

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.30	-3
5-yr UST	2.29	-4
10-yr UST	2.48	-3
30-yr UST	2.88	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.38	1	3.47	0
5-yr	3.54	2	3.67	4
7-yr	3.71	0	3.80	0
10-yr	3.79	2	3.84	2
15-yr	4.10	1	4.12	0
20-yr	4.28	1	4.40	-1
30-yr	4.60	0	4.62	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.55	0
3-yr	3.56	0
5-yr	3.64	0
7-yr	3.75	0
10-yr	3.94	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries ended stronger on Tuesday whilst the long-end lagged as IG credit issuance pipeline comes into focus for the coming weeks. The curve shifted lower as overall benchmark yields closed lower between 1-4bps. Both the UST 2Y and much-watched 10Y ended 3bps lower at 2.30% and 2.48% respectively (off the recent low of 2.34% for the 10s). Upward pressure was noted in the overnight funding markets as Fed Funds Rate notched 2.41%. The Treasury Repo market was seen to be volatile the past two (2) weeks. The World Trade Organization slashed its global trade growth projection for 2019 to a 3Y low due to impact of rising tensions and tariffs. Meanwhile bond traders continue to watch the slight reversal of inversion on the front-end of the curve.

MGS/GII

- Local govvnies saw decent momentum yesterday with total volume of RM4.66b with interest seen mainly in the front-end off-the-run 19-20's and also benchmark 5Y, 7Y bonds. Overall benchmark yields however ended mostly higher between 0-2bps. Both the 5Y benchmark MGS 4/23 and 10Y MGS 8/29 rose 2bps each at 3.54% and 3.79% respectively. GII bonds dropped to form 32% of overall trades. Malaysian yields may likely fall further due to factors including a slowdown in bank lending and the Federal Reserve's rate pause. Upcoming data today include February trade figures and Foreign Reserves as at 29th March.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw volume improve to RM904m with investor interest mainly across the GG to single-A part of the curve. A slew of Govt-guaranteed DANAINFRA bonds dominated this space with 2023-2048 tenures rallying sharply lower on yields up to a massive 48bps compared to previous-done levels save for DANA 2/49 which rose 2bps at 4.73%. AAA-rated GENM Capital traded RM100m in nominal amounts with both the 7/28 and 3/32 tranches facing contrasting closing yields at 4.65% and 4.85% each. BAKUN Power (previously known as Sarawak Hidro) 25-26's continue to move 2-4bps lower between 4.20-4.24%. AA-rated space saw energy-related bonds KIMANIS Power 8/23, SEB 8/25 and EDRA Energy 7/28 also close sharply lower on strong investor demand at 4.36%, 4.24% and 5.65% respectively. The banking space saw several names traded with CIMB Group Perp closing 28bps higher 4.89% instead.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/19	3.293	101	3.293	01/04/2019	0
MGS	10/19	3.332	324	3.332	01/04/2019	0
MGS	11/19	3.329	146	3.329	01/04/2019	0
MGS	03/20	3.388	559	3.383	01/04/2019	0
MGS	07/20	3.381	3	3.325	01/04/2019	6
MGS	10/20	3.384	8	3.388	01/04/2019	0
MGS	07/21	3.428	39	3.423	01/04/2019	0
MGS	09/21	3.424	69	3.415	01/04/2019	1
MGS	11/21	3.440	39	3.411	01/04/2019	3
MGS	03/22	3.376	35	3.369	01/04/2019	1
MGS	08/22	3.519	63	3.496	01/04/2019	2
MGS	09/22	3.516	140	3.519	01/04/2019	0
MGS	03/23	3.584	64	3.562	01/04/2019	2
MGS	04/23	3.540	101	3.527	01/04/2019	1
MGS	08/23	3.607	29	3.600	01/04/2019	1
MGS	07/24	3.687	1	3.636	01/04/2019	5
MGS	09/24	3.702	156	3.684	01/04/2019	2
MGS	03/25	3.734	123	3.721	01/04/2019	1
MGS	09/25	3.726	1	3.700	01/04/2019	3
MGS	04/26	3.756	1	3.720	01/04/2019	4
MGS	07/26	3.705	295	3.708	01/04/2019	0
MGS	11/26	3.703	11	3.718	01/04/2019	-2
MGS	03/27	3.840	1	3.840	01/04/2019	0
MGS	05/27	3.865	71	3.815	01/04/2019	5
MGS	11/27	3.808	144	3.803	01/04/2019	0
MGS	06/28	3.784	96	3.797	01/04/2019	-1
MGS	09/28	3.932	2	3.902	01/04/2019	3
MGS	08/29	3.791	218	3.773	01/04/2019	2
MGS	06/31	4.009	101	4.018	01/04/2019	-1
MGS	04/32	4.077	1	4.078	01/04/2019	0
MGS	04/33	4.080	43	4.060	01/04/2019	2
