

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.68	0
5-yr UST	1.60	0
10-yr UST	1.73	0
30-yr UST	2.17	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.13	2	3.11	0
5-yr	3.34	6	3.30	-2
7-yr	3.47	2	3.48	1
10-yr	3.48	6	3.53	-1
15-yr	3.75	4	3.57	0
20-yr	3.87	12	3.90	5
30-yr	3.92	1	3.81	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.29	0
3-yr	3.28	-1
5-yr	3.31	-2
7-yr	3.34	-2
10-yr	3.40	-4

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries closed mixed on Monday with gains led by the front-ends amid lack of leads. Fed Bullard's comments on his preference for another 25bps rate cut were largely ignored by markets with overall benchmark yields mostly edging between 0-1bps higher. The curve steepened with both the UST 2y and 10Y within 1bps change at 1.68% and 1.73% respectively. Meanwhile concerns over a recession and global oil demand growth has surfaced despite a 25bps rate cut last week as the 2s10s yield spread remains tight. Fading optimism about a potential US-China trade deal and disappointing European economic data are expected to see safe-appeal for bonds. Attention is expected to be focused on upcoming US economic data including, consumer confidence, new home sales, together with the Treasury's auction of 2Y, 5Y and 7Y papers totalling \$113b.

MGS/GII

- Local govvnies ended weaker as trading momentum maintained on a higher secondary market volume of RM4.58b. Interest was mainly centred in the shorter off-the-run 20's and 3Y, 7Y MGS/GII bonds. Overall benchmark MGS/GII bond yields closed mostly higher again between 0-12bps following concerns ahead of the FTSE Russell Index potential weightage changes for Malaysia's bonds on Thursday, the 26th September. Both the 5Y benchmark MGS 6/24 and the 10Y MGS 8/29 spiked by 6bps at 3.34% and 3.48% respectively. GII bonds dropped to form ~20% of overall trades. Meanwhile, the economic calendar remains light with August CPI data out tomorrow.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk however saw secondary market volume dip by almost half to RM388m with interest seen again mainly across the AA part of the curve; followed by the GG and the AAA-segment. Govt-guaranteed DANA 3/27 closed unchanged compared to previous-done levels at 3.49%. AAA-rated BAKUN saw its 2029-2031 tranches close mixed on yields between 3.61-72% levels whilst DANGA 1/33 rose 13bps at 3.85%. AA-rated energy-related bonds Southern Power 4/32 and 10/34 closed 8-24bps lower at 4.08% and 4.35% respectively whilst the short-tenured MALAKOF 12/19 closed 4bps lower at 3.27% levels of 4.32% and 4.38% respectively. TBEI 3/32 similarly closed 9bps lower at 4.12%

