

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.62	6
5-yr UST	2.65	7
10-yr UST	2.81	7
30-yr UST	3.07	7

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.66	0	3.71	-1
5-yr	3.79	-1	3.86	0
7-yr	3.99	-1	4.07	0
10-yr	4.09	1	4.23	2
15-yr	4.49	0	4.61	0
20-yr	4.67	-1	4.78	0
30-yr	4.91	0	4.96	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.71	0
3-yr	3.74	1
5-yr	3.84	-1
7-yr	3.94	-1
10-yr	4.15	-1

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US markets reopened after the Christmas holiday with a significant rebound in risk sentiments and equities, prompting sell-offs in UST across the curve. Overall yields were up by 6-7bps with the 2s adding 6bps to 2.62% while the 5s, 10s and 30s each climbed 7bps higher to 2.65%, 2.81%, and 3.07% respectively. We are skeptical if the current positive sentiments and rally in equities are sustainable amid absence of positive catalysts, hence believes that it is a mere relief rally after recent sharp losses. We are maintaining our view that prospects of US government policy uncertainties and slower pace of monetary policy tightening next year will continue to keep demand for UST supported.

MGS/GII

- As markets reopened yesterday, trading activities in local govies nearly doubled from Christmas eve's RM230m but remained tepid at RM438m. The bulk of the trading interests was concentrated on the ultrashort MGS 3/19 with RM186m changed hands at 3.321% (+2bps). MGS/ GII transaction came in at a ratio of 3.5:1.0. GII 3/22, 8/25 and 10/28 saw a combined trades of only RM90m. Overall benchmark yields ended mixed within -1bps to +2bps with the benchmark 10Y MGS yields printing 1bp higher at 4.09% while the 10Y GII added 2bps to 4.23%. SPK 7/22 also saw RM30m changed hands at 3.861%, just a bp lower than previous done level. We expect trading momentum in local govies to remain subdued heading to year end.

Corp Bonds/Sukuk

- In tandem with the pick-up in momentum in local govies, trading in Corporate Bonds/Sukuk also jumped to RM763m, outpacing the volume in local govies (RM438m) and was up substantially from the meagre RM55m done on Christmas eve. GG issuances made a return led by Dana 3/22 which traded 1bp wider at 3.977% with RM230m done. AAA and AA-rated papers made up the rest of the trade. Energy names remained a favorite and we saw SEB 4/36 garnered RM130m of volume, last closed at 5.023%. SEB 7/24 and 8/35 also attracted combined RM50m of trades. Various tenors of Edra Energy spanning 8-18Y saw RM103m traded collectively.

