

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.27	-2
5-yr UST	2.56	-3
10-yr UST	2.74	-4
30-yr UST	2.97	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.39	-3	3.60	0
5-yr	3.55	0	3.82	-1
7-yr	3.83	0	4.00	-1
10-yr	3.95	1	4.15	0
15-yr	4.41	0	4.55	0
20-yr	4.54	0	4.76	0
30-yr	4.82	2	4.90	-1

*Market indicative

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

Source: Bloomberg

US Treasuries

- US Treasuries advanced again in yesterday's session; curve-flattening into the month-end with overall yields 2-5bps lower. The 2Y, most sensitive to interest rate outlook, closed 2bps lower at 2.27% while the 10Y also rallied to close 4bps down, to a new 7-year low at 2.74%. Trades were supported due to month and quarter-end demand. Recent stock market volatility has also contributed to investor interest into Exchange-traded funds themed on Treasury bonds holdings. US markets will be closed for Good Friday today.

MGS/GII

- Trading volume in local Govvies maintained at RM2.43b with MGS/GII share of overall trades at 60:40. Besides the 3Y MGS auction, interest was also concentrated in both the 5, 7 and 10Y MGS and GII benchmarks. Overall yields were mixed between -3 to +2 bps across the curve. The benchmark 7Y MGS 3/25 was unchanged at 3.83% whilst the much-watched 10Y MGS 11/27 closed within 1bps at 3.95%. Meanwhile the 3Y MGS 11/21 auction saw BTC print of 1.72x; averaging 3.451% on the back of support mainly from local and foreign inter-bank players. Data on the local front remains light this week.

Corp Bonds/Sukuk

- Corporate Bonds saw decent secondary market volume of RM829m with a bulk trade in newly-issued 3Y CAGA 3/21 which closed at 4.17%. Long-tenured Govt-Guaranteed LPPSA 4/47 saw demand as it moved 10bps higher at 5.28% compared to previous-done levels. AAA-rated RANTAU 3/29 and 5/31 closed within 1bps at 4.72% and 4.83% respectively. There was strong demand for AA-rated papers; mainly in infrastructure i.e. the power sub-sector. A slew of Southern Power bonds 2023-2033 were traded mainly in single lots closing 2-9 bps lower whilst TBEI and BGSM 21's moved within 1bps between 4.47-52% levels. HLA 25nc20 also traded similarly to close at 4.69%.

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	3.117	21	3.015	28/03/2018	10
MGS 03/19	3.141	71	3.091	28/03/2018	5
MGS 10/19	3.279	37	3.286	28/03/2018	-1
MGS 11/19	3.339	1	3.287	28/03/2018	5
MGS 03/20	3.414	17	3.413	28/03/2018	0
MGS 02/21	3.385	13	3.414	28/03/2018	-3
MGS 07/21	3.476	21	3.454	27/03/2018	2
MGS 09/21	3.556	24	3.554	28/03/2018	0
MGS 11/21	3.460	527	3.435	28/03/2018	2
MGS 03/22	3.546	4	3.545	28/03/2018	0
MGS 08/22	3.692	9	3.692	28/03/2018	0
MGS 09/22	3.685	27	3.707	28/03/2018	-2
MGS 03/23	3.725	44	3.757	28/03/2018	-3
MGS 08/23	3.783	11	3.799	28/03/2018	-2
MGS 07/24	3.874	6	3.869	28/03/2018	0
MGS 09/24	3.876	1	3.889	28/03/2018	-1
MGS 03/25	3.827	102	3.822	28/03/2018	0
MGS 09/25	3.939	4	3.950	28/03/2018	-1
MGS 04/26	4.025	2	4.047	27/03/2018	-2
MGS 09/26	4.053	20	4.084	14/03/2018	-3
MGS 11/26	3.989	44	4.010	28/03/2018	-2
MGS 03/27	4.103	1	4.096	28/03/2018	1
MGS 05/27	4.143	1	4.143	28/03/2018	0
MGS 11/27	3.945	235	3.939	28/03/2018	1
MGS 06/28	3.941	6	3.948	28/03/2018	-1
MGS 04/30	4.329	14	4.353	28/03/2018	-2
MGS 06/31	4.332	14	4.342	27/03/2018	-1
MGS 04/33	4.413	134	4.412	28/03/2018	0
MGS 05/35	4.455	12	4.552	26/03/2018	-10
MGS 04/37	4.537	60	4.541	28/03/2018	0
MGS 09/43	4.781	1	4.800	28/03/2018	-2
MGS 03/46	4.800	6	4.818	28/03/2018	-2
GII 05/18	3.268	97	3.310	27/03/2018	-4
GII 08/18	3.193	2	3.159	28/03/2018	3
GII 04/20	3.596	2	3.594	28/03/2018	0
GII 08/20	3.596	2	3.597	28/03/2018	0
GII 04/22	3.824	590	3.828	28/03/2018	0
GII 07/23	3.995	30	3.992	27/03/2018	0
GII 05/24	4.108	1	4.094	26/03/2018	1
GII 07/27	4.148	258	4.147	28/03/2018	0
GII 12/28	4.304	90	4.295	28/03/2018	1
GII 06/33	4.552	17	4.549	26/03/2018	0
GII 05/47	4.901	7	4.904	28/03/2018	0
		2586			

