

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

| UST | | |
|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) |
| 2-yr UST | 1.81 | -2 |
| 5-yr UST | 1.77 | -3 |
| 10-yr UST | 2.02 | -3 |
| 30-yr UST | 2.53 | -4 |

| MGS | | GII* | | |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr | 3.32 | -3 | 3.37 | 0 |
| 5-yr | 3.45 | 1 | 3.47 | -1 |
| 7-yr | 3.57 | -1 | 3.61 | 0 |
| 10-yr | 3.65 | 0 | 3.67 | -1 |
| 15-yr | 3.96 | -2 | 3.96 | -1 |
| 20-yr | 4.07 | -3 | 4.07 | -4 |
| 30-yr | 4.36 | -3 | 4.39 | -1 |

* Market indicative levels

| MYR IRS Levels | | |
|----------------|-------------|-----------|
| IRS | Closing (%) | Chg (bps) |
| 1-yr | 3.38 | 2 |
| 3-yr | 3.39 | 1 |
| 5-yr | 3.47 | 1 |
| 7-yr | 3.54 | 1 |
| 10-yr | 3.68 | -1 |

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries bull-flattened across the curve following a much better 7Y auction amounting to \$32b which drew an average yield of 1.889% on a BTC ratio of 2.44x (previous: 2.30x). Overall benchmark yields ended 2-4bps lower with the both the UST 2Y and much-watched 10Y lower at 1.81% and 2.02% respectively. Investors are expected to monitor the events especially pertaining to US-China trade matters ahead of this weekend's meeting of G-20 leaders in Japan; bearing in mind Trump's threat on substantial additional tariffs if a trade deal can't be reached soon. The current Fed Funds implied probability shows a 80% odds for a 25bps rate cut in July with a 20% odds for a 50bps.

MGS/GII

- Trading momentum in local govies was strong with secondary market volume up at RM6.56b. Benchmark yields ended mostly lower between 0-4bps as the curve shifted lower; led by MGS bonds. Focus was mainly seen in the shorter off-the-run 20-21's and also the benchmark 15Y, 20Y bonds. The benchmark 5Y MGS 6/24 bucked the overall trend by edging 1bps higher at 3.45% the 10Y MGS 8/29 was unchanged at 3.65%. GII bond trades maintained about 32% of overall trades. Earlier the 20Y GII 9/39 auction saw solid demand; averaging 4.074% on a BTC ratio of 4.27x. Despite the small issuance, total bids submitted was one of the highest seen YTD for a tenor exceeding 15 years. Meanwhile the govt is confident of achieving GDP growth closer to 5.0% this year whilst aiming to bring the fiscal deficit to below 3.0% by 2021.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk was equally upbeat with secondary volume at RM1.31b as interest was seen mainly along the GG-segment. Govt-guaranteed KHAZA 3/20 and 8/23 saw total RM300m in nominal amounts traded; closing between 1-14bps lower compared to previous-done levels at 3.28% and 3.53% respectively. The longer-end LPPSA 34-39's rallied 2-8bps between 4.05-17% levels. Similarly, AAA-rated utility bonds TELEKOM 5/22 and 3/24 moved sharply lower in yields at 3.73% and 3.78% each whilst TENAGA 8/33 edged 2bps lower at 4.12%. The AA-space saw YTL Corp 4/23 and 11/26 vlose 17-63bps at 4.06% and 4.23% each whilst GAMUDA, which was the subject of toll-related takeover by the government also saw demand for its 2023 and 2026 bonds with yields lower at 4.06% and 4.14% respectively. The banking space saw MBSB 10/20 edge 1bps lower at 4.02% whilst Krung Thai 25NC20 spiked 15bps instead at 4.24%.