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 03/19	3.321	186	3.297	21/12/2018	2
MGS 04/23	3.789	20	3.799	21/12/2018	-1
MGS 08/23	3.823	2	3.847	24/12/2018	-2
MGS 03/25	3.991	20	4.000	24/12/2018	-1
MGS 11/27	4.139	7	4.156	24/12/2018	-2
MGS 06/28	4.093	0	4.086	21/12/2018	1
MGS 06/31	4.465	1	4.475	21/12/2018	-1
MGS 04/33	4.503	40	4.493	21/12/2018	1
MGS 06/38	4.674	1	4.681	21/12/2018	-1
MGS 03/46	4.903	41	4.913	21/12/2018	-1
GII 03/22	3.711	40	3.721	21/12/2018	-1
GII 08/25	4.070	10	4.068	21/12/2018	0
GII 10/28	4.231	40	4.206	21/12/2018	2
SPK 07/22	3.861	30	3.873	20/12/2018	-1
		<u>438</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*	
DanaInfra Nasional Berhad	03/22	GG	3.977	230	3.969	19/09/2018	1	33
DanaInfra Nasional Berhad	11/27	GG	4.352	10	4.383	19/12/2018	-3	25
Sarawak Hidro Sdn Berhad	10/28	GG	4.445	10	4.446	14/11/2018	0	36
Prasarana Malaysia Berhad	11/28	GG	4.408	30	4.380	17/10/2018	3	32
GB Services Berhad	11/19	AAA	4.286	2	4.317	19/12/2018	-3	83
Projek Lebuhraya Usahasama Berhad	01/23	AAA	4.319	5	4.429	02/08/2018	-11	57
Sarawak Hidro Sdn Berhad	08/23	AAA	4.318	10	4.318	21/12/2018	0	50
Projek Lebuhraya Usahasama Berhad	01/24	AAA	4.397	15	4.417	18/12/2018	-2	58
Projek Lebuhraya Usahasama Berhad	01/26	AAA	4.527	10	4.567	11/10/2018	-4	53
Telekom Malaysia Berhad	09/27	AAA	4.527	10	4.551	01/11/2018	-2	43
TNB Northern Energy Berhad	05/28	AAA	4.550	10	4.800	31/05/2018	-25	45
Bank Pembangunan Malaysia Berhad	03/32	AAA	4.851	20	4.879	22/11/2018	-3	35
Tenaga Nasional Berhad	08/38	AAA	4.971	23	4.971	20/12/2018	0	28
Hong Leong Bank Berhad	06/24	AA1	4.100	10	5.474	12/12/2018	-137	29
Sarawak Energy Berhad	07/24	AA1	4.477	20	4.477	26/11/2018	0	53
Sarawak Energy Berhad	08/35	AA1	4.977	30	4.990	17/12/2018	-1	48
Sarawak Energy Berhad	04/36	AA1	5.023	130	5.013	26/10/2018	1	52
Celcom Networks Sdn Berhad	08/19	AA+	4.052	10	4.069	04/12/2018	-2	60
Celcom Networks Sdn Berhad	08/27	AA+	4.722	15	4.723	19/12/2018	0	62
Edra Energy Sdn Berhad	01/27	AA3	5.600	3	5.600	24/12/2018	0	153
Edra Energy Sdn Berhad	01/34	AA3	5.857	5	5.859	24/12/2018	0	136
Edra Energy Sdn Berhad	07/34	AA3	5.898	55	5.902	06/12/2018	0	140
Edra Energy Sdn Berhad	07/35	AA3	5.968	10	5.972	06/12/2018	0	147
Edra Energy Sdn Berhad	01/36	AA3	6.011	10	6.179	10/01/2018	-17	151
Edra Energy Sdn Berhad	07/36	AA3	6.062	10	6.229	10/01/2018	-17	137
Edra Energy Sdn Berhad	01/37	AA3	6.122	10	6.630	04/01/2018	-51	143
Southern Power Generation Sdn Berhad	10/29	AA-	4.690	10	4.758	12/11/2018	-7	61
Jimah East Power Sdn Berhad	06/32	AA-	4.928	20	4.931	14/12/2018	0	43
Jimah East Power Sdn Berhad	12/32	AA-	4.963	20	4.964	28/11/2018	0	47
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/33	AA-	5.160	10	5.219	15/08/2018	-6	66
				<u>763</u>				

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

Market/Corporate News: What's Brewing

After a tiff with Walt Disney for abandoning the 20th Century Fox theme park, the Genting Group is facing a lawsuit from another formidable American company. The Genting Group's Resorts World Las Vegas (RWLV) casino project has been accused of being similar in terms of the architectural design of the Wynn Resort hotel. Wynn Las Vegas and RWLV are located opposite each other at the north end of the Las Vegas Strip. The point of concern is the

similarity of the architectural trade dress of the buildings. Wynn Resort buildings are known for their architectural building design consisting of a three-dimensional building with concave facade, and curved, bronze glass, coupled with horizontal banding above and between the lines of glass panes. Last Friday, Wynn Resorts Holdings LLC filed a lawsuit with the US District Court listing five counts: federal trade dress infringement; unfair competition and false designation of origin; federal trademark dilution; state trademark dilution; and copyright infringement. The lawsuit also included photographs of design elements in RWLV's US\$4bil 3,000-room casino hotel project. In the midst of construction, RWLV is targeted for opening in late 2020. In the lawsuit, Wynn said with RWLV using the trade dress that is "confusingly similar", it would mislead the consuming public into falsely believing that it is affiliated with, sponsored by or associated with Wynn. Wynn is seeking an injunction prohibiting Resort World's use of Wynn's trade dress as well as an order requiring Resort World to "remove any materials or goods that constituted infringing trade dress from its RWLV hotel and casino that is currently under construction." Wynn also wanted to be awarded any profits resulting from the use of the colours and architectural style as well as exemplary and punitive damages. In the suit, Wynn said that upon information and belief, Genting had visited a Las Vegas, Nevada architect and requested that it produced an identical or substantially similar design and trade dress for purposes of trading upon the goodwill and reputation of Wynn's trade dress and architectural design. In a filing with Bursa Malaysia, Genting acknowledged that a complaint dated Dec 21, was filed by Wynn Resorts against RWLV alleging trade dress infringement, trademark dilution and copyright infringement over the design of RWLV's upcoming Resorts World Las Vegas hotel and casino resort property. "RWLV is in the process of reviewing the complaint with its legal counsels and will strenuously defend the claim and take all necessary legal action, as appropriate. "RWLV intends to file a timely response to the complaint on or before Jan 14, the due date for such response," it said. It added that it would make the necessary announcements as and when required on any material development of the matter. Meanwhile, Wynn added in the lawsuit that "if imitation is the sincerest form of flattery, Wynn should feel very flattered right about now". "We've heard that Genting Group, the owners of Resorts World, may make a play to purchase Wynn Resorts, so the similarity between the hotels could very well be intentional," said the lawsuit. Wynn Resorts Ltd is a developer and operator of high-end hotels and casinos. It was founded in 2002 by former Mirage Resorts chairman and CEO Steve Wynn, and is now run by CEO Matthew Maddox. Wynn Resorts is the parent of Macau casino operator Wynn Macau Ltd. Wynn Macau opened on Sept 5, 2006 and is now the largest-grossing casino in the region. Meanwhile, Encore, is an extension of the Wynn brand. Encore at Wynn Macau, opened on April 21, 2010. A second resort in Macau, Wynn Palace on the Cotai Strip, opened on Aug 22, 2016. These buildings are known for their curved, bronze-coloured glass-fronted style of its hotel and resort towers. While the Fox theme park was parked under Genting Malaysia (GenM), RWLV is directly under parent company, Genting. Genting was down 21 sen to RM6.02 on volume of 3.3 million shares while GenM was down eight sen to RM2.95 on volume of 18.41 million shares. (Source: *The Star Online*)

