

**Global Markets Research**

**Fixed Income**

**Fixed Income Daily Market Snapshot**

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.25	-1
5-yr UST	2.64	-2
10-yr UST	2.86	-3
30-yr UST	3.13	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.40	2	3.59	2
5-yr	3.62	0	3.89	0
7-yr	3.95	-3	4.10	-1
10-yr	4.03	0	4.23	0
15-yr	4.46	0	4.59	-1
20-yr	4.61	0	4.78	0
30-yr	4.81	-1	4.96	0

\*Market indicative

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.77	0
3-yr	3.84	0
5-yr	3.92	0
7-yr	4.03	0
10-yr	4.17	-1

Source: Bloomberg

**Upcoming Government Bond Tenders**

Nil

**US Treasuries**

- US Treasuries moved higher led by the longer-end; flattening the curve as 5s30s spread saw further narrowing by 2bps. Yields were generally lower between 1-4bps; as economic data had little impact with 4Q annualized GDP was in line with median estimates. The front end 2Y (which is sensitive to Fed policy interest rate expectations) was 1bps lower at 2.25% whilst the much-watched 10Y slid 3bps to 2.86%. Longer-dated yields slipped on expectations that a faster pace of Fed rate increases would cool U.S. inflation and economic growth. Upcoming data tonight includes ISM and PMI manufacturing as well as initial jobless claims for week ending 24<sup>th</sup> Feb.

**MGS/GII**

- Local Govvies saw strong demand with secondary market volume at a whopping RM6.27b. Interest was also seen across the curve especially in the off-the-run MGS and GII 18-19's and also MGS 24-25's. Generally benchmark yields were unchanged save for the 3Y and 7Y. The widely-watched benchmark 7Y MGS 9/24 closed 3bps lower at 3.95% whereas the 10Y MGS 11/27 was unchanged and held steady at 4.03% post-auction compared to previous-done levels. Upcoming data today is the Nikkei Malaysia PMI.

