

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.93	-10
5-yr UST	1.90	-7
10-yr UST	2.11	-5
30-yr UST	2.56	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.39	-1	3.43	-1
5-yr	3.50	-2	3.58	-2
7-yr	3.69	1	3.70	-3
10-yr	3.77	-1	3.82	0
15-yr	4.04	-4	4.09	0
20-yr	4.27	-1	4.29	-3
30-yr	4.50	-4	4.59	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.42	-2
3-yr	3.42	-3
5-yr	3.48	-2
7-yr	3.55	-3
10-yr	3.74	-2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- The US Treasuries rallied further, led by the short-end as the curve bull-steepened on save-haven bids due to the triple whammy of elevated global trade tensions, weaker inflation and slower global economic growth denoted by recent series of weaker Purchasing Managers indices worldwide. Overall benchmark yields ended 4-10bps lower with the UST 2Y at 1.93% and the much-watched 10Y closing 5bps lower at 2.11%; the lowest since September 2017. US manufacturing activity unexpectedly fell in May to the weakest level in more than 2.5 years amid global trade tensions. Even German bunds too have fallen to an all-time low. The fed fund futures have now priced in up to 69bps of interest rate cuts this year; meaning that the market is now pricing in more than two cuts than few days back.

MGS/GII

- Trading momentum in local govies remained solid despite secondary market volume easing slightly to RM4.08b. Benchmark yields ended mostly 0-4bps lower save for the 7Y MGS. Interest was mainly seen in the off-the-run 19's and benchmark 7Y, 15Y bonds. The benchmark 5Y MGS 4/23 closed another 2bps lower at 3.50% whilst the 10Y MGS 8/29 edged 1bps lower at 3.77%. GII bond trades dropped to form 30% of overall trades. Meanwhile Malaysia turned in better-than-expected trade numbers in April. Nevertheless the expected sluggish growth across EM Asia Pacific as a whole may cause policy stimulus to accelerate across the region.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw secondary volume sharply lower with lower interest in the GG-part of the curve. The sole Govt-guaranteed trades i.e. PTPTN 2/34 and 3/39 however closed 9-10bps lower at 4.22% and 4.38% respectively compared to previous-done levels. Meanwhile the AAA-rated PUTRAJAYA Holdings 5/25 and danum Capital 2/26 edged 1bps lower at 4.07% and 4.00% each. The AA-space saw the toll-operator; KESTURI 12/24 move 7bps lower at 4.45% whilst IJM 10/24 closed sharply lower on yields at 4.35% compared to its last trade some 10 months back. The banking space saw continued interest in Sabah Development Bank 19's as it ended 8bps lower at 4.04% on substantial volume.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	10/19	3.150	202	3.160	31/05/2019	-1
MGS	11/19	3.150	307	3.158	31/05/2019	-1
MGS	03/20	3.289	8	3.203	31/05/2019	9
MGS	07/20	3.284	8	3.262	29/05/2019	2
MGS	10/20	3.244	95	3.265	31/05/2019	-2
MGS	02/21	3.316	1	3.329	31/05/2019	-1
MGS	07/21	3.333	45	3.359	31/05/2019	-3
MGS	09/21	3.335	107	3.378	31/05/2019	-4
MGS	11/21	3.376	6	3.388	31/05/2019	-1
MGS	03/22	3.390	172	3.396	31/05/2019	-1
MGS	08/22	3.470	6	3.467	31/05/2019	0
MGS	03/23	3.493	4	3.550	31/05/2019	-6
MGS	04/23	3.500	24	3.550	31/05/2019	-5
MGS	07/24	3.597	122	3.640	31/05/2019	-4
MGS	09/24	3.599	62	3.621	31/05/2019	-2
MGS	03/25	3.678	110	3.716	31/05/2019	-4
MGS	07/25	3.755	50	3.796	21/05/2019	-4
MGS	09/25	3.706	40	3.747	31/05/2019	-4
MGS	04/26	3.725	10	3.774	31/05/2019	-5
MGS	07/26	3.685	380	3.690	31/05/2019	0
MGS	11/26	3.730	71	3.784	31/05/2019	-5
MGS	03/27	3.794	2	3.894	24/05/2019	-10
MGS	05/27	3.820	1	3.819	29/05/2019	0
MGS	11/27	3.794	105	3.839	31/05/2019	-4
MGS	06/28	3.833	21	3.865	31/05/2019	-3
MGS	08/29	3.768	308	3.780	31/05/2019	-1
MGS	04/30	3.889	16	3.950	31/05/2019	-6
MGS	06/31	3.959	177	4.016	31/05/2019	-6
MGS	04/33	4.053	43	4.116	31/05/2019	-6
MGS	11/33	4.035	212	4.078	31/05/2019	-4
MGS	05/35	4.191	1	4.228	31/05/2019	-4
MGS	04/37	4.289	18	4.297	31/05/2019	-1
MGS	06/38	4.274	111	4.274	31/05/2019	0
MGS	09/43	4.499	14	4.525	31/05/2019	-3
MGS	03/46	4.554	5	4.573	31/05/2019	-2
MGS	07/48	4.499	15	4.544	31/05/2019	-4
GII	04/20	3.235	21	3.317	30/05/2019	-8