MGS	11/33	4.100	23	4.093	01/04/2019	1
MGS	05/35	4.240	80	4.254	01/04/2019	-1
MGS	04/37	4.269	48	4.265	01/04/2019	0
MGS	06/38	4.284	30	4.277	01/04/2019	1
MGS	03/46	4.593	1	4.590	01/04/2019	0
GII	04/19	3.307	10	3.330	01/04/2019	-2
GII	05/20	3.417	200	3.435	01/04/2019	-2
GII	04/21	3.513	20	3.508	27/03/2019	0
GII	07/22	3.574	100	3.558	01/04/2019	2
GII	11/23	3.671	40	3.629	01/04/2019	4
GII	08/24	3.713	184	3.733	01/04/2019	-2
GII	08/25	3.796	212	3.798	01/04/2019	0
GII	10/25	3.824	60	3.833	25/03/2019	-1
GII	03/26	3.751	50	3.759	01/04/2019	-1
GII	09/26	3.845	51	3.822	01/04/2019	2
GII	07/27	3.881	41	3.861	29/03/2019	2
GII	10/28	3.935	272	3.925	01/04/2019	1
GII	07/29	3.844	59	3.819	01/04/2019	2
GII	06/33	4.123	160	4.124	01/04/2019	0
GII	08/37	4.399	2	4.410	01/04/2019	-1
GII	09/39	4.377	30	4.370	01/04/2019	1
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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*
Pengurusan Air SPV Berhad	02/21	GG	3.705	10	3.956	21/03/2018	-25	32
Lembaga Pembiayaan Perumahan Sektor Awam	04/22	GG	3.695	20	3.931	05/03/2019	-24	31
Danalinfra Nasional Berhad	05/23	GG	3.795	35	3.938	06/03/2019	-14	30
Lembaga Pembiayaan Perumahan Sektor Awam	09/23	GG	3.795	20	4.030	14/01/2019	-24	30
Danalinfra Nasional Berhad	10/23	GG	3.794	30	4.269	16/03/2018	-48	25
Danalinfra Nasional Berhad	10/26	GG	3.951	30	4.000	21/03/2019	-5	21
Lembaga Pembiayaan Perumahan Sektor Awam	04/27	GG	4.000	30	4.339	27/09/2018	-34	26
Prasarana Malaysia Berhad	09/27	GG	3.990	20	4.018	26/03/2019	-3	25
Perbadanan Tabung Pendidikan Tinggi Nasional	03/29	GG	4.049	10	-	-	-	27
Prasarana Malaysia Berhad	09/29	GG	4.019	20	4.040	28/03/2019	-2	24
Danalinfra Nasional Berhad	04/33	GG	4.231	30	4.499	01/03/2019	-27	14
Danalinfra Nasional Berhad	01/48	GG	4.701	5	4.820	28/03/2019	-12	40
Danalinfra Nasional Berhad	02/49	GG	4.725	5	4.709	29/03/2019	2	43
Putrajaya Holdings Sdn Berhad	07/21	AAA	3.946	20	4.052	05/03/2019	-11	56
GENM Capital Berhad	07/23	AAA	4.451	1	4.452	01/04/2019	0	95
Projek Lebuhraya Usahasama Berhad	01/24	AAA	4.137	10	4.397	26/12/2018	-26	60
Bakun Hydro Power Generation Sdn Berhad (fka	08/25	AAA	4.197	10	4.238	26/03/2019	-4	52
Bakun Hydro Power Generation Sdn Berhad (fka	08/26	AAA	4.237	10	4.259	26/03/2019	-2	53
Manjung Island Energy Berhad	11/26	AAA	4.168	10	4.699	27/06/2018	-53	42
GENM Capital Berhad	07/28	AAA	4.649	20	4.480	25/03/2019	17	89
Rantau Abang Capital Berhad	03/29	AAA	4.169	5	4.275	20/03/2019	-11	39
Bakun Hydro Power Generation Sdn Berhad (fka	08/31	AAA	4.457	20	4.611	25/02/2019	-15	68
GENM Capital Berhad	03/32	AAA	4.850	80	5.251	24/01/2018	-40	75
Tenaga Nasional Berhad	08/38	AAA	4.640	40	4.640	29/03/2019	0	34
Sabah Development Bank Berhad	04/23	AA1	4.877	10	4.911	19/12/2018	-3	138
Sarawak Energy Berhad	08/25	AA1	4.235	20	4.358	07/03/2019	-12	56
Celcom Networks Sdn Berhad	10/26	AA+	4.370	10	4.409	28/03/2019	-4	63
First Resources Limited	10/21	AA2	4.326	30	4.360	07/03/2019	-3	94
Konsortium ProHAWK Sdn Berhad	12/23	AA2	4.336	20	4.644	18/12/2017	-31	79
Sime Darby Plantation Sdn Bhd	03/16	AA	4.539	80	4.679	06/03/2019	-14	24
Perbadanan Kemajuan Negeri Selangor	01/22	AA3	4.551	25	4.551	01/04/2019	0	117
Gamuda Berhad	03/23	AA3	4.469	5	4.505	28/03/2019	-4	97
Kimanis Power Sdn Berhad	08/23	AA-	4.356	20	4.588	09/08/2018	-23	86
Jimah Energy Ventures Sdn Berhad	11/23	AA3	4.439	1	4.682	27/07/2018	-24	90
RHB Islamic Bank Berhad	04/27	AA3	4.340	20	4.365	01/04/2019	-3	60
Edra Energy Sdn Berhad	07/28	AA3	5.648	10	5.798	07/03/2019	-15	188
WCT Holdings Berhad	01/25	AA-	5.206	10	5.219	18/03/2019	-1	153
MMC Corporation Berhad	03/28	AA-	5.420	2	5.475	01/04/2019	-5	166
Sinar Kamiri Sdn Berhad	01/31	AA-	5.666	10	5.588	01/04/2019	8	189
Sinar Kamiri Sdn Berhad	01/35	AA-	5.977	20	-	-	-	188
Sinar Kamiri Sdn Berhad	01/36	AA-	6.078	10	-	-	-	198
CIMB Group Holdings Berhad	05/16	A1	4.893	40	4.611	29/03/2019	28	60
IJM Land Berhad	03/19	A2	5.582	70	5.457	21/03/2019	13	128
				<u>904</u>				

