	3.865	20	3.870	11/07/2019	0
GII	10/35	3.927	21	3.920	12/07/2019	1
GII	08/37	4.020	140	4.006	22/07/2019	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*
Lembaga Pembiayaan Perumahan Sektor Awam	09/19	GG	3.132	25	3.830	26/03/2018	-70	-2
GovCo Holdings Berhad	02/27	GG	3.717	60	3.720	22/07/2019	0	13
Lembaga Pembiayaan Perumahan Sektor Awam	04/27	GG	3.668	30	3.670	22/07/2019	0	8
Turus Pesawat Sdn Berhad	11/27	GG	3.840	60	3.995	29/05/2019	-16	25
Jambatan Kedua Sdn Berhad	07/31	GG	3.860	5	3.912	19/07/2019	-5	25
Perbadanan Tabung Pendidikan Tinggi Nasional	01/33	GG	3.967	50	3.979	22/07/2019	-1	16
Danainfra Nasional Berhad	02/33	GG	3.889	15	4.640	26/09/2018	-75	8
Danainfra Nasional Berhad	04/33	GG	3.898	35	3.909	17/07/2019	-1	9
Danainfra Nasional Berhad	11/34	GG	3.941	5	4.029	28/06/2019	-9	14
HSBC Amanah Malaysia Berhad	10/19	AAA	3.159	105	3.200	17/07/2019	-4	0
Danga Capital Berhad	04/20	AAA	3.250	5	3.348	17/07/2019	-10	9
YTL Power International Berhad	10/21	AA1	3.895	10	4.537	03/05/2018	-64	65
Celcom Networks Sdn Berhad	10/21	AA+	3.863	10	4.266	12/03/2019	-40	61
Celcom Networks Sdn Berhad	08/27	AA+	4.051	5	4.152	19/07/2019	-10	46
UMW Holdings Berhad	10/19	AA2	3.384	20	3.954	11/04/2019	-57	23
Imtiaz Sukuk II Berhad	11/19	AA2	3.414	10	3.525	17/07/2019	-11	26
Imtiaz Sukuk II Berhad	10/20	AA2	3.605	30	3.675	19/07/2019	-7	45
Imtiaz Sukuk II Berhad	05/22	AA2	3.850	20	3.897	18/07/2019	-5	56
Anih Berhad	11/25	AA	4.128	2	4.266	24/06/2019	-14	62
Fortune Premiere Sdn Berhad	09/25	AA	4.137	60	4.147	22/07/2019	-1	63
BGSM Management Sdn Berhad	12/19	AA3	3.690	2	3.991	08/04/2019	-30	53
Malakoff Power Berhad	12/19	AA-	3.609	2	3.670	10/07/2019	-6	45
Country Garden Real Estate Sdn Berhad	02/23	AA3	6.455	1	6.439	18/07/2019	2	306
Jimah Energy Ventures Sdn Berhad	05/20	AA3	3.633	2	3.815	14/06/2019	-18	48
Perbadanan Kemajuan Negeri Selangor	08/21	AA3	4.047	2	4.446	29/04/2019	-40	80
BGSM Management Sdn Berhad	12/23	AA3	4.136	1	4.187	02/07/2019	-5	74
Edra Energy Sdn Berhad	07/31	AA3	4.759	10	4.764	16/07/2019	0	115
Edra Energy Sdn Berhad	01/32	AA3	4.799	10	4.986	20/06/2019	-19	119
Edra Energy Sdn Berhad	01/34	AA3	4.889	10	4.999	02/07/2019	-11	108
Edra Energy Sdn Berhad	07/34	AA3	4.929	10	5.088	25/06/2019	-16	112
Edra Energy Sdn Berhad	07/35	AA3	4.999	10	5.071	05/07/2019	-7	119
Edra Energy Sdn Berhad	07/36	AA3	5.069	10	5.127	05/07/2019	-6	126
Aeon Credit Services Berhad	12/14	-	5.794	6	6.406	22/01/2019	-61	-
Quantum Solar Park (Semenanjung) Sdn Berhad	10/25	A+	5.198	10	5.238	08/11/2017	-4	169
Quantum Solar Park (Semenanjung) Sdn Berhad	10/26	A+	5.328	10	5.320	05/10/2017	1	178
Quantum Solar Park (Semenanjung) Sdn Berhad	10/27	A+	5.458	20	5.229	05/10/2018	23	187
Quantum Solar Park (Semenanjung) Sdn Berhad	04/28	A+	5.528	10	5.440	05/10/2017	9	192
Quantum Solar Park (Semenanjung) Sdn Berhad	10/24	A+	5.088	20	5.157	09/11/2017	-7	167
Quantum Solar Park (Semenanjung) Sdn Berhad	10/28	A+	5.597	5	5.658	17/07/2019	-6	199
Quantum Solar Park (Semenanjung) Sdn Berhad	10/29	A+	5.737	5	5.799	17/07/2019	-6	213
				<u>718</u>				

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

Market/Corporate News: What's Brewing

Implementation of works on the Pan Borneo Highway project which have been handed over to the state government will begin latest by September with the set up of a management team, said Sabah Infrastructure Development Minister Datuk Peter Anthony. He said the team would be responsible for all construction works related to the highway project. "Work on the entire highway project including Package 15 in Tawau will be resolved with the formation of the Pan Borneo team," he told reporters, after he was briefed on developments in Lahad Datu, Kinabatangan and Tawau districts by the Works Department at a hotel here today. Meanwhile, Peter said only minor changes pertaining to specifications for road construction, would be made in the construction of the Pan Borneo Highway. "For example, we noticed heavy vehicles are plying the roads around Beluran, Telupid and Lahad Datu causing damage to the roads. "As such we have instructed the Works Department to look into this and to ensure that the concrete, stones or asphalt are more compact in these areas," he said. Meanwhile, he informed that construction work on the Tawau dam at Gudang Empat, Cinta Mata near here resumed last week. "The dam is expected to

be ready in four years,” he said adding that stern action would be taken against concessionaires’ companies with poor road maintenance record in the state. (Source: *The Edge/Bernama*)

Malaysia Marine and Heavy Engineering Holdings Bhd (MMHE) has secured an engineering contract from Petronas Carigali Sdn Bhd for the Kasawari Gas Development project. It said on Tuesday its unit Malaysia Marine and Heavy Engineering Sdn Bhd was awarded the contract to undertake the engineering, procurement, construction, installation and commissioning works (EPCIC). “The EPCIC contract includes the construction of 47,000 tonnes of central processing platform, 8,600 tonnes of wellhead platform and a flare structure,” it said. MMHE added the contract involved transporting and installing an 85-km pipeline linking the Kasawari CPP to the existing E11R-A platform. MMHE managing director and CEO Wan Mashitah Wan Abdullah Sani said: “This award is a representation of continued trust in our capability in providing offshore solutions and producing the desired results.” (Source: *The Star*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Senai-Desaru Expressway Berhad	RM1.89 billion Islamic Medium-Term Notes (Restructured Sukuk) Programme	BBB-IS(Stable)	Affirmed
Zamarad Assets Berhad (RCE's financing vehicle)	Tranche 2 RM80 million Class A Sukuk Tranche 2 RM20 million Class B Sukuk	AAA/Stable AA2/Stable	Assigned

Source: RAM, MARC

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