

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.83	1
5-yr UST	2.96	1
10-yr UST	3.05	0
30-yr UST	3.18	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.61	0	3.50	-1
5-yr	3.73	-1	3.90	1
7-yr	3.96	-1	4.04	1
10-yr	4.09	-2	4.17	1
15-yr	4.50	1	4.57	-2
20-yr	4.69	0	4.76	-3
30-yr	4.90	0	4.97	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.71	0
3-yr	3.77	0
5-yr	3.85	-2
7-yr	3.97	-2
10-yr	4.17	-1

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- US Treasuries extended its "relief rally" in Asian afternoon yesterday but mostly have up gains thereafter. The short-end yields saw 1bp uptick, with 2Y and 5Y closing at 2.83% and 2.96% respectively. The much-watched 10Y was flat as yields reversed course in European session to overturn early declines. Both the 10Y and 30Y remains on track with the broad direction of the Fed's path. While concerns over the fiscal health of Italy could put a lid on yields today, we reckon that upside pressure is likely to prevail going forward as the Fed continues to stay upbeat on the economy, anchoring markets' expectations of further policy tightening.

#### MGS/GII

- Trading volume for Govvies more than doubled from a day prior, rising jumping to RM 4.7b yesterday as interest on the shorter-end and belly of the curve continues to sustain. Benchmark 5Y, 7Y and 10Y yields were generally between 1-2bps lower, with the exception of 15Y, which ticked 1bp higher. Demand for GII was mixed, with focus on longer-end as 15Y and 20Y fell 2bps and 3bps respectively, while 5Y, 7Y and 10Y inched 1bp higher each. With risk aversion likely to be the theme of the day amid rising jitters in Europe and heading into the week's close, expect some downturn in buying interest.

#### Corp Bonds/Sukuk

- Corporate bonds/Sukuk investors displayed relentless interest as volume maintained above the RM1.0m mark with focus mainly on the GG-segment followed by AA and less of AAA-rated bonds. This was evident in 51 different bonds compared to prior trading day's 59. Overall yields ended mostly lower on in tenures up to 20Y. Govt-guaranteed PRASA 24-25's saw RM240m nominal amounts exchange hands; ending 1-5bps lower between 4.12-22% levels compared to previous-done levels. DANA 2021-2042 bonds similarly saw yields move 0-4bps lower. The AAA-rated TNB 33 and 37-38's closed 0-5bps lower between 4.73-93%. In the AA-space; energy and power-related bonds saw tremendous interest as TBEI 30-32's, YTL Power 27-28's, SEB 8/35, JEP 6/29 and Southern Power 22-26's ended lower on yields. The banking space saw A1-rated Bank Islam 27NC22 close unchanged at 4.82% levels.

