

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.38	-9
5-yr UST	2.36	-10
10-yr UST	2.55	-7
30-yr UST	2.90	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.56	-1	3.65	1
5-yr	3.71	-1	3.81	0
7-yr	3.97	1	4.05	0
10-yr	4.06	0	4.23	1
15-yr	4.42	1	4.54	-7
20-yr	4.58	-1	4.76	1
30-yr	4.85	0	4.92	-1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.69	0
3-yr	3.71	0
5-yr	3.82	0
7-yr	3.93	1
10-yr	4.14	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries rallied again whilst bull-steepening amid weaker-than-expected ISM manufacturing data for December as concerns linger on growing risks of a global growth slowdown. Overall benchmark yields ended a whopping 5-10bps lower with the 2Y rallying 9bps at 2.38% whilst the much-watched 10Y ended 7bps lower at a 12-month low of 2.55%. Even though the economy is currently not displaying nervous signs of recession, the bond market's aggressive about-turn on the outlook for Fed policy has created kinks and inversion especially on the front-end. Up next are the jobs data including the all-important Nonfarm Payrolls.

MGS/GII

- Trading momentum in local govovies maintained with volume at RM3.15b as interest was seen across the curve especially on some off-the-run 19's and 25's. Overall benchmarks ended mixed within 1 bps of prior day's close save for the odd-lot trade on the 15Y GII bond. The 5Y benchmark MGS 4/23 edged 1bps lower at 3.71% whilst the 10Y MGS 6/28 ended within 1bps at 4.06% levels. GII trades maintained about 38% of overall trades. The declining liquidity in December was absent with the return of portfolio managers and traders in January. Up next on the data front are the trade figures expected out at noon today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk also saw strong volume of RM557m with investors nibbling across the GG to single-A part of the curve. Govt-guaranteed DANA 27-28's saw RM50m nominal amounts trade some 4-7bps lower between 4.32-37% levels compared to previous-done levels. AAA-rated CAGAMAS 3/21 however ended 6bps higher at 4.00% handle whilst PLUS 32 rallied 4bps to close at 4.73%. In the AA-space energy-related bonds i.e. EDRA saw several tranches i.e 2026-27 bonds close mixed on yields between 5.47-59% area. The banking sector was active with various names traded. Bank Islam 27NC22 close unchanged at 4.75% whilst HLBB 24NC19 rallied 12bps at 4.19% levels. Expect healthy secondary market volume to continue for now.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.279	164	3.292	02/01/2019	-1
MGS	07/19	3.386	106	3.409	02/01/2019	-2
MGS	10/19	3.442	1	3.464	02/01/2019	-2
MGS	11/19	3.445	70	3.459	02/01/2019	-1
MGS	03/20	3.456	20	3.488	02/01/2019	-3
MGS	07/20	3.504	1	3.479	02/01/2019	2
MGS	10/20	3.533	261	3.522	02/01/2019	1
MGS	07/21	3.591	14	3.597	02/01/2019	-1
MGS	09/21	3.629	63	3.615	02/01/2019	1
MGS	11/21	3.564	78	3.571	02/01/2019	-1
MGS	04/23	3.710	102	3.724	02/01/2019	-1
MGS	07/24	3.947	60	3.927	02/01/2019	2
MGS	09/24	3.950	70	3.960	02/01/2019	-1
MGS	03/25	3.970	1	3.958	02/01/2019	1
MGS	09/25	4.004	180	4.014	02/01/2019	-1
MGS	04/26	4.094	2	4.092	02/01/2019	0
MGS	11/26	4.092	55	4.109	02/01/2019	-2
MGS	05/27	4.178	140	4.208	02/01/2019	-3
MGS	11/27	4.132	78	4.139	02/01/2019	-1
MGS	06/28	4.061	94	4.062	02/01/2019	0
MGS	04/30	4.367	3	4.375	02/01/2019	-1
MGS	06/31	4.442	2	4.411	02/01/2019	3
MGS	04/32	4.474	5	4.572	21/12/2018	-10
MGS	04/33	4.504	26	4.494	02/01/2019	1
