

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.27	2
5-yr UST	2.22	2
10-yr UST	2.41	1
30-yr UST	2.82	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.38	0	3.49	0
5-yr	3.53	0	3.60	-2
7-yr	3.72	6	3.80	3
10-yr	3.77	2	3.81	-2
15-yr	4.12	0	4.11	1
20-yr	4.28	-2	4.40	0
30-yr	4.58	3	4.62	-5

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.54	0
3-yr	3.53	0
5-yr	3.63	1
7-yr	3.74	0
10-yr	3.92	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries ended weaker save for the 30Y sector last Friday following Broadcom’s corporate issuance and House economic advisor Larry Kudlow’s comments that the Fed should cut rates by 50bps. The UST 2Y lost pushing yields 2bps higher at 2.27% and the much-watched 10Y edged 1bps higher at 2.41%. Meanwhile there are no further issuances of UST’s for this week. US-China trade issues are expected to re-emerge while bond traders monitor the existing inversion on the front-end of the curve with many predicting potential interest rate cuts by the Fed this year.

MGS/GII

- Local govvnies saw momentum ease last Friday despite decent volume of RM3.54b with interest seen mainly in some off-the-run 23’s and 26’s followed by the 3Y benchmark MGS bonds. Overall benchmark yields however ended mostly mixed between -5 to +6bps as interest rate swap levels drifted slightly unchanged to higher. The 5Y benchmark MGS 4/23 ended within 1bps higher at 3.53% whilst the 10Y MGS 8/29 rose 2bps at 3.77%. GII bonds dropped to form 30% of overall trades. BNM has trimmed this year’s growth forecasts to 4.3-4.8% compared to 4.7% growth last year. Hence Govvnies may extend gains following BNM’s warning on the growth outlook. Separately, the government may schedule another issuance of Samurai Bonds to refinance existing debt.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw steady olume of RM563m with investor interest seen mainly across the curve and most tenures. Both Govt-guaranteed PRASA 3/20 edged and long-end DANA 2/49 edged 2bps lower compared to previous-done levels at 3.59% and 4.71% respectively. AAA-rated PUTRAJAYA 9/23 closed unchanged at 4.09% whereas the 2025 tranches closed a whopping 21-22bps lower at 4.15% levels. TNB 33 and 37-38 tranches also closed 4-6bps lower at 4.43% and 4.61-54% levels. AA-rated space was dominated by Sinar Kamiri which saw the 2031-2034 tranches make their debut trades between 5.59-5.79%. The banking space saw both Hong Leong Islamic Bank and Affin Islamic Perps trade mixed on yields at 4.78% and 4.86% each.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.349	19	3.347	28/03/2019	0