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	07/29	GG	4.658	10	4.680	01/03/2018	-2	72
Lembaga Pembiayaan Perumahan Sektor Awam	04/47	GG	5.281	30	5.180	06/09/2017	10	73
Cagamas Berhad	03/21	AAA	4.170	300	4.170	27/03/2018	0	-
Projek Lebuhraya Usahasama Berhad	01/24	AAA	4.434	10	4.438	19/01/2018	0	68
Rantau Abang Capital Berhad	03/29	AAA	4.718	123	4.719	20/03/2018	0	78
Rantau Abang Capital Berhad	05/31	AAA	4.826	20	4.834	23/03/2018	-1	41
Sarawak Hidro Sdn Berhad	08/26	AAA	4.620	20	4.678	16/03/2018	-6	74
Public Bank Berhad	11/23	AA1	4.348	30	4.349	15/03/2018	0	59
Hong Leong Bank Berhad	06/24	AA1	5.174	1	5.074	12/02/2018	10	142
TRiple Medical Sdn Berhad	10/34	AA1	5.250	10	5.339	19/01/2018	-9	84
PBFIN Berhad	06/59	AA2	4.218	1	4.490	21/03/2018	-27	-33
Bumitama Agri Ltd	03/19	AA3	4.431	20	4.444	23/03/2018	-1	125
BGSM Management Sdn Berhad	12/20	AA3	4.405	10	4.424	06/02/2018	-2	97
Tanjung Bin Energy Issuer Berhad	03/21	AA3	4.466	20	4.458	20/02/2018	1	103
BGSM Management Sdn Berhad	08/21	AA3	4.518	10	4.503	08/03/2018	1	108
Tanjung Bin Energy Issuer Berhad	09/21	AA3	4.516	10	4.525	22/03/2018	-1	108
RHB Bank Berhad	07/24	AA3	4.902	3	4.496	19/03/2018	41	114
Hong Leong Assurance Berhad	02/25	AA3	4.685	20	4.693	15/03/2018	-1	86
Anih Berhad	11/18	AA	4.140	20	4.126	16/03/2018	1	96
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	04/22	AA-	4.778	10	4.788	12/03/2018	-1	128
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	12/22	AA-	4.827	30	4.840	20/03/2018	-1	128
Malakoff Power Berhad	12/22	AA-	4.634	1	4.590	14/02/2018	4	109
Southern Power Generation Sdn Berhad	04/23	AA-	4.592	5	4.612	28/03/2018	-2	105
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	05/23	AA-	4.848	10	4.857	20/03/2018	-1	130
Southern Power Generation Sdn Berhad	10/23	AA-	4.631	5	4.719	17/01/2018	-9	87
Southern Power Generation Sdn Berhad	04/24	AA-	4.674	5	4.698	01/03/2018	-2	92
Southern Power Generation Sdn Berhad	04/25	AA-	4.732	5	4.769	22/02/2018	-4	91
Southern Power Generation Sdn Berhad	10/25	AA-	4.762	5	4.806	22/01/2018	-4	88
Southern Power Generation Sdn Berhad	04/26	AA-	4.781	5	4.807	09/03/2018	-3	90
Southern Power Generation Sdn Berhad	10/26	AA-	4.811	5	4.848	21/02/2018	-4	88
Southern Power Generation Sdn Berhad	04/27	AA-	4.841	5	4.898	16/01/2018	-6	91
MMC Corporation Berhad	03/28	AA-	5.700	10	5.700	28/03/2018	0	176
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/30	AA-	4.989	20	4.989	25/09/2017	0	58
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/31	AA-	5.059	20	5.065	22/03/2018	-1	65
Southern Power Generation Sdn Berhad	04/33	AA-	5.208	10	5.239	14/03/2018	-3	79
Southern Power Generation Sdn Berhad	10/33	AA-	5.259	1	5.284	09/03/2018	-2	85
CIMB Group Holdings Berhad	05/16	A1	4.794	1	5.049	28/03/2018	-26	25
Golden Assets International Finance Limited	08/18	A1	4.948	2	4.939	13/02/2018	1	176
Golden Assets International Finance Limited	08/19	A1	5.159	6	5.140	29/01/2018	2	198
			829					

