

Improved mart sentiments kickstart Cagamas Bhd' issuances for 2019

KUALA LUMPUR: The National Mortgage Corporation of Malaysia, or Cagamas Bhd, has announced the aggregate issuance of its RM395 million conventional debt instruments, comprising RM95 million one-year Conventional Medium Term Notes (CMTNs) and RM300 million three-month Conventional Commercial Papers (CCPs).

Proceeds from the issuances will be used to fund the purchase of mortgage loans from the financial system.

"The start of the 2019 financial year saw better investor sentiment on the back of growing optimism in trade talks between China and the United States.

"The strengthening of the ringgit and the release of dovish minutes by the Federal Open Market Committee also contributed to improved momentum in the local bond market.

"These positive sentiments in the market had allowed the company to price its papers at competitive yield," Cagamas President and Chief Executive Officer

Datuk Chung Chee Leong said in a statement.

Chung said the one-year CMTNs were competitively priced at 3.90 per cent level, 10 basis points (bps) below its previous level in December 2018.

The CMTNs also marked the country's first AAA issuance in 2019.

"The three-month CCPs received overwhelming interest and were competitively priced on par against the onshore benchmark three-month KLIBOR rate which currently stands at 3.69 per cent.

"It was last priced at 3.77 per cent on Dec 14, 2018," Chung said.

The papers, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking pari passu among themselves and with all other existing unsecured obligations of the company.

They will be listed and tradable under the Scripless Securities Trading System. - Bernama