MGS	11/19	3.350	121	3.344	28/03/2019	1
MGS	03/20	3.378	172	3.358	28/03/2019	2
MGS	10/20	3.369	29	3.356	28/03/2019	1
MGS	02/21	3.409	2	3.409	28/03/2019	0
MGS	07/21	3.425	35	3.417	28/03/2019	1
MGS	09/21	3.398	28	3.407	28/03/2019	-1
MGS	11/21	3.429	20	3.421	28/03/2019	1
MGS	03/22	3.377	228	3.377	28/03/2019	0
MGS	08/22	3.496	1	3.480	28/03/2019	2
MGS	09/22	3.505	2	3.510	28/03/2019	0
MGS	03/23	3.576	10	3.562	28/03/2019	1
MGS	04/23	3.532	320	3.530	28/03/2019	0
MGS	08/23	3.600	101	3.608	28/03/2019	-1
MGS	07/24	3.615	40	3.688	28/03/2019	-7
MGS	09/24	3.680	27	3.678	28/03/2019	0
MGS	03/25	3.721	50	3.731	28/03/2019	-1
MGS	09/25	3.726	50	3.726	28/03/2019	0
MGS	04/26	3.753	276	3.740	28/03/2019	1
MGS	07/26	3.716	291	3.700	28/03/2019	2
MGS	09/26	3.883	1	3.875	26/03/2019	1
MGS	05/27	3.833	28	3.882	28/03/2019	-5
MGS	11/27	3.809	26	3.803	28/03/2019	1
MGS	06/28	3.784	11	3.797	28/03/2019	-1
MGS	08/29	3.767	40	3.750	28/03/2019	2
MGS	04/30	3.924	50	3.979	27/03/2019	-6
MGS	06/31	4.017	207	4.081	27/03/2019	-6
MGS	04/32	4.077	2	4.145	27/03/2019	-7
MGS	04/33	4.080	43	4.070	28/03/2019	1
MGS	05/35	4.254	26	4.275	28/03/2019	-2
MGS	04/37	4.300	60	4.335	28/03/2019	-4
MGS	06/38	4.284	70	4.329	28/03/2019	-4
MGS	09/43	4.553	20	4.547	28/03/2019	1
MGS	03/46	4.593	1	4.574	28/03/2019	2
MGS	07/48	4.575	74	4.566	28/03/2019	1
GII	04/19	3.221	110	3.279	28/03/2019	-6
GII	04/20	3.413	76	3.423	28/03/2019	-1
GII	05/20	3.472	2	3.436	28/03/2019	4
GII	06/20	3.459	1	3.484	15/03/2019	-2
GII	08/20	3.459	30	3.445	28/03/2019	1
GII	04/22	3.544	1	3.553	28/03/2019	-1
GII	11/22	3.603	30	3.609	28/03/2019	-1
GII	11/23	3.599	70	3.613	28/03/2019	-1
GII	05/24	3.721	2	3.808	21/03/2019	-9
GII	08/24	3.734	110	3.713	28/03/2019	2
GII	08/25	3.798	10	3.772	28/03/2019	3
GII	09/26	3.792	50	3.823	28/03/2019	-3
GII	10/28	3.883	81	3.841	28/03/2019	4
GII	07/29	3.814	208	3.833	28/03/2019	-2
GII	06/33	4.106	90	4.098	28/03/2019	1
GII	08/33	4.136	40	4.136	28/03/2019	0
GII	09/39	4.370	51	4.363	28/03/2019	1
GII	05/47	4.620	100	4.676	28/03/2019	-6
			<u>3542</u>			