## Daily Trades : Government Bonds

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	03/19	3.175	187	3.258	25/09/2018	-8
MGS	07/19	3.254	8	3.286	26/09/2018	-3
MGS	10/19	3.424	1	3.426	26/09/2018	0
MGS	11/19	3.417	282	3.414	26/09/2018	0
MGS	03/20	3.389	111	3.506	26/09/2018	-12
MGS	07/20	3.489	406	3.502	26/09/2018	-1
MGS	10/20	3.429	100	3.516	26/09/2018	-9
MGS	02/21	3.550	190	3.563	25/09/2018	-1
MGS	09/21	3.622	8	3.605	26/09/2018	2
MGS	11/21	3.609	121	3.609	26/09/2018	0
MGS	03/22	3.648	30	3.664	26/09/2018	-2
MGS	08/22	3.753	25	3.769	25/09/2018	-2
MGS	09/22	3.754	22	3.768	24/09/2018	-1
MGS	03/23	3.824	2	3.792	26/09/2018	3
MGS	04/23	3.733	58	3.774	26/09/2018	-4
MGS	03/25	3.958	60	3.970	26/09/2018	-1
MGS	09/25	4.005	11	4.020	26/09/2018	-1
MGS	04/26	4.150	65	4.158	21/09/2018	-1
MGS	11/26	4.125	44	4.169	26/09/2018	-4
MGS	11/27	4.152	20	4.174	26/09/2018	-2
MGS	06/28	4.085	266	4.106	26/09/2018	-2
MGS	04/30	4.448	11	4.489	26/09/2018	-4
MGS	04/33	4.556	3	4.575	26/09/2018	-2
MGS	11/33	4.490	7	4.504	26/09/2018	-1
MGS	03/46	4.916	29	4.916	26/09/2018	0
GII	04/20	3.427	207	3.507	26/09/2018	-8
GII	04/20	3.473	5	3.618	05/09/2018	-15
GII	05/20	3.446	151	3.479	21/09/2018	-3
GII	05/20	3.472	50	3.561	30/08/2018	-9
GII	06/20	3.459	108	3.520	03/09/2018	-6
GII	08/20	3.469	260	3.529	14/09/2018	-6
GII	08/21	3.633	71	3.651	26/09/2018	-2
GII	03/22	3.700	1189	-	-	-
GII	04/22	3.765	90	3.774	26/09/2018	-1
GII	07/22	3.792	10	3.794	21/09/2018	0
GII	11/23	3.878	130	3.895	26/09/2018	-2
GII	08/24	3.973	1	3.967	26/09/2018	1
GII	08/25	4.017	120	4.035	26/09/2018	-2
GII	09/26	4.144	12	4.166	26/09/2018	-2
GII	10/28	4.148	230	4.168	26/09/2018	-2
GII	06/33	4.563	10	4.572	26/09/2018	-1
GII	10/35	4.751	21	4.786	25/09/2018	-3
GII	05/47	4.941	50	4.967	21/09/2018	-3
			4782			