**PDS/Sukuk**

- Total volume in the secondary market for Corporate Bonds saw steady interest at RM348m with interest across the GG-AA part of the curve. Govt-Guaranteed bonds saw pick-up in interest as several names eg GOVCO, DANA and PRASA hogged the limelight. GOVCO 2/21 and DANA 4/45 saw opposite fortunes by 7bps; closing at 3.97% and 5.27% respectively compared to previous-done levels. The AAA-rated liquid PLUS 25 and 31 moved 1bps lower at 4.49% and 4.84% respectively. AA-rated bonds were also popularly-traded with TBEI 24-28 rallying to close between 4.67-88%. Other power-related AA-names done yesterday include Southern Power Generation and JEP 22-25.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	09/18	3.162	174	3.156	23/02/2018	1
MGS	03/19	3.165	251	3.119	23/02/2018	5
MGS	07/19	3.267	3	3.271	22/02/2018	0
MGS	10/19	3.277	21	3.311	23/02/2018	-3
MGS	11/19	3.310	1136	3.327	23/02/2018	-2
MGS	03/20	3.431	305	3.431	22/02/2018	0
MGS	07/20	3.434	6	3.433	22/02/2018	0
MGS	10/20	3.396	250	3.465	23/02/2018	-7
MGS	02/21	3.397	66	3.380	22/02/2018	2
MGS	07/21	3.501	10	3.495	23/02/2018	1
MGS	09/21	3.594	116	3.600	23/02/2018	-1
MGS	11/21	3.447	158	3.476	23/02/2018	-3
MGS	03/22	3.621	170	3.600	22/02/2018	2
MGS	08/22	3.785	90	3.791	23/02/2018	-1
MGS	09/22	3.782	89	3.787	23/02/2018	0
MGS	03/23	3.777	3	3.865	22/02/2018	-9
MGS	08/23	3.826	92	3.835	23/02/2018	-1
MGS	07/24	3.957	6	3.967	23/02/2018	-1
MGS	09/24	3.945	268	4.006	22/02/2018	-6
MGS	09/25	4.001	938	4.063	23/02/2018	-6
MGS	04/26	4.092	3	4.121	23/02/2018	-3
MGS	11/27	4.030	306	4.078	23/02/2018	-5
MGS	09/28	4.303	1	4.282	19/02/2018	2
MGS	04/30	4.455	35	4.449	23/02/2018	1
MGS	06/31	4.462	77	4.493	23/02/2018	-3
MGS	04/33	4.463	154	4.486	22/02/2018	-2
MGS	04/37	4.611	53	4.635	23/02/2018	-2
MGS	09/43	4.823	2	4.816	20/02/2018	1
MGS	03/46	4.814	20	4.877	23/02/2018	-6
GII	05/18	3.228	200	3.220	23/02/2018	1
GII	08/18	3.194	300	3.329	23/02/2018	-14
GII	08/18	3.200	100	3.118	07/02/2018	8
GII	09/19	3.455	160	3.416	21/02/2018	4
GII	04/20	3.585	2	3.567	21/02/2018	2
GII	08/21	3.774	2	3.894	29/01/2018	-12
GII	04/22	3.886	487	3.886	23/02/2018	0
GII	07/23	4.002	1	4.003	19/02/2018	0
GII	05/24	4.148	5	4.149	22/02/2018	0
GII	08/25	4.104	51	4.114	21/02/2018	-1
GII	09/26	4.281	4	4.301	22/02/2018	-2
GII	07/27	4.232	120	4.232	22/02/2018	0
GII	06/33	4.586	40	4.600	21/02/2018	-1
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## Daily Trades: PDS / Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*	
GovCo Holdings Berhad	02/21	GG	3.970	50	4.040	25/07/2017	-7	57
Prasarana Malaysia Berhad [fka Syarikat Prasarana I	09/29	GG	4.711	10	4.670	13/03/2017	4	67
DanaInfra Nasional Berhad	11/40	GG	5.139	10	4.787	11/11/2016	35	51
DanaInfra Nasional Berhad	04/45	GG	5.268	20	5.200	18/01/2018	7	64
Rantau Abang Capital Berhad	08/19	AAA	4.015	10	4.016	25/01/2018	0	69
Puncak Wangi Sdn Berhad	11/19	AAA	4.576	20	4.550	16/11/2017	3	125
GENM Capital Berhad	08/25	AAA	4.839	10	4.864	19/12/2017	-2	89
Danga Capital Berhad	09/27	AAA	4.659	10	4.603	24/01/2018	6	62
Projek Lebuhraya Usahasama Berhad	01/31	AAA	4.844	10	4.859	24/01/2018	-1	38
Projek Lebuhraya Usahasama Berhad	01/25	AAA	4.489	20	4.497	02/02/2018	-1	54
Sabah Credit Corporation	12/18	AA1	4.205	25	4.557	06/05/2015	-35	99
Sarawak Energy Berhad	12/32	AA1	5.249	2	5.250	20/02/2018	0	79
UMW Holdings Berhad	10/19	AA2	4.439	10	4.417	14/02/2018	2	111
Bright Focus Berhad	01/29	AA2	4.968	10	4.960	23/08/2016	1	93
Anih Berhad	11/26	AA	4.698	10	4.700	23/01/2018	0	67
Anih Berhad	11/27	AA	4.779	10	4.738	21/12/2017	4	74
Bumitama Agri Ltd	03/19	AA3	4.458	10	4.463	20/02/2018	0	124
Tanjung Bin Energy Issuer Berhad	03/24	AA3	4.668	10	4.673	16/11/2017	0	84
RHB Investment Bank Berhad	04/25	AA3	5.249	0	4.889	16/01/2018	36	130
Tanjung Bin Energy Issuer Berhad	09/27	AA3	4.818	10	4.875	13/03/2017	-6	78
Tanjung Bin Energy Issuer Berhad	09/28	AA3	4.878	10	4.888	24/10/2017	-1	84
Jimah East Power Sdn Berhad	06/22	AA-	4.512	10	4.487	17/08/2017	2	99
UEM Sunrise Berhad (fka UEM Land Holdings Berhad	12/24	AA-	5.039	2	5.049	13/02/2018	-1	109
Jimah East Power Sdn Berhad	06/25	AA-	4.708	10	4.679	11/09/2017	3	76
Southern Power Generation Sdn Berhad	04/33	AA-	5.249	20	5.277	30/01/2018	-3	79
Southern Power Generation Sdn Berhad	10/33	AA-	5.289	10	5.317	30/01/2018	-3	83
Country Garden Real Estate Sdn Berhad	02/23	AA3	6.564	5	6.552	23/02/2018	1	294
Mah Sing Perpetual	-	-	6.765	14	6.777	13/02/2018	-1	-
			<u>348</u>					