Daily Trades : Government Bond

| Securities | | Closing | Vol | Previous | Previous | Chg |
|------------|-------|---------|-------------|----------|----------------------------|------|
| | | YTM | (RM mil) | YTM | Trade Date (dd/mm/yyyy) | (bp) |
| MGS | 10/19 | 3.071 | 40 | 3.080 | 26/06/2019 | -1 |
| MGS | 11/19 | 3.095 | 50 | 3.091 | 26/06/2019 | 0 |
| MGS | 03/20 | 3.160 | 370 | 3.171 | 26/06/2019 | -1 |
| MGS | 07/20 | 3.196 | 30 | 3.205 | 25/06/2019 | -1 |
| MGS | 10/20 | 3.232 | 132 | 3.221 | 26/06/2019 | 1 |
| MGS | 02/21 | 3.261 | 50 | 3.281 | 26/06/2019 | -2 |
| MGS | 07/21 | 3.301 | 185 | 3.309 | 26/06/2019 | -1 |
| MGS | 09/21 | 3.310 | 101 | 3.313 | 26/06/2019 | 0 |
| MGS | 11/21 | 3.328 | 55 | 3.316 | 26/06/2019 | 1 |
| MGS | 03/22 | 3.317 | 82 | 3.347 | 26/06/2019 | -3 |
| MGS | 08/22 | 3.363 | 30 | 3.404 | 26/06/2019 | -4 |
| MGS | 09/22 | 3.387 | 56 | 3.402 | 24/06/2019 | -2 |
| MGS | 03/23 | 3.427 | 32 | 3.441 | 26/06/2019 | -1 |
| MGS | 04/23 | 3.414 | 165 | 3.423 | 26/06/2019 | -1 |
| MGS | 06/24 | 3.451 | 170 | 3.445 | 25/06/2019 | 1 |
| MGS | 07/24 | 3.494 | 16 | 3.492 | 26/06/2019 | 0 |
| MGS | 09/24 | 3.484 | 162 | 3.496 | 26/06/2019 | -1 |
| MGS | 03/25 | 3.520 | 133 | 3.550 | 26/06/2019 | -3 |
| MGS | 09/25 | 3.565 | 5 | 3.574 | 26/06/2019 | -1 |
| MGS | 04/26 | 3.614 | 3 | 3.630 | 26/06/2019 | -2 |
| MGS | 07/26 | 3.569 | 679 | 3.582 | 26/06/2019 | -1 |
| MGS | 11/26 | 3.631 | 3 | 3.640 | 26/06/2019 | -1 |
| MGS | 05/27 | 3.673 | 6 | 3.700 | 26/06/2019 | -3 |
| MGS | 11/27 | 3.682 | 241 | 3.683 | 26/06/2019 | 0 |
| MGS | 06/28 | 3.668 | 72 | 3.676 | 26/06/2019 | -1 |
| MGS | 08/29 | 3.647 | 185 | 3.647 | 26/06/2019 | 0 |
| MGS | 04/30 | 3.792 | 34 | 3.798 | 26/06/2019 | -1 |
| MGS | 06/31 | 3.839 | 10 | 3.839 | 26/06/2019 | 0 |
| MGS | 04/33 | 3.953 | 65 | 3.996 | 26/06/2019 | -4 |
| MGS | 11/33 | 3.957 | 610 | 3.974 | 26/06/2019 | -2 |
| MGS | 04/37 | 4.085 | 50 | 4.107 | 26/06/2019 | -2 |
| MGS | 06/38 | 4.069 | 428 | 4.107 | 26/06/2019 | -4 |
| MGS | 09/43 | 4.325 | 40 | 4.363 | 26/06/2019 | -4 |
| MGS | 03/46 | 4.369 | 90 | 4.400 | 26/06/2019 | -3 |
| MGS | 07/48 | 4.356 | 108 | 4.376 | 26/06/2019 | -2 |
| GII | 09/19 | 3.088 | 300 | 3.006 | 26/06/2019 | 8 |
| GII | 03/22 | 3.368 | 50 | 3.371 | 26/06/2019 | 0 |
| GII | 04/22 | 3.398 | 1 | 3.395 | 26/06/2019 | 0 |
| GII | 07/22 | 3.387 | 6 | 3.404 | 25/06/2019 | -2 |
| GII | 11/22 | 3.410 | 60 | 3.430 | 25/06/2019 | -2 |
| GII | 04/23 | 3.494 | 80 | 3.478 | 21/06/2019 | 2 |
