

**Global Markets Research**

**Fixed Income**

**Fixed Income Daily Market Snapshot**

| UST       |             |           |
|-----------|-------------|-----------|
| Tenure    | Closing (%) | Chg (bps) |
| 2-yr UST  | 2.35        | 4         |
| 5-yr UST  | 2.67        | 6         |
| 10-yr UST | 2.84        | 6         |
| 30-yr UST | 3.04        | 5         |

| MGS    |             | GII*      |             |           |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr   | 3.50        | 3         | 3.60        | 0         |
| 5-yr   | 3.59        | 2         | 3.83        | 1         |
| 7-yr   | 3.87        | 1         | 4.02        | 1         |
| 10-yr  | 4.00        | 3         | 4.19        | 2         |
| 15-yr  | 4.46        | 3         | 4.58        | 2         |
| 20-yr  | 4.57        | 0         | 4.82        | 7         |
| 30-yr  | 4.80        | 0         | 4.92        | 0         |

\*Market indicative

| M YR IRS Levels |             |           |
|-----------------|-------------|-----------|
| IRS             | Closing (%) | Chg (bps) |
| 1-yr            | 3.75        | 0         |
| 3-yr            | 3.82        | 1         |
| 5-yr            | 3.88        | 0         |
| 7-yr            | 3.98        | 0         |
| 10-yr           | 4.10        | 0         |

Source : Bloomberg

**US Treasuries**

- US Treasuries saw benchmark yields generally 4-6bps higher with lukewarm interest seen in both the \$21b of 10Y and \$13b of 30Y auction offerings during the past two days as overseas investors were deemed to be sidelined. The 5s30s spread remains compressed below 40bps. The 2Y (most sensitive to interest rate outlook) jumped 4bps higher at 2.35% whilst the much-watched 10Y also skied 6bps to 2.84%. With this week's total auctions amounting to \$64b out of the way; investors will be cautiously awaiting further developments on US-China trade issues and potential geopolitical spats concerning Syria.

**MGS/GII**

- Trading volume in local govies (excluding the auction reopening of the 20Y GII 8/37) grinded to about RM2.51b with half the interest seen in benchmark 3Y, 5Y and 10Y GII bonds. Overall benchmark yields rose 0-3bps compared to previous-done levels. The benchmark 7Y MGS 3/25 and the much-watched 10Y MGS 11/27 closed higher at 3.87% and 4.00% respectively. The auction reopening of 20Y GII 8/37 saw decent BTC of 2.12x averaging 4.804% on the back of strong local institutional investor interest. Nevertheless we anticipate a quiet session heading into the weekend with potential geopolitical tensions with Syria and the unresolved US-China trade barrier issues.

**Corp Bonds/Sukuk**

- Corporate Bonds saw market volume tank by two thirds to a mere RM178m with some token interest seen in both AAA and AA-rated space. Long-tenured Govt-Guaranteed (GG) DANA 4/45 notched 6bps lower at 5.21% compared to previous-done levels AAA-rated PLUS saw the 25-26's close 0-2bps lower between 4.48-52% levels whilst ANIH 21 and WCT 10/23 moved between 0-1bps higher at 4.46% and 5.24% respectively in an otherwise quiet session yesterday. Expect a quiet session as we head into the weekend.

