

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.87	5
5-yr UST	1.86	4
10-yr UST	2.08	4
30-yr UST	2.61	4

MGS			GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)	
3-yr	3.28	1	3.31	0	
5-yr	3.40	0	3.44	-1	
7-yr	3.54	-1	3.56	0	
10-yr	3.60	1	3.63	0	
15-yr	3.80	0	3.83	0	
20-yr	3.99	0	4.01	0	
30-yr	4.24	-1	4.24	0	

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.37	1
3-yr	3.36	-1
5-yr	3.42	0
7-yr	3.47	-2
10-yr	3.55	-4

Source : Bloomberg

Upcoming Government Bond Tender

Reopening of RM2.0b of 30Y MGS 7/48 on Friday, 26th July

US Treasuries

- US Treasuries slipped and closed weaker on Thursday following traders interpretation of mixed comments by ECB president Draghi along with another round of soft auction for \$32b of 7Y notes. The auction which averaged 1.875% on a muted BTC ratio of 2.27x; was the lowest since 2016. The curve shifted higher as overall benchmark yields closed up 4-5bps with both the UST 2Y at 1.87% and the much-watched 10Y also higher at 2.08%. Repo rates for the month-end of July are now seen climbing; an indication that funding pressures may begin to look ominous. Meanwhile Fed Fund Futures show almost 30bps of cuts priced in for this month, and about 75bps in total through the end of January.

MGS/GII

- Local govvnies saw momentum improve on higher secondary market volume of RM4.82b with interest seen mainly in the shorter-end i.e. off-the-run 19-21's, 26's and also benchmark 10Y MGS. Overall benchmark yields ended mixed again between -1 to +1bps from prior day's close. The benchmark 5Y MGS 6/24 was untraded whilst the 10Y MGS 8/29 edged 1bps lower at 3.60%. GII trades maintained at ~28% of overall trades. The government is on track to restore its fiscal health by 2021 partly due to open competitive tenders and zero-based budgeting according to Finance minister. Meanwhile expect attention to focus on the 30Y MGS bond auction today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw a surge in secondary market trades as volume notched RM719m with trades across the yield curve as prices continued its march upwards. A slew of govt-guaranteed DANA bonds dominated the space with the 23' and 26's closing 22-26bps sharply lower compared to previous-done levels at 3.48% and 3.63% levels respectively. AAA-rated BAKUN Hydro 25-27's closed 3-4bps lower between 3.72-79% area. AA-rated highway toll operators DUKE3 and KESTURI 28's similarly closed lower on yields at 4.40% and 4.29%. The banking space saw Bank Islam 2025 tranches saw active trades between 3.62-76% levels whilst AmBank 27NC22 edged 2bps lower at 4.02%.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.039	746	3.054	24/07/2019	-1
MGS	11/19	3.056	51	3.061	24/07/2019	0
MGS	03/20	3.158	365	3.137	24/07/2019	2
MGS	07/20	3.161	30	3.121	24/07/2019	4
MGS	10/20	3.182	40	3.189	24/07/2019	-1
MGS	02/21	3.240	30	3.248	23/07/2019	-1
MGS	07/21	3.225	443	3.230	24/07/2019	0
MGS	09/21	3.251	40	3.257	24/07/2019	-1
MGS	11/21	3.265	81	3.260	24/07/2019	1
MGS	03/22	3.278	30	3.272	24/07/2019	1
MGS	09/22	3.348	5	3.354	18/07/2019	-1
MGS	04/23	3.396	43	3.402	23/07/2019	-1
MGS	08/23	3.427	23	3.435	24/07/2019	-1
MGS	07/24	3.473	40	3.475	22/07/2019	0
MGS	09/24	3.479	22	3.484	24/07/2019	0
MGS	03/25	3.526	50	3.530	24/07/2019	0
MGS	09/25	3.534	5	3.543	24/07/2019	-1
MGS	04/26	3.584	33	3.582	22/07/2019	0
MGS	07/26	3.538	80	3.552	24/07/2019	-1
MGS	11/26	3.587	269	3.580	24/07/2019	1
MGS	03/27	3.663	1	3.642	24/07/2019	2
MGS	11/27	3.645	30	3.645	24/07/2019	0
MGS	06/28	3.650	80	3.646	24/07/2019	0
MGS	08/29	3.597	427	3.587	24/07/2019	1
MGS	04/30	3.733	20	3.739	24/07/2019	-1
MGS	06/31	3.803	55	3.803	24/07/2019	0
MGS	04/33	3.844	2	3.841	24/07/2019	0
MGS	11/33	3.844	104	3.849	24/07/2019	-1
MGS	04/37	3.977	4	4.005	24/07/2019	-3
MGS	06/38	3.992	53	3.993	24/07/2019	0
MGS	03/46	4.235	101	4.250	24/07/2019	-1
MGS	07/48	4.237	135	4.251	24/07/2019	-1
GII	05/20	3.162	150	3.167	23/07/2019	0
GII	05/20	3.162	100	3.159	24/07/2019	0
GII	03/21	3.244	140	3.247	23/07/2019	0
GII	03/22	3.310	50	3.315	24/07/2019	0
GII	04/22	3.324	20	3.338	18/07/2019	-1
GII	11/23	3.448	80	3.452	22/07/2019	0
GII	08/24	3.489	230	3.503	12/07/2019	-1
GII	10/24	3.443	10	3.450	24/07/2019	-1
GII	08/25	3.543	20	3.554	24/07/2019	-1
GII	10/25	3.559	190	3.565	23/07/2019	-1
GII	03/26	3.564	60	3.568	23/07/2019	0
GII	09/26	3.591	50	3.607	23/07/2019	-2
GII	07/27	3.640	102	3.658	23/07/2019	-2
GII	10/28	3.681	21	3.670	24/07/2019	1
GII	07/29	3.629	10	3.632	24/07/2019	0
GII	06/33	3.852	60	3.862	24/07/2019	-1
GII	08/37	4.013	50	4.017	24/07/2019	0
GII	09/39	4.011	20	4.010	24/07/2019	0
GII	05/47	4.265	20	4.273	22/07/2019	-1
			<u>4820</u>			

