

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.36	4
5-yr UST	2.35	5
10-yr UST	2.54	4
30-yr UST	2.93	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.42	1	3.46	-1
5-yr	3.61	2	3.64	0
7-yr	3.80	3	3.78	2
10-yr	3.81	2	3.88	1
15-yr	4.17	5	4.20	0
20-yr	4.35	1	4.35	0
30-yr	4.63	3	4.63	-4

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.55	1
3-yr	3.57	1
5-yr	3.64	1
7-yr	3.72	1
10-yr	3.90	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries closed weaker on Thursday as the curve shifted ominously higher as a continuation of the post-FOMC adjustment arising from Powell's comments that 'transitory' factors are restraining inflation which could have risen to the Fed's target of 2.0%. Overall benchmark yields ended 3-5bps higher with both the UST 2Y and much-watched 10Y bonds rising another 4bps to 2.36% and 2.54% respectively. FOMC left the Fed Funds target range unchanged between 2.25-2.50% although cutting the Interest On Excess Reserves (IOER) rate by 5bps. Focus is expected to eventually shift to US-China trade talks again. On the data front we have the important April jobs data out tonight.

MGS/GII

- Local govies saw modest momentum maintain as secondary volumes notch RM2.68b with interest seen in the off-the-run 19-20's, 33's and also the benchmark 10Y GII bonds again. Overall benchmark yields mostly weaker between 0-5bps save for the 3Y and 30Y GII odd-lot trade. Both the benchmark 5Y MGS 4/23 and the 10Y MGS 8/29 rose 2bps higher at 3.61% and 3.81% respectively. GII bond trades rose to form 52% of overall trades. Meanwhile some volatility in both MYR and local govies is likely to be seen following potential upcoming allocation changes by the Norwegian wealth fund and FTSE Russel indices. Nevertheless markets are expected to be resilient amid prospects of a rate cut and abundant domestic liquidity. Up next on the data front are the trade numbers expected out today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw decent secondary volume of RM484m with interest evenly spread across the AAA-AA part of the curve. The long-end Govt-guaranteed DANA 43-44's rallied between 5-27bps compared to previous-done levels bonds at 4.59-61% levels. AAA-rated PLUS 23 and 26 also closed sharply lower on yields at 4.02% and 4.10% each on nominal amounts of RM95m. AA-rated GAMUDA 22-23's closed 3-4bps lower between 4.39-41% levels whilst energy-related bonds i.e. Tanjung Bin Energy 3/20 and Tanjung Bin O&M 7/21 sprang alive; closing lower on demand at 4.03% and 4.16% respectively. The banking space saw Maybank 32NC27 edge 1bps lower at 4.01%. Meanwhile Khazanah had successfully sold RM2.0b of 4Y sukuk at 3.96% via its unit, Danum capital Bhd.