**Upcoming Government Bond Tenders**

Nil

## Daily Trades : Government Bonds

| Securities |       | Closing<br>YTM | Vol<br>(RM mil) | Previous<br>YTM | Previous<br>Trade Date<br>(dd/mm/yyyy) | Chg<br>(bp) |
|------------|-------|----------------|-----------------|-----------------|--|-------------|
| MGS        | 09/18 | 3.302          | 11              | 3.212           | 11/04/2018                             | 9           |
| MGS        | 03/19 | 3.268          | 68              | 3.246           | 11/04/2018                             | 2           |
| MGS        | 07/19 | 3.334          | 1               | 3.240           | 11/04/2018                             | 9           |
| MGS        | 10/19 | 3.364          | 3               | 3.333           | 11/04/2018                             | 3           |
| MGS        | 11/19 | 3.416          | 74              | 3.370           | 11/04/2018                             | 5           |
| MGS        | 03/20 | 3.497          | 40              | 3.465           | 11/04/2018                             | 3           |
| MGS        | 07/20 | 3.441          | 1               | 3.446           | 10/04/2018                             | -1          |
| MGS        | 10/20 | 3.470          | 33              | 3.462           | 10/04/2018                             | 1           |
| MGS        | 02/21 | 3.458          | 3               | 3.440           | 09/04/2018                             | 2           |
| MGS        | 07/21 | 3.534          | 7               | 3.460           | 10/04/2018                             | 7           |
| MGS        | 09/21 | 3.598          | 29              | 3.575           | 11/04/2018                             | 2           |
| MGS        | 11/21 | 3.504          | 81              | 3.471           | 11/04/2018                             | 3           |
| MGS        | 03/22 | 3.590          | 35              | 3.572           | 11/04/2018                             | 2           |
| MGS        | 09/22 | 3.758          | 90              | 3.716           | 11/04/2018                             | 4           |
| MGS        | 03/23 | 3.749          | 15              | 3.710           | 11/04/2018                             | 4           |
| MGS        | 08/23 | 3.795          | 7               | 3.799           | 10/04/2018                             | 0           |
| MGS        | 07/24 | 3.886          | 7               | 3.872           | 11/04/2018                             | 1           |
| MGS        | 09/24 | 3.912          | 13              | 3.874           | 11/04/2018                             | 4           |
| MGS        | 03/25 | 3.865          | 80              | 3.860           | 10/04/2018                             | 1           |
| MGS        | 09/25 | 3.947          | 3               | 3.955           | 11/04/2018                             | -1          |
| MGS        | 04/26 | 4.074          | 3               | 4.031           | 11/04/2018                             | 4           |
| MGS        | 11/27 | 4.000          | 362             | 3.966           | 11/04/2018                             | 3           |
| MGS        | 06/28 | 3.974          | 70              | 3.955           | 09/04/2018                             | 2           |
| MGS        | 06/31 | 4.382          | 12              | 4.332           | 06/04/2018                             | 5           |
| MGS        | 04/33 | 4.462          | 52              | 4.433           | 11/04/2018                             | 3           |
| GII        | 05/18 | 3.290          | 2               | 3.255           | 09/04/2018                             | 4           |
| GII        | 08/18 | 3.297          | 32              | 3.302           | 09/04/2018                             | 0           |
| GII        | 10/18 | 3.306          | 8               | 3.249           | 16/03/2018                             | 6           |
| GII        | 11/18 | 3.324          | 130             | 3.262           | 09/04/2018                             | 6           |
| GII        | 04/20 | 3.602          | 500             | 3.601           | 11/04/2018                             | 0           |
| GII        | 05/20 | 3.661          | 30              | 3.635           | 05/04/2018                             | 3           |
| GII        | 05/20 | 3.650          | 20              | 3.584           | 15/03/2018                             | 7           |
| GII        | 04/21 | 3.785          | 60              | 3.787           | 05/04/2018                             | 0           |
| GII        | 04/22 | 3.834          | 320             | 3.827           | 11/04/2018                             | 1           |
| GII        | 08/25 | 4.019          | 30              | 4.013           | 11/04/2018                             | 1           |
| GII        | 07/27 | 4.185          | 250             | 4.162           | 10/04/2018                             | 2           |
| GII        | 09/30 | 4.596          | 4               | 4.579           | 11/04/2018                             | 2           |
| GII        | 06/33 | 4.577          | 30              | 4.562           | 11/04/2018                             | 1           |
| GII        | 08/37 | 4.820          | 680             | 4.752           | 10/04/2018                             | 7           |
|            |       |                | <u>3196</u>     |                 |  |             |

