

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.85	-1
5-yr UST	1.85	-1
10-yr UST	2.07	-1
30-yr UST	2.59	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.28	0	3.31	0
5-yr	3.43	3	3.43	-1
7-yr	3.54	0	3.57	0
10-yr	3.59	-1	3.61	-2
15-yr	3.80	0	3.83	0
20-yr	3.98	-2	3.99	-2
30-yr	4.18	-6	4.24	0

* Market indicative levels

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

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

• US Treasuries lacked direction despite ending marginally stronger as overall benchmark yields closed between 1-2bps lower. The curve flattened and shifted lower with the UST 2Y at 1.85% and the much-watched 10Y at 2.07%. The Fed is widely expected to cut interest rates by at least 25bps, although recent economic data has generated some uncertainty about the outlook for rates. This included the just released 2Q GDP of 2.1% which still exceeded economists estimates despite weaker than 1Q GDP of 3.1%. Meanwhile the Fed may disappoint markets this week; similar to ECB's decision last week if any other outcome to an expected 25bps rate cut takes place. We have the FOMC rate decision on Wednesday and Non-Farm Payrolls on Friday; in what seems to be part of a rather heavy data-laden week.

MGS/GII

• Local govies saw momentum improve on higher secondary market volume of RM5.89b with interest seen again mainly in the shorter-end i.e. off-the-run 19-21's and also benchmark 20Y MGS. Overall benchmark yields ended mostly lower between 0-6bps save for the odd-lot trade on the 5Y benchmark MGS 6/24 which closed 3bps higher at 3.43% whilst the 10Y MGS 8/29 edged 1bps lower at 3.59%. GII trades dropped to form ~24% of overall trades mainly due to the recording of 30Y MGS trades. The 30Y auction reopening for the 30Y MGS 7/48 saw decent interest~ drawing an average yield of 4.181% on a BTC ratio of 2.49x.

