

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

| UST | | |
|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) |
| 2-yr UST | 2.26 | 0 |
| 5-yr UST | 2.61 | -1 |
| 10-yr UST | 2.82 | -3 |
| 30-yr UST | 3.06 | -4 |

| MGS | | GII* | | |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr | 3.39 | 0 | 3.58 | 0 |
| 5-yr | 3.57 | 0 | 3.83 | 0 |
| 7-yr | 3.82 | -3 | 4.01 | -1 |
| 10-yr | 3.94 | -2 | 4.14 | -1 |
| 15-yr | 4.40 | -1 | 4.54 | -1 |
| 20-yr | 4.54 | 0 | 4.76 | 0 |
| 30-yr | 4.78 | 0 | 4.90 | 0 |

*Market indicative

| MYR IRS Levels | | |
|----------------|-------------|-----------|
| IRS | Closing (%) | Chg (bps) |
| 1-yr | 3.75 | 0 |
| 3-yr | 3.80 | 1 |
| 5-yr | 3.87 | -1 |
| 7-yr | 3.98 | -2 |
| 10-yr | 4.13 | -1 |

Source: Bloomberg

Upcoming Government Bond Tenders

US Treasuries

- US Treasuries continued its rally for the 3rd session yesterday with overall yields lower between 1-4bps across the 5-30Y curve which saw bull-flattening following a mixed bag of indicators that included the weakness in US equities. The front end 2Y (which is sensitive to Fed policy interest rate expectations) was little changed (< 1bps) at 2.26% whilst the much-watched 10Y closed 3bps lower at 2.82%. Meanwhile investors and traders that predicted a possibility of the 10Y breaching 3.0% seemed less convinced now amid trade tensions and estimates of slower 1st quarter growth. Upcoming data tonight are the Industrial Production figures.

MGS/GII

- Local Govvies saw massive secondary market volume at RM5.16b on foreign-led buying with interest across all tenures. Overall yields were generally flat to 3bps lower with the new 7Y MGS 3/25 at 3.82% and the widely-watched 10Y MGS 11/27 at 3.94%. These two benchmarks alone accounted for 20% of total volume generated. Meanwhile BNM's statement on Malaysia's domestic financial stability which continues to be preserved and supported by sound financial institutions and orderly domestic financial markets was well-received by investors.

Corp Bonds/Sukuk

- Secondary market volume for Corporate Bonds saw a record-breaking session for the year at RM1.03b with interest seen across the GG-AA3 part of the curve. There was a deluge of Govt-Guaranteed and AAA-rated bonds traded. PTPTN 32's saw RM200m traded 1bps higher closing at 4.85% levels compared to previous-done levels. The longer-end DANA bonds i.e. 31-32's rallied some 2-6bps between 4.77-84% levels whereas the 42-47's also was well bid closing between 5.20-32% levels. In the AAA-space the new CAGA 11/20 closed unchanged at 4.10% on RM225m whilst the mid-long end power-related bonds i.e. TNB Western and MANJUNG saw immense interest as well. Similarly, AA-rated SEB 12/32 and YTL Power 5/27 closed mixed at 5.24% and 5.25% respectively. Southern Power Generation 30-34 also traded largely lower on yields. Expect upbeat interest to continue.