## Daily Trades: Corp Bonds / Sukuk

| Securities   | Maturity<br>y<br>(dd/m<br>m/yyyy) | Rating | Closing<br>YTM | Vol<br>(RM mil) | Previous<br>YTM | Previous<br>Trade Date<br>(dd/mm/yyyy) | Chg<br>(bp) | Spread<br>Against<br>MGS* |
|--|-----------------------------------|--------|----------------|-----------------|-----------------|--|-------------|---------------------------|
| Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad] | 08/23                             | GG     | 4.205          | 5               | 4.193           | 18/01/2018                             | 1           | 61                        |
| Danainfra Nasional Berhad  | 04/45                             | GG     | 5.210          | 10              | 5.268           | 28/02/2018                             | -6          | 64                        |
| Cagamas Berhad   | 10/18                             | AAA    | 3.752          | 40              | 3.384           | 13/10/2016                             | 37          | 50                        |
| Projek Lebuhraya Usahasama Berhad                                | 01/25                             | AAA    | 4.478          | 20              | 4.500           | 20/03/2018                             | -2          | 59                        |
| Projek Lebuhraya Usahasama Berhad                                | 01/26                             | AAA    | 4.518          | 40              | 4.517           | 03/04/2018                             | 0           | 59                        |
| UniTapah Sdn Berhad  | 06/18                             | AA1    | 4.034          | 10              | 3.792           | 05/04/2018                             | 24          | 78                        |
| Lingkarans Trans Kota Sdn Berhad                                 | 04/20                             | AA2    | 4.296          | 10              | 4.352           | 12/05/2017                             | -6          | 92                        |
| PBFIN Berhad   | 06/59                             | AA2    | 4.932          | 1               | 4.507           | 11/04/2018                             | 43          | 36                        |
| BEWG (M) Sdn Berhad  | 07/21                             | AA     | 4.896          | 20              | 4.895           | 03/04/2018                             | 0           | 140                       |
| Anih Berhad  | 11/21                             | AA     | 4.458          | 10              | 4.450           | 14/03/2018                             | 1           | 92                        |
| WCT Holdings Berhad  | 10/23                             | AA-    | 5.239          | 10              | 5.243           | 10/04/2018                             | 0           | 147                       |
| Tan Chong Motor Holdings Berhad                                  | 11/21                             | A1     | 6.268          | 1               | 5.941           | 02/10/2017                             | 33          | 273                       |
| CIMB Group Holdings Berhad                                       | 05/16                             | A1     | 4.804          | 1               | 5.200           | 11/04/2018                             | -40         | 23                        |
| CIMB Group Holdings Berhad                                       | 05/16                             | A1     | 4.860          | 1               | 4.853           | 11/04/2018                             | 1           | 29                        |
|  |                                   |        |                | <u>178</u>      |                 |  |             |                           |

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

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

**Malakoff Bhd has won a contract to operate a large scale solar photovoltaic power plant in Kota Tinggi, Johor, with an electricity generation capacity 29MW.** Under the deal, Malakoff's wholly owned unit Teknik Janakuasa Sdn Bhd and (TJSB) consortium partner Zelleco Engineering Sdn Bhd have signed a 21-year operation and maintenance (O&M) contract with ZEC Solar Sdn Bhd. ZEC Solar had secured the large scale solar project in competitive tender by the Energy Commission. "This agreement marks Malakoff's first foray into the O&M of renewable energy assets and also means that our O&M business has now expanded to include both thermal, or conventional, and renewable energy power generation," chief executive officer Datuk Ahmad Fuaad Kenali said in a statement. In the renewable energy business, Malakoff currently owns a 50% stake in Macarthur Wind Farm in Victoria, Australia, with an effective generation capacity of 210MW. Earlier this year, Malakoff had entered into a memorandum of understanding with Touch Meccanica Sdn Bhd to collaborate in the development of several renewable energy projects, particularly in large scale solar photovoltaic and small hydro power plants in Pahang. (Source: The Star)

