

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.63	-2
5-yr UST	1.56	-2
10-yr UST	1.68	-1
30-yr UST	2.13	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.10	-6	3.12	-4
5-yr	3.23	-7	3.23	-7
7-yr	3.33	-5	3.36	-5
10-yr	3.38	-2	3.41	-5
15-yr	3.64	0	3.63	-10
20-yr	3.67	0	3.83	0
30-yr	3.91	-3	3.97	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.27	0
3-yr	3.26	-1
5-yr	3.29	0
7-yr	3.34	1
10-yr	3.37	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries ended modestly higher last Friday following reports that the Trump administration may embark on ways to limit US portfolio flows into China. The curve shifted lower as overall benchmark yields closed between 1-2bps lower. The UST 2y closed at 1.63% whilst the much-watched 10Y edged 1bps lower at 1.68%. The Barclays US Treasury index has outperformed by delivering ~7.7% returns YTD. It is believed that the Treasury may embark on a bond-buying programme again as a way to boost reserves in the financial system pursuant to the repo market scare in mid-September. Nevertheless the continued deadlock in US-China trade matters may still be a worrying factor for investors with the UST 2s10s yield spread remaining fairly tight at ~4bps. Meanwhile economic data is expected to be watched closely this week with the closely-watched monthly jobs reports for September expected out on Friday.