Daily Trades : Government Bonds

| Securities | | Closing YTM | Vol (RM mil) | Previous YTM | Previous Trade Date (dd/mm/yyyy) | Chg (bp) |
|------------|-------|----------------|-----------------|-----------------|--|-------------|
| MGS | 09/18 | 3.067 | 20 | 3.067 | 12/03/2018 | 0 |
| MGS | 03/19 | 3.061 | 136 | 3.045 | 13/03/2018 | 2 |
| MGS | 10/19 | 3.283 | 255 | 3.272 | 12/03/2018 | 1 |
| MGS | 03/20 | 3.389 | 21 | 3.349 | 12/03/2018 | 4 |
| MGS | 07/20 | 3.357 | 3 | 3.386 | 02/03/2018 | -3 |
| MGS | 10/20 | 3.372 | 415 | 3.365 | 13/03/2018 | 1 |
| MGS | 02/21 | 3.390 | 111 | 3.393 | 13/03/2018 | 0 |
| MGS | 07/21 | 3.414 | 3 | 3.439 | 13/03/2018 | -2 |
| MGS | 09/21 | 3.550 | 130 | 3.536 | 13/03/2018 | 1 |
| MGS | 11/21 | 3.399 | 162 | 3.402 | 12/03/2018 | 0 |
| MGS | 03/22 | 3.570 | 218 | 3.570 | 13/03/2018 | 0 |
| MGS | 09/22 | 3.686 | 118 | 3.698 | 13/03/2018 | -1 |
| MGS | 03/23 | 3.752 | 60 | 3.768 | 13/03/2018 | -2 |
| MGS | 08/23 | 3.764 | 54 | 3.800 | 13/03/2018 | -4 |
| MGS | 09/24 | 3.876 | 40 | 3.884 | 13/03/2018 | -1 |
| MGS | 03/25 | 3.825 | 670 | - | - | - |
| MGS | 09/25 | 3.955 | 67 | 3.947 | 13/03/2018 | 1 |
| MGS | 09/26 | 4.084 | 10 | 4.084 | 09/03/2018 | 0 |
| MGS | 03/27 | 4.134 | 40 | 4.133 | 01/03/2018 | 0 |
| MGS | 11/27 | 3.936 | 370 | 3.961 | 13/03/2018 | -2 |
| MGS | 06/28 | 3.942 | 20 | 3.978 | 13/03/2018 | -4 |
| MGS | 09/28 | 4.261 | 10 | 4.255 | 05/03/2018 | 1 |
| MGS | 04/30 | 4.379 | 3 | 4.379 | 13/03/2018 | 0 |
| MGS | 04/33 | 4.402 | 100 | 4.420 | 13/03/2018 | -2 |
| MGS | 04/37 | 4.541 | 90 | 4.545 | 09/03/2018 | 0 |
| MGS | 09/43 | 4.780 | 50 | 4.782 | 09/03/2018 | 0 |
| GII | 08/18 | 3.160 | 68 | 3.138 | 13/03/2018 | 2 |
| GII | 04/20 | 3.577 | 40 | 3.596 | 12/03/2018 | -2 |
| GII | 03/21 | 3.801 | 50 | 3.786 | 06/03/2018 | 2 |
| GII | 04/22 | 3.829 | 500 | 3.831 | 13/03/2018 | 0 |
| GII | 07/22 | 3.878 | 70 | 3.899 | 09/03/2018 | -2 |
| GII | 07/23 | 3.968 | 70 | 3.990 | 13/03/2018 | -2 |
| GII | 08/25 | 4.008 | 286 | 4.024 | 13/03/2018 | -2 |
| GII | 09/26 | 4.220 | 190 | 4.242 | 13/03/2018 | -2 |
| GII | 07/27 | 4.142 | 410 | 4.156 | 13/03/2018 | -1 |
| GII | 06/33 | 4.542 | 150 | 4.550 | 13/03/2018 | -1 |
| GII | 08/33 | 4.648 | 10 | 4.673 | 23/02/2018 | -3 |
| GII | 05/47 | 4.899 | 140 | 4.900 | 09/03/2018 | 0 |
| | | | <u>5160</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* |
|---|-------|--------|----------------|-----------------|-----------------|--|-------------|---------------------------|
| Pengurusan Air SPV Berhad | 06/18 | GG | 3.562 | 3 | 3.501 | 02/03/2018 | 6 | 37 |
| Danainfra Nasional Berhad | 05/31 | GG | 4.770 | 10 | 4.800 | 30/05/2017 | -3 | 37 |
| Perbadanan Tabung Pendidikan Tinggi Nasional | 03/32 | GG | 4.850 | 100 | 4.844 | 20/02/2018 | 1 | 45 |
| Danainfra Nasional Berhad | 05/32 | GG | 4.840 | 20 | 4.864 | 08/03/2018 | -2 | 44 |
| Perbadanan Tabung Pendidikan Tinggi Nasional | 08/32 | GG | 4.850 | 100 | 4.844 | 02/03/2018 | 1 | 45 |
| Danainfra Nasional Berhad | 11/32 | GG | 4.840 | 40 | 4.900 | 16/11/2017 | -6 | 44 |
| Prasarana Malaysia Berhad [fka Syarikat Prasarana I | 12/32 | GG | 4.850 | 30 | 4.899 | 13/02/2018 | -5 | 45 |
| Danainfra Nasional Berhad | 05/42 | GG | 5.199 | 10 | 5.060 | 28/09/2017 | 14 | 66 |
| Danainfra Nasional Berhad | 05/47 | GG | 5.321 | 30 | 5.179 | 09/10/2017 | 14 | 78 |
| Malaysia Airport Holdings Berhad | 09/18 | AAA | 4.001 | 10 | 4.197 | 17/11/2014 | -20 | 81 |
| Cagamas Berhad | 03/20 | AAA | 4.100 | 225 | 4.100 | 12/03/2018 | 0 | - |