MGS	11/33	4.419	130	4.407	02/01/2019	1
MGS	05/35	4.575	2	4.573	02/01/2019	0
MGS	04/37	4.538	135	4.623	02/01/2019	-9
MGS	06/38	4.580	90	4.595	02/01/2019	-1
GII	04/19	3.287	1	3.294	02/01/2019	-1
GII	08/20	3.512	12	3.532	02/01/2019	-2
GII	08/21	3.625	30	3.642	31/12/2018	-2
GII	03/22	3.645	380	3.632	02/01/2019	1
GII	04/22	3.668	5	3.785	19/12/2018	-12
GII	11/23	3.812	330	3.813	02/01/2019	0
GII	05/24	3.974	20	3.999	18/12/2018	-2
GII	08/25	4.046	254	4.049	02/01/2019	0
GII	07/27	4.188	53	4.188	28/12/2018	0
GII	10/28	4.234	50	4.229	02/01/2019	0
GII	10/35	4.767	1	4.809	18/12/2018	-4
GII	08/37	4.755	20	4.751	02/01/2019	0
GII	05/47	4.921	40	4.928	28/12/2018	-1
			<u>3148</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*
Jambatan Kedua Sdn Berhad	07/26	GG	4.278	5	4.279	02/01/2019	0	23
DanaInfra Nasional Berhad	07/27	GG	4.318	20	4.362	25/09/2018	-4	23
DanaInfra Nasional Berhad	10/28	GG	4.372	30	4.445	07/12/2018	-7	31
Prasarana Malaysia Berhad	09/29	GG	4.413	5	4.468	21/12/2018	-5	35
Lembaga Pembiayaan Perumahan Sektor Awam	09/36	GG	4.759	4	4.831	21/09/2018	-7	17
GB Services Berhad	11/19	AAA	4.246	5	4.292	20/12/2018	-5	81
Cagamas Berhad	03/21	AAA	4.004	70	3.940	18/12/2018	6	49
GENM Capital Berhad	03/22	AAA	4.650	30	4.615	28/11/2018	4	108
Malaysia Steel Works (KL) Berhad	11/23	AAA	5.029	5	5.029	02/01/2019	0	129
GENM Capital Berhad	07/28	AAA	4.872	2	4.890	31/12/2018	-2	81
Projek Lebuh raya Usahasama Berhad	01/32	AAA	4.730	40	4.769	21/12/2018	-4	32
Sabah Development Bank Berhad	08/19	AA1	4.460	30	4.501	21/12/2018	-4	102
Hong Leong Bank Berhad	06/24	AA1	4.185	10	4.301	22/10/2018	-12	45
YTL Power International Berhad	05/27	AA1	4.857	20	4.871	27/12/2018	-1	81
Tanjung Bin Power Sdn Berhad	08/19	AA2	4.145	15	4.112	27/12/2018	3	70
Konsortium ProHAWK Sdn Berhad	12/20	AA2	4.275	20	4.317	19/12/2018	-4	76
Krung Thai Bank Public Company Limited	07/25	AA2	4.614	10	4.612	02/01/2019	0	64
PBFIN Berhad	11/59	AA2	4.318	10	4.551	18/12/2018	-23	-27
BEWG (M) Sdn Berhad	07/20	AA	4.447	10	4.501	20/12/2018	-5	93
Edra Energy Sdn Berhad	01/25	AA3	5.408	5	5.323	05/04/2018	9	150
RHB Investment Bank Berhad	04/25	AA3	4.334	40	4.800	17/08/2018	-47	42
RHB Bank Berhad	05/25	AA3	4.290	10	4.435	10/10/2018	-15	38
Edra Energy Sdn Berhad	01/26	AA3	5.469	5	5.479	23/11/2018	-1	150
Edra Energy Sdn Berhad	07/26	AA3	5.527	5	5.560	27/12/2018	-3	148
Edra Energy Sdn Berhad	01/27	AA3	5.567	10	5.600	26/12/2018	-3	152
Edra Energy Sdn Berhad	07/27	AA3	5.589	10	5.570	10/12/2018	2	150
IJM Corporation Berhad	08/28	AA3	4.839	10	4.909	11/12/2018	-7	77
UEM Sunrise Berhad	06/19	AA-	4.240	5	4.357	12/12/2018	-12	80
UEM Sunrise Berhad	12/20	AA-	4.538	20	4.637	14/12/2018	-10	102
UEM Sunrise Berhad	06/21	AA-	4.632	10	4.791	15/01/2018	-16	112
WCT Holdings Berhad	10/21	AA-	4.897	5	4.901	02/01/2019	0	132
UEM Sunrise Berhad	10/21	AA-	4.644	15	0.000	-	-	107
UEM Sunrise Berhad	04/22	AA-	4.681	1	4.641	27/09/2018	4	111
MMC Corporation Berhad	11/25	AA-	5.438	7	5.440	02/01/2019	0	147
Serba Dinamik Holdings Berhad	10/28	AA-	5.227	15	5.238	02/01/2019	-1	116
Lebuh raya DUKE Fasa 3 Sdn Berhad	08/29	AA-	4.948	5	4.950	02/01/2019	0	88
Bank Islam Malaysia Berhad	11/27	A1	4.745	25	4.749	02/01/2019	0	66
Bright Focus Berhad	01/31	A1	7.203	5	7.203	02/01/2019	0	314
DRB-Hicom Berhad	07/19	A+	5.498	1	0.000	-	-	206
Bank Muamalat Malaysia Berhad	06/26	A3	5.443	7	5.528	04/12/2018	-9	147
Mah Sing Perpetual	-	-	6.300	1	6.381	12/12/2018	-8	-
				<u>557</u>				