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

Market/Corporate News: What's Brewing

Bank Negara said it had detected and foiled an attempted cyber-attack and efforts to transfer funds without authorization using falsified SWIFT messages. Bank Negara did not suffer any financial loss in the incident, which occurred on Tuesday, it said in a statement yesterday. The bank did not say in the statement if the messages came via the SWIFT global payments network and did not immediately respond to requests for more details on the falsified messages. "All unauthorized transactions were stopped through prompt action in strong collaboration with SWIFT, other central banks and financial institutions," the central bank said. The attempt at Bank Negara is the latest in a series of cyber-attacks on financial institutions. Unidentified hackers stole US\$81mil from Bangladesh Bank's account at the New York Fed in February 2016, using fraudulent orders on the SWIFT payments system. In February, the Russian central bank said unknown hackers stole 339.5 million roubles from a Russian bank last year in an attack using the SWIFT system. The central bank said there was no disruption to other payment and settlement systems the central bank operates, and that it has taken additional safeguards to protect its stakeholders. The bank said it is conducting an investigation in collaboration with local and international law enforcement agencies. (Source: The Star)

Gold bulls are finding 2018 offers plenty of reasons to be cheerful. Bullion's wrapping up a third quarterly gain, a feat not seen since 2011; fund holdings are at the highest in a half-decade; and haven demand may get a boost with foreign-policy hawks in the ascendant in Washington. Spot bullion was steady at US\$1,323.92 at 7:54 am in London, up 1.6 percent this quarter, according to Bloomberg generic pricing. That follows a similar increase in the final three months of last year, and 3.1 percent climb in 2017's third quarter, with the rise coming even as the Federal Reserve has been pulling the trigger consistently on US interest rates. Gold's advance this year has come with its haven qualities back in focus as President Donald Trump's administration picks a series of trade fights with friends and foes, and investors fret about equity market wobbles that've started on Wall Street and echoed around the world. At the same time, although geopolitical tensions may be easing in Korea, Trump's pick of John Bolton as his new national security adviser has spurred speculation of a potentially harder line against Iran, aiding both bullion and crude oil next quarter. "The new appointees bring a significantly more hawkish stance on foreign affairs," Australia & New Zealand Banking Group Ltd. said in a note on Thursday, referring to Bolton as well as Trump's choice of CIA Director Mike Pompeo to head the State Department. "While the obvious impact will be increasing safe-haven buying in gold, we see growing geopolitical risks raising concerns of supply-side issues in the oil market, too." Holdings in bullion-backed exchange-traded products hit 2,268.6 metric tons this month, the biggest amount since 2013, according to data compiled by Bloomberg. The hoard has risen about 43 tons this year, the eighth quarterly rise in the past nine. The dollar lost almost 3 percent since Dec. 31, while global stocks are set for the first quarterly fall since early 2016. (Source: The Edge)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
MISC Berhad	RM2.5 billion Islamic Medium-Term Notes (IMTN) programme	AAA-IS	Affirmed
Malaysia Marine and Heavy Engineering Holdings Berhad	RM1.0 billion Sukuk Murabahah Programme.	AA-IS	Affirmed from negative to stable

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

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.