| Projek Lebuhraya Usahasama Berhad | 01/21 | AAA | 4.206 | 4 | 4.166 | 02/03/2018 | 4 | 81 |
| Aman Sukuk Berhad | 05/25 | AAA | 4.553 | 20 | 4.539 | 07/08/2017 | 1 | 72 |
| Aquasar Capital Sdn Berhad | 07/26 | AAA | 4.617 | 10 | 4.558 | 27/09/2017 | 6 | 71 |
| Projek Lebuhraya Usahasama Berhad | 01/28 | AAA | 4.639 | 4 | 4.638 | 02/03/2018 | 0 | 70 |
| Aquasar Capital Sdn Berhad | 07/28 | AAA | 4.680 | 30 | 4.669 | 09/11/2017 | 1 | 74 |
| TNB Western Energy Berhad | 01/29 | AAA | 4.759 | 10 | 4.710 | 20/10/2017 | 5 | 82 |
| TNB Western Energy Berhad | 07/29 | AAA | 4.780 | 10 | 4.679 | 14/06/2016 | 10 | 84 |
| Aman Sukuk Berhad | 05/30 | AAA | 4.822 | 10 | 4.769 | 17/08/2015 | 5 | 88 |
| TNB Western Energy Berhad | 01/32 | AAA | 4.885 | 5 | 4.896 | 13/03/2018 | -1 | 49 |
| TNB Northern Energy Berhad | 11/33 | AAA | 4.962 | 10 | 5.001 | 23/09/2013 | -4 | 56 |
| Manjung Island Energy Berhad | 11/23 | AAA | 4.455 | 10 | 4.477 | 15/11/2017 | -2 | 69 |
| Aldhazab ABS | 03/25 | AAA | 5.153 | 5 | - | - | - | - |
| UniTapah Sdn Berhad | 06/19 | AA1 | 4.140 | 2 | 4.175 | 06/02/2018 | -4 | 95 |
| Sabah Development Bank Berhad | 05/22 | AA1 | 4.975 | 10 | 4.997 | 05/02/2018 | -2 | 149 |
| YTL Power International Berhad | 05/27 | AA1 | 5.251 | 40 | 4.699 | 02/03/2018 | 55 | 131 |
| Sarawak Energy Berhad | 12/32 | AA1 | 5.239 | 50 | 5.245 | 07/03/2018 | -1 | 84 |
| Kapar Energy Ventures Sdn Berhad | 07/18 | AA+ | 3.917 | 10 | 3.882 | 23/02/2018 | 3 | 73 |
| Kesas Sdn Berhad | 10/18 | AA2 | 4.079 | 5 | 4.074 | 12/02/2018 | 0 | 89 |
| UMW Holdings Berhad | 02/21 | AA2 | 4.525 | 10 | 4.498 | 18/01/2018 | 3 | 113 |
| UMW Holdings Berhad | 10/23 | AA2 | 4.704 | 10 | 4.721 | 22/02/2018 | -2 | 94 |
| Tanjung Bin Power Sdn Berhad | 08/25 | AA2 | 4.699 | 10 | 4.552 | 04/10/2016 | 15 | 87 |
| CIMB Bank Berhad | 10/38 | AA | 4.572 | 1 | 4.426 | 09/03/2018 | 15 | 3 |
| Gamuda Berhad | 03/19 | AA3 | 4.256 | 5 | 4.299 | 27/02/2018 | -4 | 107 |
| Jimah Energy Ventures Sdn Berhad | 05/20 | AA3 | 4.290 | 10 | 4.496 | 18/04/2017 | -21 | 98 |
| Jimah Energy Ventures Sdn Berhad | 11/22 | AA3 | 4.520 | 10 | 4.560 | 12/10/2017 | -4 | 94 |
| AmBank (M) Berhad | 12/23 | AA3 | 4.762 | 1 | 4.493 | 10/01/2018 | 27 | 100 |
| Anih Berhad | 11/18 | AA | 4.150 | 5 | 4.147 | 22/02/2018 | 0 | 96 |
| Anih Berhad | 11/21 | AA | 4.450 | 10 | 4.518 | 04/04/2017 | -7 | 96 |
| UEM Edgenta Berhad [fka Faber Group Berhad] | 04/22 | AA- | 4.660 | 1 | 4.643 | 09/03/2018 | 2 | 117 |
| WCT Holdings Berhad | 05/22 | AA- | 5.097 | 40 | 5.127 | 13/02/2018 | -3 | 161 |
| UEM Sunrise Berhad (fka UEM Land Holdings Berhad) | 12/22 | AA- | 4.838 | 15 | 4.875 | 09/02/2018 | -4 | 126 |
| MMC Corporation Berhad | 11/27 | AA- | 5.386 | 10 | 5.359 | 06/02/2018 | 3 | 144 |
| Lebuhraya DUKE Fasa 3 Sdn Berhad | 08/29 | AA- | 4.925 | 10 | 4.901 | 12/01/2018 | 2 | 98 |
| Southern Power Generation Sdn Berhad | 04/30 | AA- | 5.036 | 10 | 5.158 | 13/12/2017 | -12 | 109 |
| Southern Power Generation Sdn Berhad | 10/32 | AA- | 5.203 | 10 | 5.339 | 11/01/2018 | -14 | 80 |
| Jimah East Power Sdn Berhad | 12/32 | AA- | 5.179 | 10 | 5.209 | 23/02/2018 | -3 | 78 |
| Southern Power Generation Sdn Berhad | 04/33 | AA- | 5.239 | 10 | 5.249 | 28/02/2018 | -1 | 84 |
| Southern Power Generation Sdn Berhad | 04/34 | AA- | 5.314 | 10 | 5.319 | 01/03/2018 | 0 | 92 |
| Aldhazab ABS | 09/26 | AA3 | 0.000 | 5 | - | - | - | - |
| AMMB Holdings Berhad | 03/28 | A1 | 4.929 | 1 | 5.080 | 03/12/2018 | -15 | 99 |
| Mah Sing Perpetual | - | - | 6.269 | 1 | 6.269 | 13/03/2018 | 0 | - |
| | | | | <u>1028</u> | | | | |

