

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.52	2
5-yr UST	2.52	3
10-yr UST	2.72	3
30-yr UST	3.08	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.19	-38	3.64	0
5-yr	3.72	1	3.81	0
7-yr	3.87	1	3.97	0
10-yr	3.89	0	4.03	0
15-yr	4.29	0	4.37	0
20-yr	4.49	1	4.60	-1
30-yr	4.70	0	4.85	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.66	0
3-yr	3.69	0
5-yr	3.79	1
7-yr	3.90	0
10-yr	4.06	1

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries weakened again on Thursday as the curve shifted higher amid a stronger than expected 4Q GDP reading whilst stepping aside the effects of the earlier government shutdown. US GDP data suggested that growth could continue to be firm as the Fed adopts a patient approach on interest rate outlook. Benchmark yields ended about 1-3bps higher with the 2Y at 2.52% and the much-watched 10Y rising 3bps higher at 2.72%. Interestingly, the UST 10Y has traded in a tight range of a mere 12bps in February; a level not seen since decades ago! Meanwhile US officials are purported to finalize trade deals with China in what has been a long, protracted "battle" for months.

MGS/GII

- Local govies saw strong momentum with volume etched at RM4.07b with interest mainly focused in the off-the-run 19-20's, 22's and also 3Y benchmark GII bonds. Overall benchmarks yields again ended mostly unchanged to within 1bps lower from prior day's close. Both the 5Y benchmark MGS 4/23 and 10Y MGS 8/29 were unchanged at 3.72% and 3.89% respectively. GII trades maintained about 36% of overall trades. Meanwhile the Nikkei Malaysia Manufacturing PMI data pointed to a sharper deterioration in manufacturing sector business conditions; extending the current downturn to 5 months. Up next on the data front are the trade figures for January along with BNM's OPR meeting next week.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk continued to notch solid secondary volume of RM1.07b with interest still mainly across the GG to AA-part of the curve. DANAINFRA bonds dominated trades in the GG segment with the 3/32 and 2/49 tranches closing 2-11bps lower at 4.45% and 4.96% respectively compared to previous-done levels whilst DANA 40-42 closed even sharply lower on yields between 4.77-84% levels whereas TELEKOM 12/24 edged 1bps lower at 4.30%. In the AA-space, infrastructure and toll-related bond GAMUDA 22-23 rallied 3-6bps at 4.53-63% levels and energy-related SEB bonds a slew of tranches exchange hands. SEB 6/26 and 1/27 closed 3-4bps lower between 4.43-4.46% whilst the 11/28 12/32 tranches similarly closed lower on yields at 4.50% and 4.70% respectively. The banking space was saw AmBank6/20 end 3bps higher at 4.14% as opposed to Bank Islam 25NC20 which ended unchanged at 4.38%.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.305	80	3.315	27/02/2019	-1
MGS	07/19	3.332	319	3.319	27/02/2019	1
MGS	10/19	3.370	294	3.372	27/02/2019	0
MGS	11/19	3.382	406	3.389	27/02/2019	-1
MGS	03/20	3.442	150	3.462	27/02/2019	-2
MGS	07/20	3.506	103	3.487	27/02/2019	2
MGS	10/20	3.503	152	3.481	22/02/2019	2
MGS	07/21	3.568	11	3.565	27/02/2019	0
MGS	09/21	3.599	47	3.588	27/02/2019	1
MGS	11/21	3.185	123	3.565	27/02/2019	-38
MGS	03/22	3.554	285	3.583	27/02/2019	-3
MGS	08/22	3.666	102	3.706	27/02/2019	-4
MGS	03/23	3.749	1	3.749	26/02/2019	0
MGS	04/23	3.717	44	3.706	27/02/2019	1
MGS	08/23	3.775	6	3.763	27/02/2019	1
MGS	07/24	3.827	16	3.827	27/02/2019	0
MGS	09/24	3.837	14	3.838	27/02/2019	0
MGS	09/25	3.930	47	3.902	27/02/2019	3
MGS	07/26	3.874	10	3.873	27/02/2019	0
MGS	11/26	3.982	11	3.979	27/02/2019	0
MGS	11/27	4.003	66	4.001	27/02/2019	0
MGS	06/28	3.973	16	3.973	27/02/2019	0
MGS	09/28	4.037	7	4.034	27/02/2019	0
MGS	08/29	3.892	49	3.891	27/02/2019	0
MGS	04/30	4.144	60	4.147	27/02/2019	0
MGS	06/31	4.213	30	4.216	27/02/2019	0
MGS	04/32	4.292	2	4.333	21/02/2019	-4
