

Cagamas issues RM350 mln two-year conventional medium term notes

KUALA LUMPUR: Cagamas Bhd, the national mortgage corporation, has announced the issuance of its RM350 million two-year Conventional Medium Term Notes (CMTN).

In a statement yesterday, Cagamas said the proceeds from the issuance will be used to fund the purchase of housing loans from the financial system.

"The two-year CMTN was successfully concluded at a competitive yield of 3.42 per cent, representing a spread of 10 basis points over the two-year interest rate swap (IRS).

"This was despite the uncertainty in global markets ahead of the United States Presidential Elections and the Federal Open

Market Committee (FOMC) rate decision in early November, which influences the market participants to weigh the possibility of an interest rate increase in the upcoming meeting," said its Chief Executive Officer Chung Chee Leong.

He said the issuance also displayed an increased acceptance of local currency corporate bonds and sukuk among foreign investors, evidenced by the year-on-year growth in foreign holdings of Cagamas ringgit bonds from 0.6 to 7.8 per cent as of September 2016.

Year-to-date, Cagamas has successfully issued a total of RM6.3 billion in the primary market consisting of RM4.9 billion in do-

mestic currency and RM1.4 billion equivalent in foreign currencies.

The company also achieved a secondary trading volume of RM13 billion, making it the highest traded corporate bond and sukuk in the local bond market thus far, and second only to government securities.

The CMTN, which would be redeemed at their full nominal value on maturity, are unsecured obligations of the company, 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," it added. — Bernama