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

Market/Corporate News: What's Brewing

Malaysia Airport Holdings Berhad (MAHB) plans to expand the KLIA Main Terminal in Sepang and undertake modification and systems upgrade in the next five years as it is reaching full capacity. However, there are no immediate plans to build a third terminal for KLIA, it said in a statement. It said MAHB managing director Datuk Badlisham Ghazali (pic) was misquoted during the ground breaking ceremony of the senior aerospace facility at Subang Aerotech Park on Tuesday. "Datuk Badlisham was referring to the KLIA Main Terminal expansion, modification and systems upgrade that are being planned and slated to be built in the next five years," it said. MAHB said KLIA currently has a combined capacity of 75 million passengers per annum and in 2017, it registered 58.6 million passenger traffic movements. Hence, the airport as a whole still has ample capacity to cater for immediate traffic growth. However, MAHB pointed out that the 20-year-old KLIA Main Terminal is already nearing its capacity of 30 million passengers per annum. As such, plans are underway to upgrade and expand this terminal so that it can add further capacity of 15 to 20 million more passengers. Facilities that have been identified to undergo enhancements and upgrading are the baggage handling system and the Aerotrains. The existing terminal building will be expanded and modified to increase the efficiency and facilities such as boarding gates and apron parking. These upgrades and expansion will be completed within the next five years. Badlisham said MAHB is "still decades away from adding another new terminal to the KLIA airport system". At the interview, he said "The KLIA Masterplan allocates ample land and can cater for more midfield terminals for KLIA and klia2 as well as another runway in the future. "At the moment, we are committed to invest in upgrades and expansion of the current terminals to increase capacity. Then only we can talk about a brand new terminal – KLIA3, but that is decades away".. (Source: The Star)

The Asian Development Bank (ADB) has priced a US\$3.25 billion 5-year global benchmark bond issue, proceeds of which will be part of ADB's ordinary capital resources. In a statement on its website, ADB Treasurer Pierre Van Peteghem said the bank was pleased with the strong reception to its second benchmark offering in 2018. "We are happy to accommodate ongoing demand for ADB paper with this new 5-year issue following the solid performance of our dual tranche outing in January," he said. ADB said the 5-year bond, with a coupon rate of 2.75% per annum payable semi-annually and a maturity date of March 17, 2023, was priced at 2.871% to yield 25 basis points over the 2.625% US Treasury notes due Feb 28, 2023. The transaction was lead-managed by Bank of America Merrill Lynch, HSBC, Morgan Stanley, and RBC Capital Markets. A syndicate group was also formed consisting of Credit Agricole, Daiwa, DBS Bank, SMBC Nikko, and Wells Fargo. ADB said the issue achieved wide primary market distribution with 39% of the bonds placed in Europe, the Middle East, and Africa, 34% in Asia, and 27% in the Americas. By investor type, 55% of the bonds went to central banks and official institutions, 27% to banks, and 18% to fund managers and other types of investors. ADB said it plans to raise around US\$25 billion from the capital markets in 2018.. (Source: The Edge)

Rating Actions

| Issuer | PDS Description | Rating/Outlook | Action |
|--------|-----------------|----------------|--------|
| Nil | Nil | Nil | Nil |

Source: RAM Ratings; MARC

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