National car maker Proton has engaged **UEM Edgenta Bhd** to manage and implement its energy efficiency initiatives, the Energy Performance Contract (EPC), at two of its facilities over a period of seven years. According to a joint statement from Proton and UEM Edgenta today, the EPC would be implemented at Proton's Centre of Excellence (COE) at the Sime UEP Industrial Park and the Tanjung Malim manufacturing plant. The EPC will deliver energy efficiency, allowing Proton to reduce a minimum of 30% of total energy consumption at the Proton COE and 10% of total energy consumption at its Tanjung Malim plant. This translates to a decrease of 4,800 kilogrammes of greenhouse gas emission per year and savings of no less than RM3mil per annum, the companies said. The optimisation initiatives include lighting retrofits, chiller replacement, installation and optimisation of the compressed air system and installation of a Cloud and Internet of Things sensor-based energy monitoring system at both facilities. It also includes a comprehensive maintenance and service on all equipment under the contract. In addition to the environmental factor, this initiative is also expected to reduce Proton's overall operational costs, once the automaker increases its operational hours due to the expected increase in car production volume which starts next year. "One of the key

principles of Industry 4.0 is the importance of making better things, while making things better. "And this initiative will not only allow Proton to grow in a positive manner via our plant expansion as well as product development, but also will enable us to do so in a way where we reduce our overall carbon footprint," said Proton Chief Executive Officer Dr Li Chunrong. UEM Edgenta Managing Director/Chief Executive Officer Datuk Azmir Merican added that the EPC concept of shared savings helps companies overcome upfront capital commitment with fast results. (Source: The Star Online/ Bernama)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
West Coast Expressway Sdn Bhd	Tranche 1 and Tranche 2 of RM1 billion Guaranteed Sukuk Murabahah Programme (2015/2036)	AAA(bg)/Stable and AAA(fg)/Stable	Reaffirmed
Jimah Energy Ventures Sdn Bhd	RM4.85 billion Senior IMTN Facility (2005/2025)	AA3/Stable	Reaffirmed
Special Power Vehicle Berhad	RM800 million Class A IMTN Facility (2005/2022)	A1/Stable	Reaffirmed
RHB Bank Berhad	Financial institution ratings	AA2/Stable/P1	Reaffirmed
Maybank Investment Bank Berhad	Financial institution ratings	AAA/Stable/P1	Reaffirmed
Maybank Islamic Berhad	Financial institution ratings	AAA/Stable/P1	Reaffirmed
	RM10.0 billion Subordinated Sukuk Murabahah Programme (2014/2034)	AA ₁ /Stable	Reaffirmed
	RM10.0 billion Islamic Commercial Papers/Medium-Term Notes Programme (2017/2024)	AAA/Stable/P1	Reaffirmed
	RM10.0 billion Islamic Additional Tier-1 Capital Securities Programme (2017/2117)	AA ₃ /Stable	Reaffirmed
Premium Commerce Berhad	outstanding RM4.5 million of Class B Notes under its Notes Series 2016-A	AA1/positive	Upgraded from AA2/stable
	Class A Notes under its Notes Series 2015-A and Notes Series 2016-A and Class B Notes under its Notes Series 2014-A and Notes Series 2015-A	AAA/Stable	Reaffirmed
Lafarge Cement Sdn Bhd	RM500 million <i>Sukuk Wakalah</i> Programme (2017/2024)	A1/ Negative	Outlook revised from Stable to Negative

Source: RAM, MARC

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