MGS/GII

- Local govies ended mostly stronger last Friday on higher secondary market volume of RM5.47b in what was seen as a relief rally following positive news on FTSE Russell maintaining Malaysian bonds in its index at least until March 2020. Interest was mainly centred in the shorter off-the-run 19-21's and also benchmark 5Y, 7Y MGS/GII bonds. Overall benchmark MGS/GII bond yields closed mostly between 0-10bps across. The 5Y benchmark MGS 6/24 rallied to close 7bps down at 3.23% whilst the 10Y MGS 8/29 edged 2bps lower at 3.38%. GII bonds jumped to form ~40% of overall trades. Ongoing engagement between Malaysia's regulators and FTSE Russell personnel on efforts by BNM to promote further measures to deepen and provide continuous liquidity and hedging opportunities in the bond markets will be watched by investors. This includes the appointment of Overseas offices to improve MYR accessibility.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk however saw momentum grind lower amid secondary market volume that fell to RM376m ahead of the weekend and cautious stance by investors despite the relief from FTSE Russell decision. Interest was mainly centred in the AA-segment. The sole Govt-guaranteed trade involved PASB 2/29 which rose 16bps compared to previous-done levels at 3.58% whilst AAA-rated TNB 8/38 declined 4bps instead at 4.03%. AA-rated space saw energy-related bonds EDRA 28-30's close mixed between 4.36-42% levels whilst MALAKOFF 12/20 saw a huge move at 3.43%. HLFG saw its 28NC23 bonds close unchanged at 3.85% on RM40m nominal trades.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.018	431	3.025	26/09/2019	-1
MGS	11/19	3.079	33	3.033	26/09/2019	5
MGS	03/20	3.100	31	3.124	26/09/2019	-2
MGS	07/20	3.124	27	3.120	26/09/2019	0
MGS	10/20	3.122	328	3.130	26/09/2019	-1
MGS	07/21	3.149	204	3.126	26/09/2019	2
MGS	11/21	3.113	67	3.149	26/09/2019	-4
MGS	03/22	3.102	213	3.158	25/09/2019	-6
MGS	08/22	3.095	30	3.142	26/09/2019	-5
MGS	09/22	3.153	3	3.175	26/09/2019	-2
MGS	03/23	3.221	144	3.261	26/09/2019	-4
MGS	08/23	3.241	54	3.274	26/09/2019	-3
MGS	06/24	3.226	341	3.297	25/09/2019	-7
MGS	07/24	3.241	52	3.328	26/09/2019	-9
MGS	09/24	3.284	84	3.361	26/09/2019	-8
MGS	03/25	3.326	22	3.408	26/09/2019	-8
MGS	07/25	3.400	40	3.533	31/07/2019	-13
MGS	09/25	3.446	19	3.376	26/09/2019	7
MGS	07/26	3.325	550	3.378	26/09/2019	-5
MGS	09/26	3.392	30	3.350	30/08/2019	4
MGS	11/26	3.424	30	3.455	26/09/2019	-3
MGS	05/27	3.524	101	3.612	26/09/2019	-9
MGS	11/27	3.517	146	3.570	26/09/2019	-5
MGS	06/28	3.529	4	3.552	26/09/2019	-2
MGS	09/28	3.566	14	3.569	20/09/2019	0
MGS	08/29	3.381	3	3.404	26/09/2019	-2
MGS	06/31	3.601	70	3.683	26/09/2019	-8
MGS	04/33	3.626	40	3.646	26/09/2019	-2
MGS	11/33	3.638	90	3.707	26/09/2019	-7
MGS	05/35	3.774	4	3.740	26/09/2019	3
MGS	04/37	3.715	6	3.755	26/09/2019	-4
MGS	07/48	3.908	80	3.939	26/09/2019	-3
GII	08/20	3.130	301	3.160	25/09/2019	-3
GII	03/21	3.124	1	3.055	26/09/2019	7
GII	03/22	3.119	33	3.159	26/09/2019	-4
GII	04/22	3.121	1	3.198	25/09/2019	-8
GII	04/23	3.299	50	3.478	28/06/2019	-18
GII	07/23	3.238	40	3.283	26/09/2019	-4
GII	11/23	3.264	1	3.265	26/09/2019	0
GII	08/24	3.284	230	3.395	26/09/2019	-11
GII	10/24	3.228	242	3.297	26/09/2019	-7
GII	08/25	3.362	63	3.400	26/09/2019	-4
GII	10/25	3.390	40	3.418	25/09/2019	-3
GII	03/26	3.357	111	3.410	26/09/2019	-5
GII	09/26	3.383	30	3.480	26/09/2019	-10
GII	07/27	3.449	10	3.620	25/09/2019	-17
GII	10/28	3.514	4	3.520	26/09/2019	-1
GII	12/28	3.481	10	3.527	09/08/2019	-5
GII	07/29	3.410	283	3.461	26/09/2019	-5
GII	06/33	3.650	190	3.805	24/09/2019	-16
GII	08/33	3.650	280	3.558	04/09/2019	9
GII	11/34	3.632	65	3.728	25/09/2019	-10
GII	10/35	3.706	170	3.748	20/09/2019	-4
GII	08/37	3.806	20	3.832	26/09/2019	-3
			<u>5465</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Maturity (dd/mm/yy yy)	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Pengurusan Air SPV Berhad	02/29	GG	3.579	25	3.418	28/08/2019	16	18
Projek Lebuhraya Usahasama Berhad	01/20	AAA	3.300	40	3.649	29/05/2019	-35	21
Zamarad Assets Berhad	07/26	AAA	4.429	10	-	24/07/2019	-	110
Danum Capital Berhad	02/34	AAA	3.879	10	3.760	11/09/2019	12	26
Tenaga Nasional Berhad	08/38	AAA	4.029	10	4.068	25/09/2019	-4	34
Encorp Systembilt Sdn Berhad	11/21	AA1	3.495	10	4.365	23/02/2018	-87	39
YTL Power International Berhad	10/24	AA1	3.901	11	3.726	04/09/2019	18	66
First Resources Limited	06/20	AA2	3.556	20	3.555	24/09/2019	0	47
Hong Leong Financial Group Berhad	06/28	AA2	3.846	40	3.847	24/09/2019	0	45
Perbadanan Kemajuan Negeri Selangor	05/20	AA3	3.535	12	3.538	04/09/2019	0	45
Besraya (M) Sdn Berhad	07/20	AA3	3.719	14	3.794	30/08/2019	-8	63
Cahaya Mata Sarawak Berhad	05/22	AA3	3.797	10	3.988	09/08/2019	-19	69
Premier Auto Assets Berhad	07/22	AA3	5.195	2	5.132	19/09/2019	6	209
Edra Energy Sdn Berhad	01/26	AA3	4.312	10	4.299	25/09/2019	1	100
Bumitama Agri Ltd	07/26	AA3	3.871	40	3.721	19/09/2019	15	54
CIMB Thai Bank Public Company Limited	03/28	AA3	3.898	20	3.847	03/09/2019	5	50
Edra Energy Sdn Berhad	07/28	AA3	4.358	10	4.246	11/09/2019	11	96
Edra Energy Sdn Berhad	01/29	AA3	4.369	10	4.600	01/08/2019	-23	97
Edra Energy Sdn Berhad	07/29	AA3	4.416	10	4.689	01/08/2019	-27	105
Malakoff Power Berhad	12/20	AA-	3.426	10	4.062	08/05/2019	-64	34
Segi Astana Sdn Berhad	01/23	AA-	4.879	1	4.849	18/09/2019	3	177
Tan Chong Motor Holdings Berhad	11/19	A1	3.670	10	3.801	27/08/2019	-13	58
Tan Chong Motor Holdings Berhad	11/21	A1	4.569	1	4.147	26/09/2019	42	146
UMW Holdings Berhad	04/18	A1	4.614	20	4.619	25/09/2019	0	92
Affin Islamic Bank Berhad	10/17	A3	4.470	20	4.517	05/08/2019	-5	78
Eco World Capital Assets Berhad	08/24	-	6.098	1	6.098	25/09/2019	0	-
				<u>376</u>				