MGS	04/33	4.330	93	4.340	27/02/2019	-1
MGS	11/33	4.287	32	4.290	27/02/2019	0
MGS	05/35	4.425	3	4.428	27/02/2019	0
MGS	06/38	4.494	22	4.479	26/02/2019	1
MGS	03/46	4.756	2	4.749	27/02/2019	1
GII	05/20	3.513	10	3.514	21/02/2019	0
GII	08/20	3.541	1	3.537	25/02/2019	0
GII	03/22	3.642	246	3.644	27/02/2019	0
GII	04/22	3.690	143	3.673	27/02/2019	2
GII	11/23	3.815	189	3.816	27/02/2019	0
GII	08/24	3.897	20	3.897	27/02/2019	0
GII	08/25	3.968	1	3.969	27/02/2019	0
GII	10/25	4.005	3	3.995	27/02/2019	1
GII	09/26	4.030	123	4.036	22/02/2019	-1
GII	07/27	4.056	170	4.052	27/02/2019	0
GII	10/28	4.084	12	4.081	27/02/2019	0
GII	07/29	4.030	160	4.030	27/02/2019	0
GII	09/30	4.199	20	4.199	21/02/2019	0
GII	06/33	4.368	210	4.361	27/02/2019	1
GII	10/35	4.582	37	4.592	13/02/2019	-1
GII	08/37	4.600	120	4.609	27/02/2019	-1
			<u>4067</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*
Khazanah Nasional Berhad	03/20	GG	3.893	40	3.843	17/10/2017	5	46
Perbadanan Tabung Pendidikan Tinggi Nasional	08/21	GG	3.900	15	3.913	13/02/2019	-1	37
Prasarana Malaysia Berhad	12/21	GG	3.901	30	3.959	11/01/2019	-6	33
DanaInfra Nasional Berhad	03/32	GG	4.449	10	4.554	25/01/2019	-11	16
DanaInfra Nasional Berhad	11/40	GG	4.771	10	5.139	28/02/2018	-37	28
DanaInfra Nasional Berhad	05/42	GG	4.838	40	5.040	06/12/2018	-20	35
DanaInfra Nasional Berhad	02/49	GG	4.960	5	4.979	26/02/2019	-2	47
Cagamas Berhad	07/19	AAA	3.710	210	3.682	12/02/2019	3	28
Cagamas Berhad	03/20	AAA	3.870	50	3.916	22/01/2019	-5	44
Cagamas Berhad	11/20	AAA	3.969	20	4.002	12/02/2019	-3	44
Cagamas MBS Berhad	12/20	AAA	4.115	20	4.134	22/02/2019	-2	59
Public Islamic Bank Berhad	07/21	AAA	4.117	20	4.182	14/01/2019	-7	59
Cagamas Berhad	09/21	AAA	4.044	5	4.029	22/02/2019	1	48
Cagamas Berhad	10/21	AAA	4.054	10	4.029	22/02/2019	3	49
Manjung Island Energy Berhad	11/21	AAA	4.062	25	4.267	23/10/2018	-21	49
Sarawak Hidro Sdn Berhad	08/22	AAA	4.205	5	4.209	22/02/2019	0	64
GENM Capital Berhad	07/23	AAA	4.549	5	4.499	13/02/2019	5	87
Cagamas Berhad	11/23	AAA	4.150	20	4.023	28/09/2016	13	44
Telekom Malaysia Berhad	12/24	AAA	4.300	50	4.310	21/02/2019	-1	46
Projek Lebuhraya Usahasama Berhad	01/26	AAA	4.365	40	4.392	18/02/2019	-3	50
Danga Capital Berhad	02/26	AAA	4.272	20	4.287	27/02/2019	-1	40
Genting Capital Berhad	06/27	AAA	4.748	10	4.768	18/02/2019	-2	82
Danum Capital Berhad	02/34	AAA	4.600	6	4.601	27/02/2019	0	31
Tenaga Nasional Berhad	08/38	AAA	4.779	10	4.804	27/02/2019	-3	29
Sabah Credit Corporation	05/20	AA1	4.213	10	4.247	04/01/2019	-3	78
Hong Leong Bank Berhad	06/24	AA1	4.138	10	4.126	04/01/2019	1	43
Sarawak Energy Berhad	06/26	AA1	4.428	20	4.458	21/02/2019	-3	56
Sarawak Energy Berhad	01/27	AA1	4.459	10	4.502	19/02/2019	-4	53
YTL Power International Berhad	05/27	AA1	4.776	5	4.781	25/02/2019	0	85
Sarawak Energy Berhad	11/28	AA1	4.498	60	4.629	28/01/2019	-13	60
Sarawak Energy Berhad	12/32	AA1	4.701	10	4.759	08/02/2019	-6	41
Danajamin Nasional Berhad	10/27	AA+	4.497	10	4.556	30/01/2019	-6	58
AmBank (M) Berhad	06/20	AA2	4.140	20	4.113	26/02/2019	3	71
Fortune Premiere Sdn Berhad	03/23	AA	4.506	20	4.597	28/01/2019	-9	83
Fortune Premiere Sdn Berhad	09/25	AA	4.699	80	4.731	27/02/2019	-3	83
Bumitama Agri Ltd	09/19	AA3	4.245	70	4.205	22/02/2019	4	81
Gamuda Berhad	11/22	AA3	4.528	10	4.559	22/01/2019	-3	85
Gamuda Berhad	11/23	AA3	4.627	20	4.687	10/01/2019	-6	92
Dynasty Harmony Sdn Berhad	06/29	AA3	5.990	9	5.990	27/02/2019	0	210
MMC Corporation Berhad	11/20	AA-	4.862	10	4.884	30/01/2019	-2	134
Tan Chong Motor Holdings Berhad	11/21	A1	5.807	4	5.006	26/02/2019	80	224
Bank Islam Malaysia Berhad	12/25	A1	4.383	10	4.382	20/02/2019	0	51
Affin Bank Berhad	02/27	A1	4.692	0	4.686	21/02/2019	1	77
CIMB Group Holdings Berhad	05/16	A1	4.647	1	4.649	27/02/2019	0	16
UMW Holdings Berhad	04/18	A1	5.638	1	5.659	28/01/2019	-2	115
				<u>1065</u>				