Daily Trades: Corp Bonds / Sukuk

Securities	Maturity (dd/mm/yy yy)	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Prasarana Malaysia Berhad	03/20	GG	3.588	95	3.606	25/03/2019	-2	24
PR1MA Corporation Malaysia	10/24	GG	3.950	50	4.071	25/02/2019	-12	29
Lembaga Pembiayaan Perumahan Sektor Awam	04/25	GG	3.891	50	4.250	24/10/2018	-36	23
DanInfra Nasional Berhad	01/37	GG	4.500	40	-	-	-	19
Perbadanan Tabung Pendidikan Tinggi Nasional	03/39	GG	4.580	10	4.582	25/03/2019	0	27
DanInfra Nasional Berhad	02/49	GG	4.709	10	4.730	28/03/2019	-2	40
Gulf Investment Corporation G.S.C	03/21	AAA	4.658	12	4.666	28/03/2019	-1	128
Putrajaya Holdings Sdn Berhad	09/23	AAA	4.087	20	4.087	28/03/2019	0	60
DiGi Telecommunications Sdn Berhad	04/24	AAA	4.128	6	4.229	18/02/2019	-10	59
Manjung Island Energy Berhad	11/24	AAA	4.123	10	4.123	27/03/2019	0	47
Putrajaya Holdings Sdn Berhad	04/25	AAA	4.148	10	4.368	10/01/2019	-22	49
Putrajaya Holdings Sdn Berhad	05/25	AAA	4.148	10	4.357	15/01/2019	-21	49
Telekom Malaysia Berhad	10/28	AAA	4.359	20	4.379	27/03/2019	-2	60
Tenaga Nasional Berhad	08/33	AAA	4.431	20	4.469	27/03/2019	-4	37
Danga Capital Berhad	09/33	AAA	4.499	7	4.509	26/03/2019	-1	44
Danum Capital Berhad	02/34	AAA	4.449	20	4.479	27/03/2019	-3	39
Tenaga Nasional Berhad	08/37	AAA	4.609	10	4.665	21/03/2019	-6	30
Tenaga Nasional Berhad	08/38	AAA	4.640	10	4.679	26/03/2019	-4	33
Malayan Banking Berhad	01/31	AA1	4.489	10	4.555	21/03/2019	-7	73
CIMB Bank Berhad	08/26	AA+	4.580	2	4.581	27/03/2019	0	88
Anih Berhad	11/24	AA	4.397	5	4.437	25/03/2019	-4	74
Anih Berhad	11/25	AA	4.447	5	4.477	25/03/2019	-3	75
Edra Energy Sdn Berhad	07/29	AA3	5.679	1	5.700	27/03/2019	-2	192
WCT Holdings Berhad	10/23	AA-	5.077	5	5.078	06/03/2019	0	154
Serba Dinamik Holdings Berhad	10/23	AA-	4.838	10	4.869	29/01/2019	-3	130
MMC Corporation Berhad	03/28	AA-	5.479	5	5.502	26/03/2019	-2	173
Konsortium Lebuhraya Utara-Timur (KL) Sdn Bert	11/29	AA-	4.621	20	5.006	27/07/2018	-39	86
Sinar Kamiri Sdn Berhad	01/31	AA-	5.589	10	-	-	-	183
Sinar Kamiri Sdn Berhad	01/32	AA-	5.638	20	-	-	-	158
Sinar Kamiri Sdn Berhad	01/33	AA-	5.699	10	-	-	-	164
Sinar Kamiri Sdn Berhad	01/34	AA-	5.789	20	-	-	-	173
Tan Chong Motor Holdings Berhad	11/21	A1	5.750	5	5.807	28/02/2019	-6	237
Hong Leong Financial Group Berhad	11/17	A1	4.779	5	4.594	28/03/2019	19	47
Affin Islamic Bank Berhad	10/17	A3	4.859	10	4.997	01/03/2019	-14	55
Eco Capital	12/22	-	6.077	5	6.296	09/01/2019	-22	259
Mah Sing perpetual	-	-	6.399	5	5.970	27/03/2019	43	-
				<u>563</u>				

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

Market/Corporate News: What's Brewing

Sunway Bhd is acquiring Blacktop Industries Sdn Bhd, which will allow the group's quarry division to penetrate into new markets by wider market coverage and additional capacity. Blacktop is in the business of production and selling of quarry aggregates and asphalt premix, as well as renting of mobile equipment. It also holds a 50% equity interest in both Blacktop Lanchang Sdn Bhd and Can Technical Services Sdn Bhd, as well as a 49% stake in TKM Sdn Bhd. In a filing with Bursa Malaysia today, Sunway said its wholly-owned subsidiary Sunway Holdings Sdn Bhd has entered into a share sale agreement (SSA) with Datin Seri Lau Lai San, Chu Yuen Leng and Chu Yuen Mun to acquire 1 million shares or a 100% stake in Blacktop Industries Sdn Bhd for RM70.09 million. Lau, Yuen Leng and Yuen Mun hold 40%, 41% and 19% shareholding respectively in Blacktop. Sunway said the proposed acquisition will improve both market share and financial performance of its quarry division via penetration into new markets. The increased coverage will result in greater cost efficiency through economies of scale, it added. According to Sunway, the proposed acquisition will be carried out in two tranches where Sunway Holdings will first acquire a 60% stake in Blacktop for RM42.05 million, followed by another tranche involving the remaining 40% stake in Blacktop for RM28.04 million. The proposed acquisition will be satisfied by internal funds. Sunway expects to complete the entire transaction by the second quarter of 2020. "The proposed acquisition is not expected to have any immediate material effect on the group's earnings per share, net assets per share and gearing for the financial year ending Dec 31, 2019.

However, the proposed acquisition is expected to contribute positively to the future earnings of Sunway Group," it said. (Source: *The Star*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Midciti Sukuk Berhad'	RM3.0 bil in Nominal Value (2014/2044)	AAA/Stable	Reaffirmed

Source: RAM, MARC

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