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

Market/Corporate News: What's Brewing

The deal to sell Malaysia Airports Holdings Bhd's (MAHB) stake in Hyderabad Airport to the airport's majority shareholder, GMR Airports Ltd, may have lapsed, but this does not mean both companies will not re-look it, industry sources say. Both parties have had a long relationship and while airport operator MAHB is keen to divest its stakes overseas to rebalance its portfolio and unlock the value of its investments, GMR Airports – a renowned airport operator in India – is best suited to increase its stake in the airport. However, a final decision on the matter on MAHB's side would be made by its board later this month, sources said. Some analysts have alluded to the fact that it has always been part of MAHB's plan to divest to unlock the value of its investments. It believes MAHB and GMR Airports will continue their talks even after the termination, as the termination was due to timing issues. MAHB's share price fell marginally on news that the deal had lapsed. The counter closed at RM8.25, down eight sen, in yesterday's trading. The agreement to dispose of 11% in GMR Hyderabad International Airport Ltd (GHIAL) was terminated at the end of last month because GMR Airports could not fulfil certain conditions on time. In February last year, MAHB announced that it was selling its 11% stake in GHIAL for US\$76.06mil (RM316.4mil) to GMR Airports. The estimated gain from the disposal was about RM255.14mil. MAHB had invested RM40.2mil for the stake in 2002. GMR Airports is the biggest shareholder in GHIAL with a 63% stake, followed by Airports Authority of India (13%), the Telangana state government (13%) and MAHB (11%). In 2015, MAHB had also divested its 10% stake in Delhi International Airport Pte Ltd for RM292.6mil to GMR Airports. MAHB could have used the proceeds to pare down its debt. Analysts said MAHB's net gearing ratio

would decrease from 0.32 times to 0.29 times as at Sept 30, 2018, and its finance cost would be reduced by about 8.9% per year. "Notwithstanding this, we believe the current net gearing level of MAHB is still manageable," a research house said in a note. It added that while the termination has put on hold the unlocking of MAHB's investment value in India, it believed the airport operator could still leverage on its stake in GHIAL to attract more Indian-based airlines as part of its global transit network. "The commencement of flights by Indian low-cost airline, IndiGo Airlines, to KLIA2 partially contributed to the 3.9% year-on-year growth in international passengers, the largest in three months, pushing the load factor to 77.8%, which is 1.7 percentage points higher than a year ago. "Therefore, we do not discount the possibility of more flight arrangements with IndiGo Airlines, as it commanded a market share of 43% in India as at November 2018, making it India's largest passenger airline," MIDF Research said. Although the deal has lapsed, Analysts believe that MAHB is riding on a positive trajectory based on its latest passenger data and will continue to attract more new airlines. It will also offer increased connectivity to weigh in on the effects of the departure levy set to be imposed in June 2019 for outgoing international passengers. (Source: The Star)

The Employees Provident Fund's (EPF) has said that its purchase of 2,330 acres (943ha) of land in Sungai Buloh from Aset Tanah Nasional Bhd (ATNB) was done on an arm's length basis. The EPF said in a statement to The Star today that it had no knowledge of any arrangements between the Malaysian Rubber Board (MRB) and ATNB as raised by Primary Industries Minister Teresa Kok earlier today. The EPF said it had followed a strict framework in all of its investments which required it to conduct robust due diligence prior to any transaction. "The RM2.28 billion purchase price was reflective of the fair market value of the land, given its prime location between Kota Damansara and Sungai Buloh. "The transaction was done at an arm's length basis for the development of Kwasa Damansara, a township with a mix of residential and commercial properties, infrastructure and public amenities," it said in the statement, The Star Online reported. Earlier today, Teresa Kok said at a press conference that the MRB was short-changed by at least RM780 million for partial land sale in Sungai Buloh to a special purpose vehicle (SPV) under the Ministry of Finance (MoF) back in 2010. Theresa added that MRB had also incurred losses of RM70 million after paying for an incomplete development in a separate portion of the same land — Lot 481 in Sungai Buloh — which was awarded in 2013 and terminated months before the 14th General Election. The 2,800 acres sold to the SPV, ATNB, was part of 3,385 acres within Lot 481, said Kok. It was sold by MRB to ATNB for RM1.5 billion via direct sale under the instruction of the Cabinet at the time, she added. "However, it has now come to the knowledge of MRB that thereafter [in 2011], the said 2,800 acres of land was subsequently bought by Kwasa Land Sdn Bhd for sale consideration of about RM2.28 billion," said Kok. According to Kwasa Land's official website, the company was formed in 2010 as a wholly-owned unit of the Employees Provident Fund (EPF) to specially undertake the development of 2,330 acres of prime land located in the Klang Valley, formerly belonging to MRB. It begs the question as to why the land was first sold to ATNB and not sold to EPF via direct sale instead, said present MRB chairman Sankara Nair. (Source: The Edge)

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 Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.com.my

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