| GII | 11/23 | 3.494 | 90 | 3.479 | 26/06/2019 | 2 |
| GII | 10/24 | 3.471 | 60 | 3.477 | 26/06/2019 | -1 |
| GII | 10/25 | 3.592 | 40 | 3.603 | 26/06/2019 | -1 |
| GII | 03/26 | 3.609 | 130 | 3.608 | 26/06/2019 | 0 |
| GII | 10/28 | 3.678 | 60 | 3.692 | 26/06/2019 | -1 |
| GII | 07/29 | 3.667 | 140 | 3.674 | 26/06/2019 | -1 |
| GII | 09/30 | 3.783 | 30 | 3.767 | 26/06/2019 | 2 |
| GII | 06/33 | 3.956 | 40 | 3.964 | 20/06/2019 | -1 |
| GII | 11/34 | 3.927 | 70 | 3.951 | 24/06/2019 | -2 |
| GII | 10/35 | 4.036 | 40 | 4.065 | 25/06/2019 | -3 |
| GII | 08/37 | 4.089 | 180 | 4.127 | 25/06/2019 | -4 |
| GII | 09/39 | 4.069 | 656 | 4.108 | 26/06/2019 | -4 |
| GII | 05/47 | 4.387 | 40 | 4.393 | 26/06/2019 | -1 |
| | | | <u>6561</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* |
|---|-------|--------|----------------|-----------------|-----------------|--|-------------|---------------------------|
| Khazanah Nasional Berhad | 03/20 | GG | 3.276 | 140 | 3.420 | 27/05/2019 | -14 | 9 |
| Danainfra Nasional Berhad | 05/23 | GG | 3.508 | 20 | 3.753 | 23/04/2019 | -25 | 11 |
| Khazanah Nasional Berhad | 08/23 | GG | 3.530 | 160 | 3.538 | 25/06/2019 | -1 | 13 |
| Lembaga Pembiayaan Perumahan Sektor Awam | 04/24 | GG | 3.500 | 5 | 3.799 | 27/05/2019 | -30 | 5 |
| Lembaga Pembiayaan Perumahan Sektor Awam | 10/25 | GG | 3.600 | 5 | 3.628 | 26/06/2019 | -3 | 7 |
| Danainfra Nasional Berhad | 02/26 | GG | 3.592 | 20 | 3.587 | 25/06/2019 | 0 | 2 |
| Danainfra Nasional Berhad | 04/26 | GG | 3.603 | 20 | 3.598 | 25/06/2019 | 1 | 3 |
| Danainfra Nasional Berhad | 10/28 | GG | 3.789 | 5 | 3.880 | 14/06/2019 | -9 | 14 |
| Danainfra Nasional Berhad | 11/28 | GG | 3.810 | 100 | 4.078 | 22/04/2019 | -27 | 16 |
| Perbadanan Tabung Pendidikan Tinggi Nasional | 03/29 | GG | 3.821 | 10 | 3.820 | 25/06/2019 | 0 | 17 |
| Danainfra Nasional Berhad | 03/29 | GG | 3.811 | 10 | 3.800 | 25/06/2019 | 1 | 16 |
| Danainfra Nasional Berhad | 05/31 | GG | 3.890 | 20 | 3.891 | 25/06/2019 | 0 | 24 |
| Danainfra Nasional Berhad | 04/33 | GG | 4.035 | 40 | 4.039 | 25/06/2019 | 0 | 8 |
| Lembaga Pembiayaan Perumahan Sektor Awam | 04/34 | GG | 4.045 | 100 | 4.121 | 10/06/2019 | -8 | 9 |
| Lembaga Pembiayaan Perumahan Sektor Awam | 10/38 | GG | 4.149 | 50 | 4.228 | 12/06/2019 | -8 | 7 |
| Lembaga Pembiayaan Perumahan Sektor Awam | 04/39 | GG | 4.169 | 80 | 4.189 | 25/06/2019 | -2 | 9 |
| Perbadanan Tabung Pendidikan Tinggi Nasional | 07/41 | GG | 4.245 | 20 | 4.559 | 16/05/2019 | -31 | 17 |
