

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.28	3
5-yr UST	2.60	5
10-yr UST	2.78	5
30-yr UST	3.01	5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.46	0	3.61	0
5-yr	3.53	-1	3.82	0
7-yr	3.83	0	4.00	0
10-yr	3.95	0	4.15	0
15-yr	4.41	2	4.55	0
20-yr	4.54	1	4.77	0
30-yr	4.79	-1	4.90	0

*Market indicative

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.76	0
3-yr	3.80	0
5-yr	3.86	0
7-yr	3.96	0
10-yr	4.08	0

Source : Bloomberg

US Treasuries

- US Treasuries slid in yesterday's session with overall yields 3-5bps higher as the recent rally is seen losing steam. The yield curve steepened slightly pushing the 5s30s spread momentarily above 42bps. The 2Y; most sensitive to interest rate outlook closed 3bps higher at 2.28% whilst the 10Y closed within 5bps at 2.78%. Meanwhile the UST's are still reflecting historically low term premiums on the back of lethargic inflationary pressures. On the US data front we have the ISM and Markit PMI Services, among others tonight. Meanwhile the all-important NFP data is scheduled out this Friday.

MGS/GII

- Trading volume in local govies improved to RM1.24b with some renewed interest on GII and SPK trades in the short-to-mid tenors. The seldom-traded Islamic bonds SPK 7/22 and 7/24 saw some RM170m exchanged hands on mixed yields compared to previous-done levels. Overall benchmark MGS yields were mixed within 1bps across the curve save for an odd-lot trade on the 15Y. Both the benchmark 7Y MGS 3/25 and the much-watched 10Y MGS 11/27 were unchanged at 3.83% and 3.95% respectively. Upcoming data include the Trade Balance figures expected out tomorrow.

Corp Bonds/Sukuk

- Corporate Bonds notched a steady secondary market volume of RM518m with most trades equally distributed across the GG to AA-part of the curve. Within the Govt-Guaranteed space; GOVCO 6/23 made its debut trade since issuance in 2016 at 4.21% whilst KHAZANAH 8/24 moved 5bps lower at 4.36% compared to previous-done levels. AAA-rated DANGA 9/33 and NBAD 12/20 closed unchanged at 4.95% and 4.28% respectively whilst MACB, PLUS, TELEKOM and Putrajaya 23-27 papers were also seen traded closing mixed on yields. Meanwhile power-related bonds i.e. AA-rated BGSM 12/22 and Southern Power 4/33 closed 0-2bps higher at 4.60% and 5.19% respectively within 1bps at 4.56% and 5.07% respectively. Expect investor interest to be sustained on portfolio requirements.

Upcoming Government Bond Tenders

Nil

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	09/18	3.174	151	3.137	30/03/2018	4
MGS	03/19	3.163	9	3.069	02/04/2018	9
MGS	07/19	3.260	107	3.255	02/04/2018	0
MGS	10/19	3.290	5	3.297	02/04/2018	-1
MGS	11/19	3.297	5	3.289	02/04/2018	1
MGS	03/20	3.376	6	3.418	30/03/2018	-4
MGS	10/20	3.413	2	3.409	02/04/2018	0
MGS	07/21	3.466	4	3.454	30/03/2018	1
MGS	09/21	3.556	2	3.535	30/03/2018	2
MGS	11/21	3.458	74	3.455	02/04/2018	0
MGS	03/22	3.532	6	3.538	30/03/2018	-1
MGS	08/22	3.705	2	3.697	30/03/2018	1
MGS	09/22	3.710	9	3.697	02/04/2018	1
MGS	03/23	3.759	28	3.737	30/03/2018	2
MGS	08/23	3.789	5	3.789	02/04/2018	0
MGS	07/24	3.887	50	3.891	02/04/2018	0
MGS	09/24	3.880	6	3.875	30/03/2018	0
MGS	03/25	3.832	2	3.827	02/04/2018	0
MGS	11/26	3.962	4	3.961	30/03/2018	0
MGS	11/27	3.947	40	3.946	02/04/2018	0
MGS	04/30	4.328	1	4.331	02/04/2018	0
MGS	06/31	4.321	6	4.342	02/04/2018	-2
MGS	04/33	4.413	1	4.393	02/04/2018	2
MGS	04/37	4.541	14	4.529	02/04/2018	1
MGS	09/43	4.788	1	4.775	02/04/2018	1
MGS	03/46	4.788	4	4.801	02/04/2018	-1
GII	05/18	3.237	60	3.268	29/03/2018	-3
GII	04/19	3.365	3	3.393	29/03/2018	-3
GII	03/21	3.730	130	3.734	02/04/2018	0
GII	08/21	3.774	2	3.805	02/04/2018	-3
GII	04/22	3.822	150	3.824	30/03/2018	0
GII	07/23	3.964	120	3.951	02/04/2018	1
GII	07/27	4.153	60	4.149	30/03/2018	0
GII	08/33	4.620	1	4.636	26/03/2018	-2
SPK	07/22	3.949	100	3.939	16/01/2018	1
SPK	02/24	4.123	70	4.145	26/02/2018	-2
			<u>1240</u>			