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	08/23	GG	3.480	15	3.699	29/05/2019	-22	9
DanaInfra Nasional Berhad	10/23	GG	3.480	50	3.710	24/05/2019	-23	9
DanaInfra Nasional Berhad	05/24	GG	3.501	100	3.500	11/07/2019	0	8
DanaInfra Nasional Berhad	10/26	GG	3.631	10	3.916	18/04/2019	-29	9
DanaInfra Nasional Berhad	02/28	GG	3.658	10	3.690	12/07/2019	-3	5
Prasarana Malaysia Berhad	03/28	GG	3.681	5	3.723	24/07/2019	-4	7
DanaInfra Nasional Berhad	04/37	GG	4.000	20	4.059	03/07/2019	-6	0
Cagamas Berhad	08/19	AAA	3.158	60	3.185	26/06/2019	-3	0
Bakun Hydro Power Generation Sdn Berhad	08/25	AAA	3.722	5	3.766	03/07/2019	-4	22
Bakun Hydro Power Generation Sdn Berhad	08/26	AAA	3.768	30	3.793	11/07/2019	-3	23
Bakun Hydro Power Generation Sdn Berhad	08/27	AAA	3.786	20	3.819	10/07/2019	-3	19
Projek Lebuhraya Usahasama Berhad	01/29	AAA	3.869	20	3.874	24/07/2019	0	26
Bakun Hydro Power Generation Sdn Berhad	08/30	AAA	3.979	30	3.979	24/07/2019	0	38
Malayan Banking Berhad	02/32	AAA	3.546	30	3.890	21/05/2019	-34	-26
Sarawak Energy Berhad	01/22	AA1	3.735	10	4.009	07/05/2019	-27	49
Sabah Development Bank Berhad	04/26	AA1	4.812	40	4.858	19/07/2019	-5	127
YTL Corporation Berhad	11/26	AA1	4.085	10	4.151	11/07/2019	-7	54
YTL Corporation Berhad	06/34	AA1	4.270	10	4.299	12/07/2019	-3	46
First Resources Limited	06/20	AA2	3.716	6	3.867	02/07/2019	-15	56
Konsortium ProHAWK Sdn Berhad	06/30	AA2	4.219	10	5.149	18/01/2017	-93	62
UEM Sunrise Berhad	04/20	AA-	3.615	10	3.877	21/06/2019	-26	46
Country Garden Real Estate Sdn Berhad	03/22	AA3	6.142	10	6.136	15/07/2019	1	285
Country Garden Real Estate Sdn Berhad	05/22	AA3	6.232	5			-	294
AmBank (M) Berhad	03/27	AA3	4.016	20	4.035	24/07/2019	-2	42
UEM Sunrise Berhad	04/22	AA-	3.847	10	3.883	22/07/2019	-4	56
UEM Sunrise Berhad	10/25	AA-	4.039	10	4.038	18/07/2019	0	54
Konsortium Lebuhraya Utara-Timur (KL) Sdn B	12/27	AA-	4.285	10	4.648	14/02/2019	-36	69
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/28	AA-	4.398	30	4.790	15/03/2019	-39	79
Konsortium Lebuhraya Utara-Timur (KL) Sdn B	12/28	AA-	4.289	20	4.321	22/07/2019	-3	68
Sinar Kamiri Sdn Berhad	01/31	AA-	5.390	5	5.549	27/05/2019	-16	179
UiTM Solar Power Sdn Berhad	04/31	AA-	5.180	5	5.399	29/04/2019	-22	158
Sinar Kamiri Sdn Berhad	01/35	AA-	5.670	5	5.849	27/05/2019	-18	186
Sinar Kamiri Sdn Berhad	01/36	AA-	5.760	5	5.829	15/07/2019	-7	195
Tan Chong Motor Holdings Berhad	11/19	A1	4.021	16	4.108	10/07/2019	-9	86
Bank Islam Malaysia Berhad	04/25	A1	3.617	10	4.595	27/07/2018	-98	11
Bank Islam Malaysia Berhad	12/25	A1	3.762	20	4.100	31/05/2019	-34	26
Affin Bank Berhad	09/27	A1	4.139	20	4.173	12/07/2019	-3	55
CIMB Group Holdings Berhad	05/16	A1	4.431	1	3.972	22/07/2019	46	44
IJM Land Berhad	03/19	A2	4.824	10	4.822	15/07/2019	0	83
IJM Land Berhad	03/19	A2	5.052	6	4.551	23/07/2019	50	106
Eco World International Berhad	10/21	-	5.463	1	6.050	17/07/2019	-59	-
Eco World International Berhad	04/23	-	5.624	1	5.625	22/07/2019	0	-
				<u>719</u>				