Daily Trades : Government Bond

Securities	Maturity (dd/mm/yyyy)	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.020	201	3.037	19/09/2019	-2
MGS	11/19	3.054	21	3.049	19/09/2019	0
MGS	03/20	3.116	24	3.052	17/09/2019	6
MGS	07/20	3.072	30	3.069	20/09/2019	0
MGS	10/20	3.114	1105	3.133	20/09/2019	-2
MGS	07/21	3.133	6	3.120	20/09/2019	1
MGS	09/21	3.129	7	3.111	20/09/2019	2
MGS	03/22	3.127	844	3.109	20/09/2019	2
MGS	08/22	3.144	19	3.180	20/09/2019	-4
MGS	09/22	3.188	14	3.153	20/09/2019	4
MGS	03/23	3.268	3	3.257	20/09/2019	1
MGS	04/23	3.248	17	3.278	20/09/2019	-3
MGS	08/23	3.310	186	3.271	20/09/2019	4
MGS	06/24	3.343	89	3.281	20/09/2019	6
MGS	07/24	3.358	5	3.315	20/09/2019	4
MGS	09/24	3.358	18	3.329	19/09/2019	3
MGS	09/25	3.460	65	3.402	20/09/2019	6
MGS	07/26	3.473	510	3.457	20/09/2019	2
MGS	11/26	3.565	45	3.503	20/09/2019	6
MGS	05/27	3.616	20	3.424	19/09/2019	19
MGS	11/27	3.583	3	3.584	20/09/2019	0
MGS	06/28	3.571	4	3.571	20/09/2019	0
MGS	08/29	3.475	76	3.418	20/09/2019	6
MGS	04/30	3.713	4	3.549	17/09/2019	16
MGS	04/33	3.749	1	3.712	19/09/2019	4
MGS	11/33	3.794	263	3.733	20/09/2019	6
MGS	07/34	3.752	9	3.713	20/09/2019	4
MGS	06/38	3.871	44	3.752	20/09/2019	12
MGS	03/46	3.932	1	3.904	19/09/2019	3
MGS	07/48	3.920	61	3.914	19/09/2019	1
GII	11/23	3.306	40	3.293	20/09/2019	1
GII	08/24	3.407	20	3.332	17/09/2019	8
GII	10/24	3.298	120	3.319	20/09/2019	-2
GII	08/25	3.419	10	3.338	19/09/2019	8
GII	03/26	3.475	230	3.467	20/09/2019	1
GII	09/26	3.455	67	3.479	20/09/2019	-2
GII	07/27	3.622	10	3.502	20/09/2019	12
GII	08/28	3.590	30	3.475	13/09/2019	12
GII	07/29	3.533	154	3.539	20/09/2019	-1
GII	09/30	3.635	60	3.476	10/09/2019	16
GII	06/33	3.783	12	3.712	20/09/2019	7
GII	09/39	3.922	132	3.853	20/09/2019	7
GII	05/47	4.021	4	3.966	20/09/2019	5
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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	03/27	GG	3.490	50	3.489	20/09/2019	0	-1
DanaInfra Nasional Berhad	11/47	GG	4.060	10	3.979	18/09/2019	8	22
Gulf Investment Corporation G.S.C	03/21	AAA	4.060	10	4.059	19/09/2019	0	97
Bakun Hydro Power Generation Sdn Berhad (fka	08/26	AAA	3.540	10	3.449	06/09/2019	9	4
Bakun Hydro Power Generation Sdn Berhad (fka	08/27	AAA	3.570	10	3.786	25/07/2019	-22	4
GENM Capital Berhad	07/28	AAA	3.974	5	3.764	21/08/2019	21	44
Bakun Hydro Power Generation Sdn Berhad (fka	08/29	AAA	3.610	10	3.529	18/09/2019	8	9
Bakun Hydro Power Generation Sdn Berhad (fka	08/30	AAA	3.660	10	3.738	20/08/2019	-8	15
Bakun Hydro Power Generation Sdn Berhad (fka	08/31	AAA	3.720	20	4.039	24/07/2019	-32	21
Danga Capital Berhad	01/33	AAA	3.853	10	3.719	18/09/2019	13	13
Westports Malaysia Sdn Berhad	04/26	AA+	3.890	10	4.516	19/02/2019	-63	39
Celcom Networks Sdn Berhad	08/27	AA+	3.800	10	3.929	02/08/2019	-13	27
First Resources Limited	06/20	AA2	3.555	20	3.566	18/09/2019	-1	47
UMW Holdings Berhad	10/26	AA2	3.910	30	4.273	29/04/2019	-36	41
Anih Berhad	11/26	AA	3.960	15	4.039	14/08/2019	-8	46
Sime Darby Plantation Sdn Bhd	03/16	AA	3.910	80	4.227	12/06/2019	-32	7
MMC Corporation Berhad	11/20	AA-	3.890	20	3.890	20/09/2019	0	80
Tanjung Bin Energy Issuer Berhad	03/32	AA3	4.120	10	4.209	31/07/2019	-9	61
Malakoff Power Berhad	12/19	AA-	3.270	15	3.308	20/09/2019	-4	18
UiTM Solar Power Sdn Berhad	04/21	AA-	4.080	5	-	-	-	97
Southern Power Generation Sdn Berhad	04/32	AA-	4.080	10	4.318	07/06/2019	-24	36
Southern Power Generation Sdn Berhad	10/34	AA-	4.350	10	4.430	15/08/2019	-8	63
CIMB Group Holdings Berhad	05/16	A1	4.360	1	3.998	13/09/2019	36	52
DRB-Hicom Berhad	02/22	A+	5.050	1	5.087	23/08/2019	-4	194
Eco World Capital Assets Berhad	08/24	-	6.106	1	6.098	20/09/2019	1	-
Mah Sing Perpetual	02/17	-	5.952	6	5.351	19/09/2019	60	211
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*spread against nearest indicative tenured MGS (Source : BPAM)

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Market/Corporate News: What's Brewing

The Pan Borneo highway construction project in Sabah and Sarawak is still under the Ministry of Works and a priority of the Federal Government. Works Deputy Minister Mohd Anuar Mohd Tahir said the mega project is a constant topic and a permanent agenda in the Cabinet's weekly meeting. "Throughout my term as Works deputy minister, I saw that issues related to Sabah and Sarawak were discussed more than issues of roads or development for the peninsula. "This shows that the (Pakatan Harapan) government is very concerned and focused on providing development to both states," he told reporters after launching the Parti Amanah Negara, Pensiangan division here today. He noted that many development projects for Sabah and Sarawak could not be implemented due to the country's financial constraints. He said the ministry in last year's Budget sought RM2 billion but the government could only approve RM600 million. "The allocation was inadequate..not even half," he stressed, adding the sum was meant to fund infrastructure development throughout the country, from Perlis to Sabah. Mohd Anuar, who is also Parti Amanah secretary-general, hoped the people could remain patient, pending stability of the country's economy. (Source: The Edge/Bernama)