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	200	3.308	30/04/2019	-1
MGS	10/19	3.320	43	3.345	29/04/2019	-3
MGS	11/19	3.322	1	3.310	30/04/2019	1
MGS	03/20	3.350	187	3.366	30/04/2019	-2
MGS	07/20	3.420	83	3.401	30/04/2019	2
MGS	10/20	3.405	5	3.402	30/04/2019	0
MGS	02/21	3.410	2	3.410	26/04/2019	0
MGS	07/21	3.420	7	3.422	30/04/2019	0
MGS	09/21	3.364	3	3.429	30/04/2019	-6
MGS	11/21	3.435	1	3.435	29/04/2019	0
MGS	03/22	3.416	37	3.406	30/04/2019	1
MGS	09/22	3.549	9	3.524	30/04/2019	2
MGS	03/23	3.619	10	3.630	29/04/2019	-1
MGS	04/23	3.609	46	3.593	30/04/2019	2
MGS	08/23	3.625	10	3.627	30/04/2019	0
MGS	07/24	3.689	61	3.711	30/04/2019	-2
MGS	09/24	3.714	16	3.717	30/04/2019	0
MGS	09/25	3.796	9	3.790	30/04/2019	1
MGS	04/26	3.863	30	3.863	29/04/2019	0
MGS	07/26	3.801	27	3.762	30/04/2019	4
MGS	05/27	3.909	1	3.865	29/04/2019	4
MGS	11/27	3.878	14	3.857	30/04/2019	2
MGS	06/28	3.897	5	3.890	30/04/2019	1
MGS	08/29	3.808	78	3.786	30/04/2019	2
MGS	04/30	3.972	2	3.987	30/04/2019	-2
MGS	06/31	4.105	76	4.105	30/04/2019	0
MGS	04/32	4.132	1	4.127	30/04/2019	0
MGS	04/33	4.211	218	4.158	30/04/2019	5
MGS	11/33	4.170	72	4.130	30/04/2019	4
MGS	04/37	4.319	3	4.279	30/04/2019	4
MGS	06/38	4.349	11	4.357	30/04/2019	-1
MGS	03/46	4.576	16	4.599	30/04/2019	-2
MGS	07/48	4.625	13	4.626	30/04/2019	0
GII	09/19	3.324	40	3.357	23/04/2019	-3
GII	04/20	3.388	111	3.440	30/04/2019	-5
GII	04/20	3.387	50	3.400	09/04/2019	-1
GII	08/20	3.399	181	3.429	30/04/2019	-3
GII	08/21	3.497	2	3.492	30/04/2019	0
GII	03/22	3.459	180	3.465	30/04/2019	-1
GII	04/22	3.532	1	3.537	30/04/2019	0
GII	07/22	3.565	3	3.563	24/04/2019	0
GII	11/23	3.700	28	3.700	30/04/2019	0
GII	05/24	3.704	17	3.700	30/04/2019	0
GII	08/24	3.726	160	3.725	30/04/2019	0
GII	08/25	3.809	84	3.794	30/04/2019	2
GII	10/25	3.813	3	3.809	26/04/2019	0
GII	03/26	3.775	36	3.759	29/04/2019	2
GII	09/26	3.804	40	3.840	30/04/2019	-4
GII	07/27	3.871	121	3.843	30/04/2019	3
GII	10/28	3.905	43	3.890	30/04/2019	1
GII	07/29	3.878	244	3.866	30/04/2019	1
GII	09/30	4.017	40	4.007	26/04/2019	1
GII	05/47	4.626	2	4.670	18/04/2019	-4
			<u>2679</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*
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	3.853	20	3.980	27/03/2019	-13	24
GovCo Holdings Berhad	09/32	GG	4.398	10	4.425	24/04/2019	-3	24
DanaInfra Nasional Berhad	04/43	GG	4.589	5	4.639	23/04/2019	-5	22
DanaInfra Nasional Berhad	02/44	GG	4.609	10	4.879	18/02/2019	-27	24
Malaysia Airports Capital Berhad	12/22	AAA	4.001	10	4.097	09/04/2019	-10	45
Projek Lebuhraya Usahasama Berhad	01/23	AAA	4.022	90	4.319	26/12/2018	-30	47
Al Dzahab Assets Berhad	09/23	AAA	4.697	10	4.671	22/10/2018	3	115
Projek Lebuhraya Usahasama Berhad	01/26	AAA	4.100	5	4.297	15/03/2019	-20	33
Manjung Island Energy Berhad	11/27	AAA	4.078	5	4.311	15/03/2019	-23	27
GENM Capital Berhad	07/28	AAA	4.207	2	4.608	11/04/2019	-40	40
Manjung Island Energy Berhad	11/28	AAA	4.121	5	4.550	19/12/2018	-43	32
Malayan Banking Berhad	02/32	AAA	4.009	60	4.022	10/04/2019	-1	-15
Sabah Development Bank Berhad	08/21	AA1	4.568	5	4.707	01/04/2019	-14	117
Sabah Development Bank Berhad	04/22	AA1	4.609	20	4.880	19/10/2018	-27	118
Sabah Development Bank Berhad	04/26	AA1	5.428	18	5.430	24/04/2019	0	166
Sime Darby Plantation Sdn Bhd	03/16	AA	4.397	10	4.421	30/04/2019	-2	3
Tanjung Bin Energy Issuer Berhad	03/20	AA3	4.032	20	4.526	14/12/2016	-49	67
Tanjung Bin O&M Berhad	07/21	AA-	4.156	30	4.449	27/08/2018	-29	76
Gamuda Berhad	11/22	AA3	4.394	30	4.426	29/04/2019	-3	84
Gamuda Berhad	03/23	AA3	4.414	20	4.457	24/04/2019	-4	86
Bandar Serai Development Sdn Berhad	08/23	AA3	4.400	15	4.407	16/04/2019	-1	85
Tanjung Bin Energy Issuer Berhad	03/32	AA3	4.518	10	4.599	08/04/2019	-8	36
Edra Energy Sdn Berhad	07/37	AA3	5.599	6	6.129	09/04/2019	-53	123
UEM Sunrise Berhad	05/19	AA-	3.975	10	4.084	29/01/2019	-11	62
Northport (Malaysia) Berhad	12/22	AA-	4.667	10	4.660	10/04/2019	1	112
Malakoff Power Berhad	12/24	AA-	4.291	10	4.839	02/05/2018	-55	59
Tanjung Bin O&M Berhad	07/27	AA-	4.419	20	4.742	30/11/2018	-32	63
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/37	AA-	5.149	5	5.169	29/04/2019	-2	78
Hong Leong Financial Group Berhad	11/17	A1	4.475	10	4.700	24/04/2019	-23	11
UMW Holdings Berhad	04/18	A1	5.149	3	5.299	30/04/2019	-15	78
				<u>484</u>				