| Danainfra Nasional Berhad | 04/43 | GG | 4.289 | 5 | 4.350 | 17/06/2019 | -6 | 21 |
| Danainfra Nasional Berhad | 04/48 | GG | 4.399 | 50 | 4.620 | 28/05/2019 | -22 | 32 |
| Al Dza'hab Assets Berhad | 06/21 | AAA | 4.025 | 15 | 4.167 | 10/04/2019 | -14 | 74 |
| Telekom Malaysia Berhad | 05/22 | AAA | 3.731 | 30 | 3.916 | 29/05/2019 | -19 | 40 |
| Telekom Malaysia Berhad | 03/24 | AAA | 3.778 | 10 | 4.261 | 29/01/2019 | -48 | 33 |
| Bakun Hydro Power Generation Sdn Berhad (fka Putrajaya Bina Sdn Berhad | 08/24 | AAA | 3.799 | 30 | 3.808 | 25/06/2019 | -1 | 35 |
| Bakun Hydro Power Generation Sdn Berhad (fka Danga Capital Berhad | 09/24 | AAA | 3.786 | 10 | 3.930 | 30/05/2019 | -14 | 34 |
| Bakun Hydro Power Generation Sdn Berhad (fka Danga Capital Berhad | 08/25 | AAA | 3.832 | 15 | 4.151 | 24/04/2019 | -32 | 31 |
| Danga Capital Berhad | 02/26 | AAA | 3.902 | 10 | 3.952 | 14/06/2019 | -5 | 33 |
| Tenaga Nasional Berhad | 08/33 | AAA | 4.119 | 10 | 4.140 | 26/06/2019 | -2 | 16 |
| Danum Capital Berhad | 02/34 | AAA | 4.199 | 30 | 4.229 | 18/06/2019 | -3 | 24 |
| TNB Northern Energy Berhad | 11/35 | AAA | 4.289 | 10 | 5.297 | 25/08/2015 | -101 | 33 |
| Tenaga Nasional Berhad | 08/38 | AAA | 4.500 | 5 | 4.500 | 26/06/2019 | 0 | 42 |
| MBSB Bank Berhad (fka Asian Finance Bank Be | 10/20 | AA1 | 4.019 | 10 | 4.028 | 26/06/2019 | -1 | 83 |
| YTL Corporation Berhad | 04/23 | AA1 | 4.056 | 20 | 4.227 | 20/06/2019 | -17 | 65 |
| YTL Corporation Berhad | 11/26 | AA1 | 4.233 | 110 | 4.864 | 14/12/2017 | -63 | 66 |
| Krung Thai Bank Public Company Limited | 07/25 | AA2 | 4.242 | 10 | 4.096 | 24/06/2019 | 15 | 72 |
| Gamuda Berhad | 04/21 | AA3 | 4.056 | 10 | 4.087 | 12/06/2019 | -3 | 77 |
| Gamuda Berhad | 11/22 | AA3 | 4.144 | 10 | 4.394 | 02/05/2019 | -25 | 81 |
| Country Garden Real Estate Sdn Berhad | 02/23 | AA3 | 6.512 | 56 | 6.606 | 25/06/2019 | -9 | 311 |
| UEM Sunrise Berhad | 10/25 | AA- | 4.129 | 10 | 4.288 | 12/06/2019 | -16 | 60 |
| WCT Holdings Berhad | 04/26 | AA- | 5.279 | 10 | 5.297 | 21/06/2019 | -2 | 171 |
| CIMB Group Holdings Berhad | 05/16 | A1 | 4.600 | 30 | 4.270 | 19/06/2019 | 33 | 52 |
| CIMB Group Holdings Berhad | 05/16 | A1 | 4.803 | 1 | 4.431 | 24/06/2019 | 37 | 73 |
| Mah Sing Perpetual Securities | - | - | 5.388 | 1 | 5.450 | 21/06/2019 | -6 | - |
| Eco World Internationak Berhad | 10/21 | - | 5.801 | 1 | 6.001 | 30/05/2019 | -20 | - |
| | | | | <u>1313</u> | | | | |