## 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	04/21	GG	3.913	95	3.910	21/09/2018	0	31
Prasarana Malaysia Berhad	03/24	GG	4.120	120	4.127	16/08/2018	-1	35
Prasarana Malaysia Berhad	03/25	GG	4.189	20	4.200	26/09/2018	-1	29
Pengurusan Air SPV Berhad	06/25	GG	4.200	15	4.202	16/08/2018	0	22
Prasarana Malaysia Berhad	09/25	GG	4.220	100	4.268	07/09/2018	-5	24
Lembaga Pembiayaan Perumahan Sektor Awam	04/27	GG	4.339	10	4.529	24/04/2018	-19	24
Prasarana Malaysia Berhad	09/27	GG	4.300	20	4.350	07/08/2018	-5	20
Prasarana Malaysia Berhad	03/28	GG	4.360	35	4.343	27/08/2018	2	26
DanaInfra Nasional Berhad	05/28	GG	4.371	15	4.381	26/09/2018	-1	27
DanaInfra Nasional Berhad	10/28	GG	4.371	15	4.391	26/09/2018	-2	27
Prasarana Malaysia Berhad	11/28	GG	4.360	15	4.409	03/08/2018	-5	26
Prasarana Malaysia Berhad	09/29	GG	4.410	5	4.445	23/08/2018	-4	31
Prasarana Malaysia Berhad	03/30	GG	4.440	10	4.510	17/08/2018	-7	34
DanaInfra Nasional Berhad	04/30	GG	4.450	5	4.493	03/09/2018	-4	35
Prasarana Malaysia Berhad	02/31	GG	4.510	15	4.587	17/08/2018	-8	41
Lembaga Pembiayaan Perumahan Sektor Awam	04/32	GG	4.671	5	4.669	06/09/2018	0	17
Prasarana Malaysia Berhad	02/41	GG	4.951	30	5.039	19/07/2018	-9	26
DanaInfra Nasional Berhad	05/41	GG	4.965	5	5.010	02/08/2018	-4	28
Aman Sukuk Berhad	05/21	AAA	4.258	10	4.324	13/08/2018	-7	65
Danga Capital Berhad	09/27	AAA	4.500	10	4.513	24/09/2018	-1	40
Telekom Malaysia Berhad	05/28	AAA	4.560	5	4.559	24/09/2018	0	46
Bank Pembangunan Malaysia Berhad	03/32	AAA	4.850	10	4.858	24/09/2018	-1	35
Tenaga Nasional Berhad	08/33	AAA	4.730	5	4.778	26/09/2018	-5	23
Tenaga Nasional Berhad	08/37	AAA	4.889	2	4.890	25/09/2018	0	20
Tenaga Nasional Berhad	08/38	AAA	4.930	20	4.939	26/09/2018	-1	24
Sabah Development Bank Berhad	09/20	AA1	5.137	2	4.600	30/08/2018	54	165
YTL Power International Berhad	05/27	AA1	4.848	10	4.878	14/09/2018	-3	75
YTL Power International Berhad	08/28	AA1	4.910	5	4.667	19/09/2018	24	81
TRIplic Medical Sdn Berhad	10/31	AA1	4.835	2	4.860	07/09/2018	-3	33
Sarawak Energy Berhad	08/35	AA1	4.999	20	5.040	24/09/2018	-4	50
CIMB Bank Berhad	08/26	AA+	4.850	2	4.713	26/09/2018	14	78
Imtiaz Sukuk II Berhad	05/20	AA2	4.312	10	4.388	26/09/2018	-8	83
Sime Darby Plantation Sdn Bhd	03/16	AA	5.006	5	5.009	26/09/2018	0	32
BGSM Management Sdn Berhad	12/19	AA3	4.301	150	4.343	12/09/2018	-4	93
IJM Corporation Berhad	06/22	AA3	4.555	2	4.533	30/08/2018	2	84
BGSM Management Sdn Berhad	12/22	AA3	4.511	10	4.659	19/07/2018	-15	80
BGSM Management Sdn Berhad	12/23	AA3	4.555	2	4.631	08/08/2018	-8	78
CIMB Thai Bank Public Company Limited	07/24	AA3	4.587	10	4.594	26/09/2018	-1	69
Southern Power Generation Sdn Berhad	10/26	AA-	4.669	15	4.741	13/09/2018	-7	60
Tanjung Bin Energy Issuer Berhad	09/30	AA3	4.901	10	5.088	03/05/2018	-19	80
Tanjung Bin Energy Issuer Berhad	03/31	AA3	4.931	10	4.938	25/09/2018	-1	83
Tanjung Bin Energy Issuer Berhad	09/31	AA3	4.961	10	4.969	25/09/2018	-1	46
Tanjung Bin Energy Issuer Berhad	03/32	AA3	4.992	10	5.205	05/06/2018	-21	49
UEM Sunrise Berhad	04/22	AA-	4.641	1	4.705	03/08/2018	-6	93
Southern Power Generation Sdn Berhad	10/22	AA-	4.480	10	4.668	05/06/2018	-19	77
Jimah East Power Sdn Berhad	06/29	AA-	4.778	10	4.808	30/08/2018	-3	68
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/32	AA-	5.139	5	5.235	02/07/2018	-10	64
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/34	AA-	5.259	5	5.259	23/08/2018	0	76
Bank Islam Malaysia Berhad	11/27	A1	4.816	40	4.816	26/09/2018	0	72
DRB-Hicom Berhad	12/14	A-	7.331	40	7.425	21/08/2018	-9	264
DRB-Hicom Berhad	12/14	A-	7.431	30	7.665	09/03/2018	-23	274
				<u>1023</u>				

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

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

**Astro Malaysia Holdings Bhd's earnings dropped in the second quarter ended July 31**, as the high content cost of the 2018 FIFA World Cup reduced its margins, while the weaker ringgit resulted in higher finance charges. Advertising expenditure (adex) during the period was soft. Net profit in the May-July quarter slumped 94% to RM16.58mil compared with RM246.3mil made a year ago. Revenue was steady at RM1.42bil, with the average revenue per user (ARPU) for its pay-TV business steady at RM99.9. "As budgeted, we experienced increased content costs for the 2018 FIFA World Cup," chief executive officer designate Henry Tan said in a statement on Wednesday.