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

Market/Corporate News: What's Brewing

A resort city, costing RM5 billion, will be developed in Lokawi here, said Sabah Chief Minister Datuk Seri Mohd Shafie Afdal. He said the resort city, to be known as "KK Resort City" which will have hotels, shopping and recreation centres, will be developed by KTS Group through its subsidiary, Sunduvon Corporation Sdn Bhd. "The State Government welcomes this project because it will create employment opportunities and boost the economy of the local residents," he said at the ground breaking ceremony for the project here today. Also present were Sabah Deputy Chief Minister Datuk Christina Liew, who is also State Tourism, Culture and Environment Minister, and Sunduvon Corporation Sdn Bhd managing director Datuk Henry Lau. Mohd Shafie said the project would also boost the State's tourism industry. "Sabah receives more than three million tourists a year and this is proof of the need to provide adequate facilities for them," he added. Meanwhile, Lau said the KK Resort City project would be developed on a 132 hectre site in Lokawi, about 15 kilometres from here. Completion of the project is expected to turn Sabah into a world-class tourist destination, he added. (Source: The EdgeMarkets)

Perbadanan PR1MA Malaysia may be dissolved pending due diligence and a turnaround plan, its chairman Tan Sri Eddy Chen said. He said on Thursday: "We found it very challenging because of the business model is numbers driven. It was given a big number to build and very little land to work on". PR1MA was established under the PR1MA Act 2012 to plan, develop, construct and maintain high-quality housing with lifestyle concepts for middle-income households in key urban centres. Its objective was that the housing units would be priced between RM100,000 to RM400,000. The housing units were to be built in key strategic urban areas nationwide, PR1MA was open to all

Malaysians with a monthly household income between RM2,500 to RM15,000. (Source: *The Star*)

Hong Leong Bank Bhd (HLB) and Emirates Skywards, the loyalty programme for Emirates and flydubai, have launched a new range of co-branded credit cards for customers in Malaysia. The Emirates HLB cards, which is supported by Mastercard, comprised three variants, namely the Emirates HLB World Elite, Emirates HLB World and Emirates HLB Platinum card, designed to offer a host of exclusive benefits to customers with diverse requirements and interests. HLB group managing director and chief executive officer Domenic Fuda said the partnership with Emirates Skywards is part of the company's strategy to accelerate the growth of its payments' business by leveraging the growing travel segment in Malaysia. "Malaysians have a high affinity for traveling and based on available data, we know that Malaysians are ranked among the global top five when it comes to flying, on average taking 5.5 flights annually," he said in a statement today. Hence, Fuda said the Emirates HLB Card portfolio is a key piece to complete its travel offerings that now range from budget to luxury airline partnerships. Meanwhile, Emirates Skywards senior vice-president Dr Nejjib Ben Khedher said it is looking forward to grow its current family of over 240,000 Emirates Skywards members in the country through the first co-branded credit card partnership with HLB. "We are always looking to offer more value and benefits to our members through the Emirates Skywards rewards programme with its ecosystem of over 100 partners in the travel and lifestyle segment," he said. Mastercard country manager of Malaysia and Brunei Perry Ong said the company is seeing greater consumer appreciation for premium products and experiences as Malaysia increasingly becomes more affluent. "From free Wi-Fi access to complimentary chauffeur services and golfing privileges, Mastercard's offering in the Emirates HLB Card delivers a range of such benefits. "Additionally, the continued partnership with Emirates Skywards and HLB offers cardholders overseas medical and travel insurance, so they always have peace of mind," Ong added. Among benefits of the Emirates HLB cards are welcome bonus of up to 10,000 Skywards Miles, access to the Emirates Lounge in Kuala Lumpur and Dubai, as well as Emirates Skywards Silver membership for one year. Subject to minimum spend criteria, World Elite and World customers will also be eligible to receive up to 160,000 bonus Skywards Miles, which can be redeemed for a Business Class return ticket on Emirates between Kuala Lumpur and Europe. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
EM Edgenta Berhad	Islamic Commercial Papers (ICP) Islamic Medium-Term Notes (IMTN) under its Sukuk Murabahah programme of up to RM1.0 billion.	MARC-1 IS AA-IS	Affirmed

Source: RAM, MARC

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