Daily Trades: Corp Bonds / Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*	
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	03/19	GG	3.693	20	3.700	02/04/2018	-1	50
Pengurusan Air SPV Berhad	06/19	GG	3.801	30	3.793	23/03/2018	1	61
LPPSA	04/23	GG	4.100	10	-	-	-	-
GovCo Holdings Berhad	06/23	GG	4.208	60	-	-	-	-
Khazanah Nasional Berhad	08/24	GG	4.361	35	4.411	27/03/2018	-5	61
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	03/33	GG	4.839	10	-	-	-	-
Cagamas Berhad	10/19	AAA	4.000	5	3.880	15/12/2017	12	66
Aman Sukuk Berhad	05/19	AAA	4.099	5	4.043	20/02/2018	6	91
Malaysia Airports Capital Berhad	12/22	AAA	4.414	20	4.447	15/03/2018	-3	87
Putrajaya Bina Sdn Berhad	03/23	AAA	4.450	5	-	-	-	-
Projek Lebuh raya Usahasama Berhad	01/26	AAA	4.517	10	4.519	30/03/2018	0	63
Putrajaya Holdings Sdn Berhad	05/26	AAA	4.559	20	4.523	21/02/2018	4	67
GENM Capital Berhad	03/27	AAA	4.921	10	4.940	05/03/2018	-2	98
Danga Capital Berhad	09/33	AAA	4.949	15	4.949	30/03/2018	0	53
First Abu Dhabi Bank PJSC (fka National Bank of Abu Dhabi PJSC)	12/20	AAA	4.278	50	4.273	23/03/2018	0	83
Telekom Malaysia Berhad	09/27	AAA	4.578	5	4.589	19/03/2018	-1	64
Public Bank Berhad	09/23	AA1	4.284	15	4.327	15/03/2018	-4	74
Public Bank Berhad	10/23	AA1	4.332	15	4.329	15/03/2018	0	58
Hong Leong Bank Berhad	06/24	AA1	5.188	1	5.103	12/02/2018	9	144
Westports Malaysia Sdn Berhad	05/23	AA+	4.548	10	4.519	20/06/2016	3	100
First Resources Limited	06/20	AA2	4.445	20	4.501	23/01/2018	-6	110
PBFIN Berhad	06/59	AA2	4.933	1	4.218	29/03/2018	72	38
Bumitama Agri Ltd	03/19	AA3	4.455	10	4.459	30/03/2018	0	126
BGSM Management Sdn Berhad	12/20	AA3	4.452	6	4.405	29/03/2018	5	100
Cahaya Mata Sarawak Berhad	05/22	AA3	4.596	20	4.587	21/02/2018	1	110
BGSM Management Sdn Berhad	12/22	AA3	4.598	10	4.597	06/03/2018	0	105
CIMB Group Holdings Berhad	04/60	AA3	4.799	50	5.649	29/03/2018	-85	25
Segi Astana Sdn Berhad	01/19	AA-	4.723	20	4.602	08/01/2018	12	153
BEWG (M) Sdn Berhad	07/21	AA	4.895	10	4.941	18/01/2018	-5	145
Southern Power Generation Sdn Berhad	04/33	AA-	5.190	10	5.208	29/03/2018	-2	78
AMMB Holdings Berhad	03/27	A1	4.903	10	4.971	16/03/2018	-7	97
Alliance Bank Malaysia Berhad	10/25	A2	4.747	1	5.132	28/03/2018	-39	86
			<u>518</u>					