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

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Market/Corporate News: What's Brewing

Decision on the Johor-Bahru-Singapore Rapid Transit System Link (RTS Link) has been deferred by another month to Oct 31, Malaysia's Ministry of Transport says today. Singapore previously agreed to suspend construction of the project until tomorrow, Sept 30, on the request of Malaysia, who wanted time to decide if it intended to proceed with the project or propose changes to it. A supplemental agreement was signed between Malaysia and Singapore to effect that on May 21. Malaysia also had to reimburse Singapore abortive costs of about RM2 million. In a statement today, MoT said: "Malaysia and Singapore have agreed to extend the deadline to decide on the RTS Link project by a period of one month to Oct 31, 2019 without any additional costs." Originally meant to be completed by end-2024, the RTS Link that connects Bukit Chagar in Johor Bahru to Woodlands in Singapore, is expected to ferry up to 10,000 passengers per hour, one way. If Malaysia decides to abort the project, it would have to pay Singapore about S\$66 million or RM200 million, according to past reports. The Straits Times in Singapore wrote yesterday that Malaysia's transport minister Anthony Loke had told his Singapore counterpart Khaw Boon Wan in a recent meeting that Malaysia needed more time to review the project. Singapore's decision to grant the extension was reportedly conveyed to Malaysia last Friday. "If there is any further extension sought, Singapore will reserve the right to make backdated claims for damages after work on the project was suspended," a source was quoted as saying. (Source: *The Edge*)

Gamuda Bhd returned to the black in the fourth financial quarter ended July 31, 2019 (4QFY19), posting a net profit of RM184.95 million compared to a net loss of RM103.64 million a year ago. The return to profitability was mainly due to the absence of a one-off loss arising from the disposal of its 40%-owned associate Syarikat Pengeluar Air

Selangor Holdings Bhd (Splash) and a one-off discount on its 80%-owned subsidiary Gamuda Water Sdn Bhd's trade receivables last year. As a result, it recorded an earnings per share of 7.49 sen for 4QFY19 compared to a loss per share of 4.2 sen for 4QFY18. Revenue for the quarter rose 23.7% to RM1.5 billion from RM1.21 billion a year ago. For the full FY19, the group saw net profit rise 33.2% to RM706.11 million from RM530.18 million in the previous year, while revenue rose 8.3% to RM4.57 billion from RM4.22 billion in FY18. In a bourse filing today, Gamuda said the property division sold RM3.1 billion worth of properties in FY19 — its second-highest annual property sales. This is still lower than its record-high sales of RM3.6 billion achieved last year due to a challenging property market. Overseas projects contributed two-thirds of overall sales in FY19. "The two developments in Vietnam, namely Gamuda City in Hanoi and Celadon City in Ho Chi Minh City continued to deliver steady results and remained the biggest contributor of overseas sales. "Sales at the now-completed 661 Chapel Street, a luxury high-rise condominium in Melbourne, Australia is on-going, while construction works for Anchorvale Crescent in Singapore commenced in June," it added. The group anticipates next financial year's performance to be driven by overseas property sales, especially Vietnam, and the progress of Mass Rapid Transit (MRT) Line 2 project that continues to pick up pace. Gamuda said the MRT Line 2's elevated works package is on track at 59% completion, while the underground works package is on track at 60% completion at end-July. As for its Pan Borneo Highway, Sarawak job from Pantu Junction to Btg Skrang, Gamuda said overall cumulative progress at end-July was 45%. (Source: *The Edge*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Kimanis Power Sdn Bhd	RM1,160.0 million Sukuk Programme (sukuk)	AA-IS/Stable	Affirmed
International General Insurance Co Ltd (IGI).	Insurer financial strength	AA+/Stable	Affirmed
APM Automotive Holdings Berhad	RM1.5 bil IMTN Programme (2016/2036)	AA2/Stable	Reaffirmed

Source: RAM, MARC

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