Corp Bonds/Sukuk

• Corporate Bonds/Sukuk saw secondary market trades ease to RM473m with trades mainly across the AA-part of the curve as yields declined albeit by lower margins. Both gov-guaranteed PRASA 3/31 and DANA 4/37 bonds closed unchanged compared to previous-done levels at 3.80% and 4.00% levels respectively. The short AAA-rated DANGA 4/20 edged 1bps lower at 3.24% on RM100m in nominal amounts traded. AA-rated MMC Corp however closed 16bps sharply lower at 4.41% whilst highway toll operator DUKE3 saw its 2037 and 2038 tranches end unchanged at 4.89% and 4.97% respectively. The banking space saw Bank Islam 27NC22 close 5bps lower at 4.05%.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/19	5.927	158	3.062	19/07/2019	-
MGS	10/19	3.062	878	3.039	25/07/2019	2
MGS	11/19	3.050	1	3.056	25/07/2019	-1
MGS	03/20	3.129	100	3.158	25/07/2019	-3
MGS	07/20	3.132	380	3.161	25/07/2019	-3
MGS	10/20	3.173	180	3.182	25/07/2019	-1
MGS	02/21	3.240	126	3.240	25/07/2019	0
MGS	07/21	3.224	101	3.225	25/07/2019	0
MGS	09/21	3.242	103	3.251	25/07/2019	-1
MGS	11/21	3.264	3	3.265	25/07/2019	0
MGS	03/23	3.422	6	3.403	23/07/2019	2
MGS	04/23	3.396	61	3.396	25/07/2019	0
MGS	08/23	3.426	141	3.427	25/07/2019	0
MGS	07/24	3.473	41	3.473	25/07/2019	0
MGS	03/25	3.522	4	3.526	25/07/2019	0
MGS	09/25	3.557	7	3.534	25/07/2019	2
MGS	04/26	3.583	45	3.584	25/07/2019	0
MGS	07/26	3.535	52	3.538	25/07/2019	0
MGS	08/29	3.589	22	3.597	25/07/2019	-1
MGS	06/31	3.806	36	3.803	25/07/2019	0
MGS	04/33	3.844	1	3.844	25/07/2019	0
MGS	11/33	3.835	100	3.844	25/07/2019	-1
MGS	07/34	3.799	171	3.799	23/07/2019	0
MGS	05/35	3.896	1	3.934	18/07/2019	-4
MGS	06/38	3.975	133	3.992	25/07/2019	-2
MGS	09/43	4.163	20	4.187	25/07/2019	-2
MGS	03/46	4.170	31	4.235	25/07/2019	-7
MGS	07/48	4.176	1573	4.237	25/07/2019	-6
GII	04/20	3.150	150	3.151	23/07/2019	0
GII	05/20	3.152	270	3.162	25/07/2019	-1
GII	07/23	3.415	10	3.441	22/07/2019	-3
GII	08/24	3.484	190	3.489	25/07/2019	0
GII	10/24	3.432	190	3.443	25/07/2019	-1
GII	03/26	3.565	20	3.564	25/07/2019	0
GII	10/28	3.658	80	3.681	25/07/2019	-2
GII	07/29	3.610	170	3.629	25/07/2019	-2
GII	06/33	3.850	90	3.852	25/07/2019	0
GII	08/37	4.009	60	4.013	25/07/2019	0
GII	09/39	3.990	150	4.011	25/07/2019	-2
GII	05/47	4.247	40	4.265	25/07/2019	-2
			<u>5894</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*
Prasarana Malaysia Berhad	03/31	GG	3.800	40	3.803	24/07/2019	0	21
Lembaga Pembiayaan Perumahan Sektor Awam	04/33	GG	3.901	60	3.909	24/07/2019	-1	10
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	3.938	20	4.004	09/07/2019	-7	14
DanInfra Nasional Berhad	04/37	GG	3.996	20	4.000	25/07/2019	0	2
Jambatan Kedua Sdn Berhad	07/41	GG	4.125	10	4.149	22/07/2019	-2	15
Danga Capital Berhad	04/20	AAA	3.243	100	3.250	23/07/2019	-1	9
Telekom Malaysia Berhad	09/27	AAA	3.800	10	3.857	04/07/2019	-6	21
Tenaga Nasional Berhad	08/38	AAA	4.090	12	4.122	19/07/2019	-3	12
Sabah Credit Corporation	07/29	AA1	4.298	10	-	-	-	70
Country Garden Real Estate Sdn Berhad	03/22	AA3	6.138	10	6.142	25/07/2019	0	285
Country Garden Real Estate Sdn Berhad	05/22	AA3	6.228	5	6.232	25/07/2019	0	294
Gamuda Berhad	11/22	AA3	3.983	6	3.987	24/07/2019	0	70
Country Garden Real Estate Sdn Berhad	02/23	AA3	6.455	4	6.455	23/07/2019	0	307
CIMB Thai Bank Public Company Limited	07/26	AA3	3.896	10	4.554	17/05/2019	-66	36
RHB Islamic Bank Berhad	05/29	AA3	4.159	8	4.319	23/05/2019	-16	57
Edra Energy Sdn Berhad	07/29	AA3	4.739	1	4.639	22/07/2019	10	115
Edra Energy Sdn Berhad	07/32	AA3	4.779	10	4.883	08/07/2019	-10	98
Edra Energy Sdn Berhad	07/33	AA3	4.819	15	4.870	12/07/2019	-5	102
MMC Corporation Berhad	11/20	AA-	4.407	20	4.566	19/06/2019	-16	125
Segi Astana Sdn Berhad	01/23	AA-	4.860	1	4.871	24/07/2019	-1	157
UEM Sunrise Berhad	10/25	AA-	4.028	5	4.039	25/07/2019	-1	52
Southern Power Generation Sdn Berhad	10/30	AA-	4.004	10	4.149	21/06/2019	-15	41
Sinar Kamiri Sdn Berhad	01/31	AA-	5.388	5	5.390	25/07/2019	0	179
UiTM Solar Power Sdn Berhad	04/31	AA-	5.178	5	5.180	25/07/2019	0	158
Southern Power Generation Sdn Berhad	10/31	AA-	4.018	20	4.077	04/07/2019	-6	42
Sinar Kamiri Sdn Berhad	01/35	AA-	5.669	5	5.670	25/07/2019	0	187
Sinar Kamiri Sdn Berhad	01/36	AA-	5.759	5	5.760	25/07/2019	0	196
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/37	AA-	4.889	10	4.889	19/07/2019	0	91
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/38	AA-	4.969	10	4.969	18/07/2019	0	99
Affin Bank Berhad	02/27	A1	4.046	10	4.092	19/07/2019	-5	45
CIMB Group Holdings Berhad	05/16	A1	4.568	1	4.569	25/07/2019	0	59
IJM Land Berhad	03/19	A2	4.964	10	4.824	25/07/2019	14	99
IJM Land Berhad	03/19	A2	4.875	5	5.052	25/07/2019	-18	90
Mah Sing perpetual	-	-	6.008	1	5.951	12/07/2019	6	-
				<u>473</u>				