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

Market/Corporate News: What's Brewing

The Trump administration on Tuesday raised the stakes in a growing trade showdown with China, announcing 25 percent tariffs on some 1,300 industrial technology, transport and medical products to try to force changes in Beijing's intellectual property practices. The U.S. Trade Representative's office unveiled a list of mainly non-consumer products representing about \$50 billion of annual imports that would nonetheless hit supply chains for many U.S. manufacturers. The list ranges from chemicals to light-emitting diodes, motorcycles and dental devices. Publication of the tariff lists starts a public comment and consultation period expected to last around two months, after which USTR said it would issue a "final determination" on the product list. It has scheduled a May 15 public hearing on the tariffs. USTR said the tariffs were proposed "in response to China's policies that coerce American companies into transferring their technology and intellectual property to domestic Chinese enterprises." The agency added that such policies "bolster China's stated intention of seizing economic leadership in advanced technology as set forth in its industrial plans, such as "Made in China 2025." China has denied that its laws require technology transfers and has threatened to retaliate against any U.S. tariffs with trade sanctions of its own, with potential targets such as U.S. soybeans, aircraft or heavy equipment. The dispute has raised fears about a possible trade war between the world's two largest economies. The U.S. list heavily targets advanced technology products that benefit from Beijing's "Made in China 2025" program, which aims to replace advanced technology imports with domestic products and build a dominant position in future industries. The state-led 2025 program targets 10 strategic industries: advanced information technology, robotics, aircraft, new energy vehicles, pharmaceuticals, electric power equipment, advanced materials, agricultural machinery, shipbuilding and marine engineering and advanced rail equipment. (Source: Reuters, The Edge)

Petroliam Nasional Bhd (Petronas), through its subsidiary Malaysia LNG Sdn Bhd (MLNG), has delivered its first liquefied natural gas (LNG) cargo to Japan's Hokuriku Electric Power Co, marking the beginning of MLNG's supply to Hokuriku Electric via a sale and purchase agreement signed on Dec 6, 2016. Under the terms of the agreement, Petronas will supply up to six cargoes of LNG per year for 10 years. In a statement today, Petronas said the cargo was delivered from its LNG complex in Bintulu, Sarawak to Toyama-Shinko terminal by an LNG vessel chartered by MLNG and operated by Petronas' subsidiary MISC Bhd. Petronas vice-president of LNG marketing and trading Ahmad Adly Alias said the collaboration between MLNG, MISC and Hokuriku Electric to customise LNG vessels and meet the requirements of the delivery contributed to the efficient and stable supply to Hokuriku Electric. "As an integrated global oil and gas player, Petronas remains committed to delivering the reliable supply of LNG through innovative and flexible solutions to accommodate the different needs of our buyers," he added. MLNG operates the Petronas LNG complex in Bintulu, which is one of the world's largest LNG complexes on a single site. The nine-train facility has a combined annual production capacity of about 30 million tonnes. (Source: The Edge)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Eternal Icon Sdn Bhd (EISB)	RM87.0 million Senior MTN	AAA/SStable	Reaffirmed

Source: RAM Ratings; MARC

Hong Leong Bank Berhad

Fixed Income & 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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