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

Market/Corporate News: What's Brewing

Sapura Energy Bhd narrowed its losses in the first quarter ended April 30, as revenue almost doubled on higher contribution from its engineering and construction business. Net loss during the three-month period was RM109mil compared with a net loss of RM135mil registered in the same quarter last year. Revenue climbed 93% to RM1.6bil, it said in a filing with Bursa Malaysia today. "The group will remain focused on growing the orderbook and maintaining strong operational performance," it said. So far in its current financial year, Sapura Energy has secured RM2.3bil worth on new contract to lift its orderbook to RM17.3bil. This includes the company's first offshore wind farm project, located in Taiwan. Our maiden award for the installation of offshore wind farm marks a strategic value proposition for the group in diversifying its capabilities and the use of its strategic assets for a growing renewable energy market," it said. The company, in a separate statement today, it has secured 10 new contracts, including the wind farm installation job, worth a combined RM1bil. The group's engineering and construction division contributed revenue of RM1.4bil during the quarter. "The oil and gas industry is expected to continue to operate in a challenging environment arising from market uncertainties and

geopolitical risks," Sapura Energy said. "However, tendering activities remained robust in many of our key markets with the group aggressively pursuing new opportunities in the Middle East, Africa, Asia Pacific, Europe, the Caspian and the Americas," it added. (Source: *The Star*)

KIP Real Estate Investment Trust's wholly-owned special purpose vehicle — KIP REIT Capital Sdn Bhd — is setting up a medium-term notes programme of RM2 billion in nominal value and has lodged the programme with the Securities Commission. The REIT's manager KIP REIT Management Sdn Bhd announced in a stock exchange filing today that the MTN programme shall have a perpetual tenure. "Issuance of MTNs from time to time under the MTN programme may be rated and/or unrated, which will be determined prior to each issuance," it said. It added that proceeds from the issuance of MTNs under the programme may be used by the issuer to, among others, advance to KIP REIT to finance or part finance its investment activities, refinance existing or future borrowings for its investment activities, and/or for the REIT's working capital from time to time. Maybank Investment Bank Bhd is the principal adviser, lead arranger and lead manager of the MTN programme. KIP REIT was not traded today. The REIT last settled at 84 sen a unit on Wednesday (June 26), giving it a market capitalisation of RM424.45 million. (Source: *The Edge*)

| Rating Action | | | |
|--------------------------|--|----------------|------------|
| Issuer | PDS Description | Rating/Outlook | Action |
| Menara ABS Berhad | RM1.0 bil Sukuk Ijarah Programme (2008/2023) | | |
| | Tranche A1 | AAA/Stable, | Reaffirmed |
| | Tranche A2 | AA2/Stable | Reaffirmed |
| | Tranche A3 | AA3/Stable | Reaffirmed |
| | Tranche A4 | AA3/Stable | Reaffirmed |
| Zamarad Assets Berhad | Tranche 2 RM80 million Class A Sukuk | AAA/Stable | Assigned |
| | Tranche 2 RM20 million Class B Sukuk | AA2/Stable | Assigned |
| Sabah Credit Corporation | Outstanding sukuk instruments | AA1/Stable/P1 | Reaffirmed |

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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