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

### Market/Corporate News: What's Brewing

**Malaysian tycoon T. Ananda Krishnan's company is poised to lose a total of about US\$7 billion from a failed 12-year foray in the Indian wireless market**, marking his biggest-ever hit on a soured investment, people with knowledge of the matter said. Krishnan-backed mobile carrier Aircel Ltd filed to start insolvency proceedings in India, the company said Wednesday, confirming an earlier Bloomberg News report the move was imminent. Maxis Communications Bhd, a holding company for some of Krishnan's telecom ventures, has made about US\$3.4 billion of shareholder advances to Aircel that it now won't be able to recoup, according to one of the people. Over the years, Maxis Communications also injected around US\$1.2 billion into Aircel in return for common stock and subscribed to US\$1.6 billion of redeemable preference shares, the person said, asking not to be identified because the information is private. Both classes of securities are expected to be wiped out in the insolvency proceedings, according to the people. The estimated losses also include about US\$800 million that Krishnan spent when he first bought the business in 2006. Krishnan has no bank borrowings related to the Aircel investments, one of the people said. While Maxis Communications currently doesn't expect to recoup funds from any potential selloff of Aircel's assets, the insolvency process is at an early stage and the situation could change, the people said. Maxis Communications is 45 percent controlled by Krishnan through his private investment vehicle Usaha Tegas Sdn. Saudi Telecom Co owns a 25 percent interest, while 30 percent is held by so-called bumiputera, or ethnic Malay investors. A representative for Maxis Communications declined to comment, while Aircel Chief Executive Officer Kaizad Heerjee didn't answer calls to his mobile phone seeking comment. A representative for Saudi Telecom said he couldn't immediately comment. Krishnan, 79, is Malaysia's third-richest man with an estimated net worth of US\$6.1 billion, according to the Bloomberg Billionaires Index. He controls stakes in Maxis Bhd, the Southeast Asian nation's biggest mobile carrier by subscribers, as well as pay-TV operator Astro Malaysia Holdings Bhd. and oil services provider Bumi Armada Bhd. The tycoon also has interests in properties in the UK and Switzerland.. (Source: Bloomberg, The Edge)

**The Employees Provident Fund (EPF) has raised the amount under the EPF members investment scheme (EPF MIS) for qualified members** while maintaining its high performance benchmark for fund management institutions (FMI) and unit trust funds. Its deputy CEO (Investment) Datuk Mohamad Nasir Ab Latiff said on Wednesday members who meet the basic savings requirement may transfer part of their savings from Account 1 into FMI of their choice. "The amount for transfer had been revised up to not more than 30% (from not more than 20% previously) every three months from the savings in excess of the basic savings amount in Account 1," he said. Nasir said the basic savings is a pre-determined amount set according to age in Account 1 to ensure members have at least RM228,000 upon reaching age 55. The basic savings quantum is benchmarked against the minimum pension of RM950 per month for 20 years from 55 to 75 years old. To recap, the EPF MIS allows members to transfer part of their savings from Account 1 for investments through the appointed FMI as an option and flexibility to diversify their retirement portfolio and enhance their retirement savings. Nasir also said for the 2018/2019 period, out of 367 funds approved under the EPF MIS, 268 funds from 22 FMI qualify for offering. This is for March 1 to Feb 28, 2019. In the 2017/2018 period, out of the 373 funds approved, 278 funds from 22 FMI qualified for offering. "The list of unit trust funds offered under the EPF MIS is evaluated annually based on the criteria established by the EPF and approved by the Ministry of Finance Malaysia. "Any unit trust fund which falls below the minimum eligibility score will be suspended and will not be offered during the period." For the 2018/ 2019 offering period, the minimum eligibility score of simple average rating for consistent returns (SACR) remains at 2.33. Nasir said the SACR, introduced in 2010, was raised from 2.00 to 2.33 in 2017 to provide further protection for investors by screening out the bottom performers. It is computed based on the fund's aggregate performance over a three-year period, and taking into account its performance against its peers. Nasir also said effective from 2017, the 30% foreign exposure cap on investments undertaken by FMI had been removed to provide an option for participating members wishing to tap into funds with higher potential growth and opportunities present in foreign markets. This revision was to meet changing members' expectations as well as taking into account developments in the fund management industry.. (Source: The Edge )

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Tenaga Nasional Berhad (TNB)	RM2.0 billion Al-Bai' Bithaman Ajil Bonds	AAA-IS	Affirmed
	Corporate Credit Rating	AAA	Affirmed

Source: RAM Ratings; MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; Economic Research, Global Markets

Level 8, Menara Hong Leong

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.com.my

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