The group, however, he said continued to have stable revenues across TV and radio with diversification from digital platforms, e-commerce, licensing income and theatrical sales. "Going forward, we expect the group's second half performance to improve and we will remain focused on key business drivers," Tan said. Despite a slump in its quarterly net profit, the company has declared a second interim dividend payout of 2.5 sen a share. Separately, Astro said it has secured the exclusive broadcasting rights to the Premier League for the next three seasons till 2021/22.

*(Source: The StarOnline)*

**Malaysia's Axiata Group Bhd, the biggest shareholder in M1 Ltd, is likely to reject an offer that valued the Singapore mobile operator** at up to S\$1.9 billion (\$1.4 billion), a source with direct knowledge of the matter said. Axiata is in talks to team up with private equity firms and other companies as it considers options to launch its own offer for a bigger stake in M1, said the source, who was not authorised to speak about the matter.

Axiata, which has a 28.3 percent stake in M1, views the Keppel-led offer of S\$2.06 per M1 share as "opportunistic" and "inadequate", the source said Keppel and SPH are offering a 26 percent premium to M1's last closing share price of S\$1.63 on Friday. The offer comes as M1 shares are down nearly 60 percent from an all-time high of S\$3.99 in early 2015. Keppel and SPH together hold a 33.27 percent stake in M1, which has struggled to boost revenue and tackle a fall in profit. Analysts see M1 as the most vulnerable in a competitive Singapore mobile market, where Australia's TPG Telecom is set to become the fourth mobile operator. The city-state of 5.6 million people has just over eight million mobile subscriptions. Axiata said in a statement it was evaluating all its options and it suggested that the Keppel-led offer price was not satisfactory. "The company has been clear in our position that the Offer should reflect the accurate future value of M1 (inclusive of an acceptable control premium), consistent with market standards," Axiata said.

Axiata said it will consider factors such as M1's "depressed" share price for more than a year versus its "true value potential, long-term growth potential, and future competitive outlook." Daiwa Capital Markets said Axiata was unlikely to agree to the offer and the Malaysian firm had adequate resources to engage in a bidding war of up to S\$2.50 per share. "We view the current offer as highly opportunistic and perhaps driven by financial rather than strategic considerations," analyst Ramakrishna Maruvada said in a report. The deal would allow the Keppel-led group to gain majority control of M1 after the mobile operator's three major shareholders ended a strategic review of their stakes last year.

Sources said the review was shelved after a lower-than-expected offer from external parties. KCL and SPH said on Thursday they would aim to stem the decline in M1's shares through a "combination of transformational efforts which are expected to take several years." They did not give details of their plans. The offer is subject to conditions, including approval from Singapore's Info-communications Media Development Authority

on or before March 27, 2019. Separately, Keppel said it was seeking to privatise Keppel T&T for S\$1.91 per share, a 40 percent premium to the last closing price. It already owns a 79.22 stake in Keppel T&T, which provides logistics and data centre services. Trading in shares of Keppel, Keppel T&T, SPH and M1 remained on a trading halt.

*(Source: The StarOnline)*

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
MRCB Southern Link Berhad	RM2.0 billion Sukuk Ijarah	From BB3 to C1	Downgraded
Widad Capital Sdn Bhd	RM110.0 million Sukuk Murabahah	AA2/Stable	Reaffirmed

*Source: RAM, MARC*

**Hong Leong Bank Berhad**

Fixed Income & Economic Research, Global Markets  
Level 8, Hong Leong Tower  
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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