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

Market/Corporate News: What's Brewing

The Employees Provident Fund (EPF) has published its annual qualifying list of Fund Management Institutions (FMI) and unit trust funds under the EPF Members Investment Scheme (EPF MIS) for the period between March 1 until Feb 29, 2020. The provident fund said a total of 382 funds had been approved under the EPF MIS for the period, but only 282 funds, including nine new funds, from 19 FMIs had qualified for offering. "The list of unit trust funds offered under the EPF MIS is evaluated annually based on criteria established by the EPF and approved by the Finance Ministry. "Any unit trust fund which falls below the minimum eligibility score will be suspended from offering during the period," EPF deputy CEO (Investment) Datuk Mohamad Nasir Ab Latif said in a statement yesterday. EPF said the minimum eligibility score of simple average rating for consistent returns (SACR) was maintained at a 2.33 rating for three consecutive

years, and 26% of approved funds which fell short of the rating had been suspended from offering this year. The EPF MIS was introduced as an option for members to invest a portion of their EPF Account 1 savings in unit trust funds or via private mandates managed by the appointed FMIs. Based on their age, contributors can transfer up to 30% of the amount in excess of Basic Savings, from their EPF Account 1, to be invested in the qualified funds. Mohamad Nasir said members will now be required to have higher savings in their EPF account in order to be eligible to participate in the EPF MIS. This is in line with the revision in the quantum of Basic Savings, from RM228,000 to RM240,000 at age 55, effective January 1, 2019. He said the new quantum was benchmarked against the minimum pension for public sector employees, which has been raised from RM950 to RM1,000 per month. He added that the EPF was currently developing an electronic Members Investment Scheme Platform (e-MIS) which will enable members to transact online at reduced cost. The online facility, which is set to be introduced by the end of this year, is aimed at providing better access and visibility of available funds, prices and performance within the MIS scheme. The EPR, however, reminded contributors that investments via the EPF MIS were on voluntary basis and members will have to assume full responsibility over their decisions to participate in the scheme. "Even though the EPF has approved these unit trust funds, it does not imply that we are making any recommendations or suggestions for members on any of the unit trust funds. "We strongly encourage members to seek advice from qualified financial advisers before deciding to participate in the scheme," Mohamad Nasir added. (Source: *The Star*)

Tenaga Nasional Bhd (TNB) closed its financial year ended Dec 31, 2018 (FY18) on a lower note after posting a net loss of RM134.3 million in its fourth quarter (4QFY18) — its first quarterly net loss since 2012 — on a revenue of RM12.55 billion. No comparative figures for the quarter were available due to a change in its financial year-end from Aug 31 to Dec 31. TNB said its operating profit came in RM777.5 million lower in 4QFY18 at RM697 million, versus RM1.47 billion in 3QFY18, due to lower revenue and more impairment of financial instruments. The weaker quarterly results pushed its net profit for FY18 down to RM3.72 billion, on a revenue of RM50.39 billion. In a statement, it said its earnings before interest, tax, depreciation and amortisation fell to RM13.37 billion due to the lower allowable return of 7.3% under the Incentive-Based Regulation (IBR) Regulatory Period (RP2) (2018 to 2020), compared to 7.5% in RP1 (2014 to 2017). "Under RP2, the regulator introduced a revenue cap for the distribution network business and TNB has returned RM639 million back to the consumers for 2018. One-off cost of impairments to the group's investments, in addition to substantial foreign exchange translation losses of RM0.39 billion due to the weakening of ringgit, contributed to higher operating expenses, resulting in a lower group profit after tax of RM3.75 billion," it said. "In the interest of maximising our shareholders through dividends, the board of directors has approved 56% dividend payout ratio from the group's adjusted profit after tax and minority interests of RM5.42 billion. This translates to a total of 53.27 sen per share for FY18, of which 23 sen per share will be distributed as the final single-tier dividend," said TNB chairman Tan Sri Leo Moggie.. (Source: *The EdgeMarkets*)

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

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

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.