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

Market/Corporate News: What's Brewing

The Istanbul Sabiha Gokcen International Airport (ISGIA), which is wholly-owned and managed by Malaysia Airports Holdings Bhd (MAHB), registered 16.7 million passenger traffic movements as at June this year (1H2019), rising a further 3.4 percent from the same period last year. In 2018, ISGIA registered 34.1 million passenger traffic movements and revenue of RM1.15 billion. "With the recently-completed boarding hall expansion, the airport's capacity has increased to 41 million passengers per annum (mppa) from 33 mppa previously. "The Turkish Government is also in the midst of constructing a second runway at the airport, which is due to be completed by 2020, and is expected to double ISGIA's airside capacity," MAHB said in a statement in conjunction with Prime Minister Tun Dr Mahathir Mohamad visit to the airport, today. ISGIA is the second largest airport in Turkey and is the world's busiest single runway and terminal. It is also a hub for Turkey's largest carriers, Pegasus Airlines and Turkish Airlines, as well as 56 other airlines operating from the airport, serving 38 domestic and 108 international destinations. MAHB said the future for ISGIA remains bright, as together with the KL International Airport (KLIA), they both have the potential to provide a game-changing opportunity as hubs

for Islamic connectivity for Europe and Asia Pacific. Currently Malaysia is the number one global Islamic economy for the fifth year running and KLIA is the preferred hub into Saudi Arabia for Indonesia's 220 million population. Meanwhile, Turkey is among the world's top three destinations for halal travel and ISGIA is able to provide direct access for Turkey's 80 million population and the rest of Europe into Saudi Arabia. MAHB's involvement in ISGIA started in 2008 when, together with its consortium partners, it was awarded the concession to operate the airport for 20 plus four years. By 2014, the airport operator acquired 100 percent stake in ISGIA, making it one of the world's largest airport operator groups in terms of passenger numbers. In 2018, ISGIA was the second fastest growing airport in Europe within its category of above 30 mppa. It is currently the 12th busiest airport in Europe, surpassing Zurich, Manchester, Stansted, Dublin and Berlin. (Source: *The Edge*)

Based on corporate announcements and newsflow today, companies in focus for July 29 (Monday) might be as follows: AHB Holdings Bhd, Tan Chong Motor Holdings Bhd, FGV Holdings Bhd, MSM Malaysia Holdings Bhd, Boustead Plantations Bhd, Boustead Holdings Bhd, Pharmaniaga Bhd, Kejuruteraan Asastera Bhd (KAB), Hibiscus Petroleum Bhd, Westports Holdings Bhd and Asia Media Group Bhd. AHB Holdings Bhd is to raise RM9.86 from two private placements — one comprising 10% of the group's share capital of 176.04 million shares and another 30% of the share capital — in order to fund working capital, capex purposes, marketing expenses and defray costs associated with the exercise. The 10% private placement is expected to raise RM2.47 million, and the 30% private placement RM7.39 million — based on an indicative placement price of 14 sen apiece. Tan Chong Motor Holdings Bhd's wholly-owned Vietnamese unit signed an MoU with Chinese company SAIC Motor Corp Ltd's wholly-owned subsidiary to assemble, sell, and distribute complete knockdown (CKD) vehicles, and import and sell selected complete built-up (CBU) vehicles of SAIC's stable of brands. The two are aiming to sign a cooperation agreement further down the line to cement the partnership. FGV Holdings Bhd, responding to a report in *The Edge Financial Daily* today, said discussions are still at the preliminary stage for the sale of its 51% strategic stake in sugar refiner MSM Malaysia Holdings Bhd. The group added that is working on its transformation plan, which includes a review of all underperforming and non-performing businesses, especially its legacy investments. Boustead Plantations Bhd's non-executive chairman Tan Sri Panglima Mohd Ghazali Che Mat is to be replaced by Datuk Syed Tamim Ansari Syed, effective Aug 1. At the same time independent and non-executive director Dr Raja Abdul Malek Raja Jallaludin will be retiring from his position. Mohd Ghazali will also be retiring as chairman and non-independent non-executive director of Boustead Holdings Bhd. Non-independent and non-executive director Datuk Azzat Kamauludin and independent non-executive director Datuk Francis Tan Leh Kiah will also be retiring. Boustead Holdings chief operating officer Fahmy Ismail resigned from his non-independent and non-executive directorship at Pharmaniaga Bhd, effective July 31. Izzat Othman will also be resigning from his independent and non-executive directorship at Pharmaniaga. Kejuruteraan Asastera Bhd (KAB) expects revenue growth in the year ending Dec 31, 2019 as it looks to include mechanical engineering and energy efficiency (EE) solutions as new revenue streams. The group added that it would look to expand its operations beyond the Klang Valley such as in Johor, Penang and Melaka. In addition, the group is looking to enter the EE solutions market and is currently in talks with a company that operates a chain of food and beverage outlets. Hibiscus Petroleum Bhd's listed Australian associate company 3D Oil Ltd has been awarded a

permit in the offshore Gippsland Basin by the National Offshore Petroleum Titles Administrator. The 1,006km² permit is located in the southern side of the Gippsland Basin, adjacent to the Kingfish oilfield. Westports Holdings Bhd's second quarter ended June 30, 2019 net profit jumped 36.5% to RM166.32 million, from RM121.81 million a year ago — with revenue increasing 15.3% to RM454.5 million from RM394.04 million. The group attributed the higher revenue to double-digit growth in container volume and the implementation of the container tariff hike (which was implemented on March 1, 2019). (Source: *The Edge*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

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

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