Cagamas to issue multi-currency bonds

BY SHALINI KUMAR

KUALA LUMPUR: National mortgage corporation, Cagamas Bhd, aims to issue multi-currency bonds in future, according to group chairman Datuk Ooi Sang Kuang.

"It is Cagamas' agenda to [export] our expertise regionally and we intend to issue multi-currency bonds in foreign currencies, and renminbi bonds are the very first step," he told reporters on the sidelines of the Asean Fixed Income Summit yesterday.

Ooi said the group was exploring bond issuance in currencies such as the US dollar, the euro and the Japanese yen under its medium-term note programme.

However, he said there was no fixed timeline for the exercise as Cagamas is still in talks with potential parties on their funding needs.

Cagamas made its debut in the international bond market last month with an issuance of a three-year 1.5 billion yuan (RM798.6 million) offering at a fixed coupon rate of 3.7% per year via its wholly-owned subsidiary, Cagamas Global Plc.

The yuan bond was issued under Cagamas' US$2.5 billion (RM8.2 billion) conventional multi-currency medium-term note programme.

It is the largest yuan issue by a Malaysian issuer to date, the largest yuan bond in Southeast Asia to date, and the world's first yuan bond to be issued by a mortgage corporation.

On the outlook for the domestic bond market, Ooi said the market had a large potential.

"Financing by the banks accounts for almost 80% of total financing for the domestic economy," he said.

"There is a lot of room for the fixed-income market to raise long-term financing for corporates in their long-term investments," he added, noting that this applied to both conventional bonds as well as sukuk.

Whether the rise of the overnight policy rate (OPR) to 3.25% would impact the bond market, Ooi said the market would respond to the supply and demand for funds.

"The bond market raises long-term funds for long-term investment. The OPR is a short-term rate. But overall, I think the global financial market is expecting some firming up of interest rates in future. I don't see any impact in the demand for bonds," he said.