The Cabinet will discuss the offer price rate to Kampung Baru land owners and benefactors at its meeting on Wednesday. Federal Territories Minister Khalid Abdul Samad said he would bring the matter to the Cabinet and Prime Minister Tun Dr Mahathir Mohamad to find the best solution for everyone. "The discussion is at the Cabinet meeting, hope I could get some time to brief Dr Mahathir, and think of a way (solution). "We understand that everyone wants a higher price than what was offered but we need to find a reasonable price that will make the project viable," he said after attending a programme held at the Kuala Lumpur Homeless Transit Centre, here today. On Saturday (Sept 21), Khalid was quoted as saying the government had offered RM850 per square

foot to land owners and benefactors for the redevelopment of Kampung Baru. According to Khalid, it was the highest rate assessed by the Valuation and Property Services Department (JPPH), after taking into account the factors of maintaining the condition to retain Malay ownership. He said the government also did not rule out the possibility of considering a higher price offer for the purchase. (Source: *The Edge/Bernama*)

Lafarge Malaysia Bhd's (LMB) minority shareholders voted down a resolution that would have allowed the group to undertake recurrent related party transactions (RPTs) worth an aggregate RM3.51 billion, with its new controlling shareholder YTL Cement Bhd. Only 23.96%, representing 22.07 million shares, voted in favour of the resolution at an extraordinary general meeting (EGM) here yesterday, while 76.04% or 70.03 million shares voted against it, LMB's filing with Bursa Malaysia showed. The Yeoh siblings — Tan Sri Yeoh Sock Ping, Datuk Seri Yeoh Sock Siong, Datuk Yeoh Seok Kian, Datuk Yeoh Seok Hong and Datuk Yeoh Soo Keng collectively being interested and common directors in the recurrent RPTs — abstained from voting on the matter. According to LMB's circular to shareholders, the proposed mandate would have allowed LMB to deal with YTL Cement on the sale and purchase of materials such as clinker, cement, pulverised fly ash, slag, drymix, aggregates and manufacturing sand. Other transactions included are support services such as the provision of terminal management fee, gross charge of terminal costs, support function fee and packing services. Both parties would also have been mandated to deal with a tribute income for aggregates mining activities, a rental receivable for the use of land in Kota Tinggi, Johor, and the rental of an office premises in Singapore. LMB said the transactions that were to be entered into occasionally would be in the ordinary course of business and intended to meet the group's business needs at the best possible terms, to achieve synergistic benefits within the group. It also said the transactions would be undertaken on a normal commercial-term basis and on terms not more favourable to the related parties than those that could be arranged with unrelated parties, and that they would not be to minority shareholders' detriment. However, it seems LMB's minority shareholders were unconvinced, though the reason is uncertain. LMB's management declined to speak to the media on yesterday's EGM's conclusion. According to Bloomberg data, after YTL Cement, Permodalan Nasional Bhd is the group's second-largest shareholder with a 13.37% stake. As at July 31, YTL Cement held 76.98% in LMB. The company surfaced as LMB's controlling shareholder in May after acquiring a 51% stake in the loss-making cement maker for RM1.63 billion or RM3.75 per share from Associated International Cement Ltd (AIC). Subsequently, YTL Cement launched a mandatory general offer (MGO) to acquire the remaining LMB shares it did not own. But independent adviser AmInvestment Bank Bhd said then that the offer was unfair and unreasonable, and advised LMB's minority shareholders to reject it. It said the offer price of RM3.75 was a discount of between 2.2% and 18.5% to the fair values of RM3.83 and RM4.60 per LMB share. The fair values were derived after taking into account the revival of large infrastructure projects, the suspension of which had depressed LMB's share price. The unreasonableness of the offer was due to YTL Cement's intention to maintain LMB's listing. The MGO ended with YTL Cement acquiring another 25.98% stake in LMB. Meanwhile, two other resolutions put forward at yesterday's EGM were carried, with 99.99% voting in favour of them — changing LMB's name to Malayan Cement Bhd, and the mandate for LMB and its subsidiaries to enter into recurrent RPTs with its previous controlling shareholder, Swiss company LafargeHolcim Ltd. Lafarge Holcim had a deemed interest in LMB via its indirect interest in AIC. LMB finished 18 sen or 5.6% lower at RM3.04 per share yesterday. (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
AEON Credit	M1 billion Islamic CP Programme	P1	Reaffirmed

Source: RAM, MARC

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