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Malaysian bonds extend losses

KUALA LUMPUR: Malaysia's 10-year government bonds dropped for a fourth day on a combination of concerns about a power price increase and bets that the US Federal Reserve will trim its monetary stimulus.

The ringgit fell after data yesterday showed American companies boosted payrolls in November by the most in a year and new home sales rebounded in October from the lowest level since April 2012, adding to the case for a cut in US asset purchases. The yield on Malaysia's notes climbed to a four-month high on prospects higher electricity costs will stoke inflation.

"There was some knee-jerk reaction to the electricity tariff hike and some inflation concerns there," said Choong Yin Pheng, senior manager for bond and economic research at Hong Leong Bank Bhd. "Very quickly the tapering

talk came into the picture again."

The 10-year bond yield advanced one basis point to 4.12%, the highest since July 31, as of 9.41am in Kuala Lumpur, according to data compiled by *Bloomberg*. The rate on the 3.26% notes due March 2018 rose two basis points, or 0.02 percentage points, to a three-month high of 3.67%.

Tenaga Nasional Bhd will raise electricity prices by an average of 15% in Peninsular Malaysia from Jan 1, Energy, Green Technology and Water Minister Datuk Seri Dr Maximus Ongkili said on Dec 2. The increase may cause a temporary rise in inflationary pressures, Bank Negara Malaysia governor Tan Sri Dr Zeti Akhtar Aziz said on Dec 3, citing a preliminary assessment from the monetary authority.

Inflation accelerated to 2.8% in October, the highest since De-

ember 2011, official data showed last month.

The ringgit declined 0.1%, its third day of losses, to 3.2287 per US dollar in Kuala Lumpur, according to data compiled by *Bloomberg*.

One-month implied volatility, a measure of expected moves in the exchange rate used to price options, rose 16 basis points to 8.28%.

US employers added 215,000 jobs in November, exceeding the most optimistic forecast in a *Bloomberg* survey and following a revised 184,000 gain in October, according to the ADP Research Institute in Roseland, New Jersey.

Sales of new homes jumped 25.4% to a 444,000 annualised pace, Commerce Department figures showed. A US report this week also showed factory output growing at the fastest pace in more than two years. — *Bloomberg*