**Petroleum Nasional Bhd's (Petronas) new oil refinery complex in Johor, the Pengerang Integrated Complex (PIC), has been powered up and is expected to be completed and to begin operations by the first quarter of 2019.** In a statement today, Petronas said power has been successfully supplied to the refinery complex's critical components, including the crude distillation unit, the atmospheric residue desulphurisation unit, the hydrogen collection distribution unit, and the hydrotreating units. "The power supply to the refinery complex is an important milestone to us, to ensure the complex is ready for start-up in the first quarter of 2019. This is a critical year for us, as the PIC moves into pre-commissioning phase towards achieving the mechanical completion and start-up of the complex," said Petronas executive vice president and downstream CEO Datuk Md Arif Mahmood. The power is generated by Pengerang Co-generation Plant (PCP), one of six associated facilities developed to support the PIC, and which is designed to ensure reliable supply of power and steam, with an installed capacity of 1,729 MW of electricity, and up to 1,480 tonnes of steam per hour. Apart from the refinery and PCP, the PIC — which is 87% complete as of February — also includes steam cracker, petrochemical plants and other associated facilities that include an LNG re-gasification terminal, a raw water supply plant, a deep water terminal, an air separation unit as well as centralised utilities and facilities. On completion, the PIC will have the production capacity to refine 300,000 barrels of crude oil per day, produce a range of high-quality refined petroleum products including gasoline and diesel, and a nameplate capacity of 3.3 million tonnes per annum (mtpa). The PIC is part of the Malaysian government's larger 22,000-acre Pengerang Integrated Petroleum Complex (PIPC), which is envisioned will establish new engines of growth for the country and push Malaysia into a new frontier of technology and economic development in the oil and gas downstream sector. (Source: The Edge)

**The top 20 private banks in Asia saw their combined assets under management (AUM) soar past the US\$2 trillion (\$2.6 trillion) milestone in 2017, according to data compiled by Asian Private Banker.** The private banking arm of DBS Group Holdings saw its AUM climb 33.6% y-o-y to US\$108.5 billion in 2017, while Oversea-Chinese Banking Corporation's (OCBC) Bank of Singapore grew 25.3% y-o-y to US\$99.0 billion, and United Overseas Bank (UOB) Private Bank gained 32.8% y-o-y to US\$34.3 billion. Among the top 20 private banks in Asia (excluding China onshore), DBS, Bank of Singapore, and UOB Private Bank are ranked 6th-, 8th-, and 16th-largest, respectively, in terms of assets under management. UBS Wealth Management tops the list of the Big 20, with AUM amounting to some US\$382.7 billion in 2017, up 33.6% y-o-y compared to a year ago. LGT was the biggest mover last year, more than doubling its AUM to \$63.0 billion, after completing the acquisition of ABN AMRO's Asia and Middle East private banking business in May 2017. Meanwhile, Morgan Stanley Private Wealth Management recorded the highest organic growth rate in 2017, notching up a year-on-year AUM increase of 43.7% to reach US\$102.0 billion. Total AUM for the top 20 private banks in Asia grew 29.2% y-o-y to a total of US\$2.01 trillion, from US\$1.55 trillion a year ago. "Asia's private banks benefited from a sustained market rally and robust client activity to deliver strong AUM growth and, in many cases, post record revenues," says Sebastian Enberg, editor, Asian Private Banker. "But, more importantly, few are resting on their laurels, as evidenced by an industry-wide push to revamp platforms and harness new technologies, and to increase assets in managed solutions to fortify against trading volatility and regulatory tightening," he adds. At the same time,

front office hiring was muted, as the region's top private banks shifted the focus to efficiency. Asia's top 20 private banks in terms of relationship manager (RM) headcount collectively increased their frontline by 7% to 5,843 employees in 2017, maintaining the growth momentum from a year ago. UBS Wealth Management also tops the list as the biggest employer of private banks, with 1,037 client advisors or RMs in the region. Taken together with strong AUM growth, Asia's top 20 private banks by RM headcount registered a record-high average AUM per RM of US\$341 million, representing a 14.3% y-o-y growth. (Source: The Edge)

| Rating Actions        |   |                |            |
|-----------------------|---|----------------|------------|
| Issuer                | PDS Description                                   | Rating/Outlook | Action     |
| Sasaran Etika Sdn Bhd | RM220 million Fixed-Rate Serial Bonds (2012/2027) | AA1/Stable     | Reaffirmed |

Source: RAM Ratings; MARC

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