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

Market/Corporate News: What's Brewing

Permodalan Nasional Bhd (PNB) currently has no further plan to list any of its assets in the form of another Real Estate Investment Trust (REIT) on Bursa Malaysia, said its president and group chief executive Datuk Abdul Rahman Ahmad. "PNB already has one REIT [listed on Bursa Malaysia] that is called AHP [Amanah Harta Tanah PNB]. So for the time being, PNB has no plan to add another REIT. "In fact, I'm not sure whether we are allowed [to add more REITs] since we already have one already," he told reporters at a press conference today. The REIT, which is managed by PNB's wholly-owned unit Pelaburan Hartanah Nasional Bhd (PHNB), was set up to complement PNB's unit trust business. AHP has been listed on the Main Market of Bursa Malaysia since 1990. Besides AHP, PHNB also manages a private trust named PNB Property Trust. Last week, its group chairman Tan Sri Dr Zeti Akhtar Aziz said PNB is looking to diversify its portfolio across different asset classes, including fixed income and REITs as well as across different geographies, as it conducts the mid-term review of its Strategic Plan 2017-2022. She said the diversification of the fund's portfolio falls under the reviewing of its strategic asset allocation and optimal liquidity management, along with other key areas comprising enterprise risk management and organisational transformation.. (Source: The Star)

The National Mortgage Corporation of Malaysia (Cagamas Bhd) is currently working on a shared equity home ownership programme, with the revelation of a blueprint anticipated by end of the year. Housing and Local Government Minister Zuraida Kamaruddin told a press conference yesterday that Cagamas intends to propose the scheme, which could see the mortgage agency guaranteeing up to 100% of the housing price, to the ministry. "It is a very interesting scheme where they (Cagamas) will be able to provide the 20% deposit from the buyers' side, where the 80% normally comes from the bank," Zuraida explained. When queried on how long the scheme would take to develop, Cagamas president cum chief executive officer Datuk Chung Chee Leong said there are issues that Cagamas needs to iron out. "There are issues that we need to address ... because we need to be able to generate a product that can provide returns to investors," he said, adding that he hoped a blueprint can be produced by year end. Zuraida and Chung were speaking on the sidelines of the "Constructing and Financing Affordable Housing across Asia" Conference jointly organised by Cagamas and the World Bank Group here yesterday. During a panel session, Chung noted that green bonds are the way forward to attract new types of investments or investors, but clear definition must be provided, especially in the standardisation of classifications on whether the loan was "green" or otherwise. "The first building block is to define what green housing loan is," he said, adding that the definition for green loans would spell out areas such as whether the building should show improvements in either water or energy consumption. For example, Chung said, if a secondary mortgage corporation were to be set up, it could benefit from the support of the central bank and government. "But I guess the other point really is the prudent risk management standards that Cagamas itself applied so it can be perceived by the market, rating agencies and other investors as a safe model they can invest in," he said. On the subject of preferential treatment to social bonds and socially responsible investments (SRIs), the World Bank senior adviser (finance, competitiveness and innovations) Loic Chiquier said that was part of the factors that support new players in housing sectors who have yet to access capital markets for funding. As for government intervention in the affordable housing sector and in setting up structures, such as real estate investment trusts, RAM Ratings Malaysia structured finance ratings head Siew Suet Ming said intervention could be helpful in the initial stage, likened to paying "tuition fees" at the start of a college education. "First it gives [investors] a level of confidence, then [later] be able to build a sustainable pipeline," she said, adding that intervention would add certainty in the housing market. (Source: *The EdgeMarkets*)

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

Source: RAM, MARC

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