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

Market/Corporate News: What's Brewing

The relaunch of the East Coast Railway Link (ECRL) project will bring about positive impact to local contractors who have been looking for opportunities to benefit from the large-scale project. Deputy president of the Terengganu Malay Contractors Association of Malaysia (PKMMT), Zamri Awang Hitam, said the last mega project implemented in the State was the East Coast Highway 2 (LPT 2), which was completed several years ago. "No other mega project was brought to the State after that. Not even small projects and this has caused many contractors to go bust," he told Bernama on the resumption of the ECRL at the site of the Dungun Tunnel in Bukit Bauk, here today. Transport Minister Anthony Loke Siew Fook in his speech at the event said that the percentage of local construction contractors in the relaunched project would be increased to 40 percent from 30 percent previously. "We hope that with the 40 percent quota for local contractors, they will be able to bounce back from adversity," said Zamri who heads the association which has 1,300 members. For

construction company owner Tengku Mahri Tengku Chik, the relaunch of the ECRL project has given a new lease of life not only to contractors but also residents in the area, especially in terms of socio-economic development. “The Government has assured that 40 percent of the project quota will be allocated for local contractors, so it is now left to us (contractors) to be more assertive in preparing our company profiles to win tenders,” he said. Apart from contractors, the relaunch of the project is also expected to benefit small and medium enterprise (SME) operators on the east coast. Persatuan Tunas Usahawan Nasional (Pertunas) president Amir Hakimin Che Razali, said about 113,000 SME entrepreneurs in Kelantan, Terengganu and Pahang should take proactive measures and grab the opportunities that would arise from the implementation of the project. “The ECRL's relaunch ceremony today is a turning point in the socio-economic reforms which will definitely generate spillover of economic activities for the people in the East Coast,” he told Bernama. The relaunch of the ECRL project was indeed greeted with a sense of joy and relief by many locals. Many of those interviewed by Bernama said they were glad to see the project being rolled out again after it was beset by uncertainties following its suspension in July last year. In fact, the celebratory mood at the Terowong Dungun relaunch site not only reflected the Federal Government's commitment to fulfilling the people's desire but also its willingness to share the benefits of development in Opposition-ruled States. More interestingly, the launching ceremony gathered together leaders from States which would directly benefit from the project — Terengganu Menteri Besar Datuk Seri Dr Ahmad Samsuri Mokhtar, Negeri Sembilan Menteri Besar Datuk Seri Aminuddin Harun and representatives of the Pahang and Kelantan state governments. In his speech, Loke repeatedly stressed the Federal Government's commitment to bringing development and transport facilities to various parts of the country without neglecting the East Coast States. For sure, the relaunching of the project signifies the government's determination to bring about balanced economic growth in the East Coast and create more job opportunities for the locals.. (Source: *The Edge*)

Lembaga Tabung Haji (TH) recorded a stronger financial performance in the first half of 2019, underpinned by sustainable investment strategy and prudent cost management measures. The pilgrimage fund announced on Thursday it recorded RM1.3bil in revenue due to its sustainable investment strategy and prudent cost management measures. The revenue was generated primarily from fixed income assets investments (RM663mil), real estate investments (RM292mil) and Islamic money market instruments (RM199mil). TH's net profit increased to RM815mil as a result of continuous cost savings in management and administration. It expected its income to increase further when it receives the full benefits from Sukuk Urusharta Jamaah Sdn Bhd which was issued on May 30, 2019. It also pointed out the change in its investment strategy to focus more on stable investment assets enabled it to reduce the pressure from uncertain financial market conditions due to global trade tensions. As at June 30, 2019, TH's financial position remained strong as total assets exceeded total liabilities by RM1.8bil, with total assets of RM74bil while total liabilities were RM72.2bil. TH said the trust and support of depositors to TH remained intact with the amount of deposits remaining high at RM71bil as at June 30, 2019. (Source: *The Star*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Genting Malaysia Berhad	Corporate credit rating	AAA/Stable/P1	Reaffirmed
GENM Capital Berhad.	RM5 bil MTN Programme (2015/2035)	AAA(s)/Stable	Reaffirmed
	RM3 bil MTN Programme (2018/2038)	AAA(s)/Stable	Reaffirmed
KIP REIT Capital Sdn Bhd	RM210 million Class A Medium Term Notes under its proposed RM2.0 billion perpetual MTN Programme	AAA/Stable	Assigned

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.