GII	05/20	3.270	10	3.280	31/05/2019	-1
GII	08/20	3.295	10	3.303	31/05/2019	-1
GII	08/21	3.412	55	3.447	27/05/2019	-4
GII	03/22	3.427	150	3.439	31/05/2019	-1
GII	07/22	3.535	30	3.581	23/05/2019	-5
GII	07/22	3.484	70	3.492	31/05/2019	-1
GII	11/22	3.543	10	3.544	29/05/2019	0
GII	07/23	3.595	5	3.584	31/05/2019	1
GII	10/23	3.604	20	3.653	30/05/2019	-5
GII	11/23	3.585	190	3.616	31/05/2019	-3
GII	05/24	3.632	3	3.635	31/05/2019	0
GII	08/24	3.639	11	3.654	31/05/2019	-2
GII	10/24	3.582	50	3.601	31/05/2019	-2
GII	10/25	3.743	3	3.762	29/05/2019	-2
GII	03/26	3.702	192	3.734	31/05/2019	-3
GII	09/26	3.770	10	3.793	31/05/2019	-2
GII	07/27	3.818	30	3.818	31/05/2019	0
GII	10/28	3.826	130	3.851	31/05/2019	-2
GII	09/30	3.968	10	3.968	31/05/2019	0
GII	06/33	4.138	110	4.120	31/05/2019	2
GII	08/33	4.091	40	4.143	30/05/2019	-5
GII	11/34	4.089	1	4.093	31/05/2019	0
GII	10/35	4.224	3	4.256	30/05/2019	-3
GII	09/39	4.294	42	4.338	31/05/2019	-4
GII	05/47	4.548	2	4.608	16/05/2019	-6
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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*
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	4.220	15	4.307	27/05/2019	-9	18
Perbadanan Tabung Pendidikan Tinggi Nasional	03/39	GG	4.378	20	4.479	27/05/2019	-10	12
Impian Ekspresi Sdn Berhad	11/20	AAA	4.277	3	4.454	28/03/2019	-18	105
First Abu Dhabi Bank PJSC	12/20	AAA	3.812	10	3.830	29/05/2019	-2	47
Danum Capital Berhad	05/23	AAA	3.909	10	3.910	29/05/2019	0	43
Putrajaya Holdings Sdn Berhad	05/25	AAA	4.075	10	4.088	24/05/2019	-1	44
Danum Capital Berhad	02/26	AAA	4.002	10	4.008	27/05/2019	-1	36
Putrajaya Holdings Sdn Berhad	05/26	AAA	4.105	5	4.119	24/05/2019	-1	46
EKVE Sdn Berhad	01/32	AAA	4.386	5	4.400	24/05/2019	-1	35
Sabah Development Bank Berhad	07/19	AA1	4.037	110	4.113	31/05/2019	-8	81
Sime Darby Plantation Sdn Bhd	03/16	AA	4.227	10	4.416	07/05/2019	-19	-3
PBFIN Berhad	06/59	AA2	7.234	2	7.234	29/05/2019	0	298
Malakoff Power Berhad	12/19	AA-	3.815	2	3.819	30/05/2019	0	59
Segi Astana Sdn Berhad	01/23	AA-	5.029	1	5.227	06/06/2018	-20	155
Konsortium Lebuhraya Utara-Timur (KL) Sdn Bert	12/24	AA-	4.449	50	4.518	11/04/2019	-7	82
MEX II Sdn Berhad	04/34	AA-	5.743	1	5.423	26/09/2018	32	170
Tanjung Bin Energy Issuer Berhad	09/19	AA3	3.731	10	4.238	28/03/2018	-51	50
IJM Corporation Berhad	10/24	AA3	4.354	25	4.648	29/08/2018	-29	83
Edra Energy Sdn Berhad	07/31	AA3	4.930	3	5.709	15/04/2019	-78	118
Special Power Vehicle Berhad	05/21	A1	4.255	2	4.607	15/02/2019	-35	91
Tan Chong Motor Holdings Berhad	11/21	A1	4.392	1	4.886	30/05/2019	-49	105
CIMB Group Holdings Berhad	05/16	A1	4.571	1	4.431	23/05/2019	14	32
CIMB Group Holdings Berhad	05/16	A1	4.648	1	4.330	31/05/2019	32	39
UMW Holdings Berhad	04/18	A1	5.049	1	5.078	29/05/2019	-3	79
				306				

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

Market/Corporate News: What's Brewing

The Securities Commission Malaysia (SC) has affirmed that the RM140 million proposed merger between Apex Equity Holdings Bhd's subsidiary JF Apex Securities Bhd and Mercury Securities Sdn Bhd can proceed. This is made possible after the regulator varied its decision to decouple three conditions imposed earlier requiring Apex Equity's single largest shareholder ACE Investment Bank Ltd (ACE IB) to dispose of its entire 24% stake within six months and have its representatives exit the board of the company, upon completion of the merger. "Yes, Apex Equity can proceed with the proposed merger subject to it meeting the condition set by the SC on May 27. As mentioned, the conditions for the proposed merger have been decoupled and the SC will pursue the compliance of these conditions with ACE IB separately," the spokesman explained. With regard to the fourth condition SC imposed, where the proposed merger should not have "adverse record from the vetting which is currently pending", the spokesperson said this will be the only condition retained for SC's approval. "This is the only condition retained on the SC's approval for the proposed merger and is a requirement imposed on all licensed entities under the SC. "Under section 64 and [section] 65 of the CMSA (Capital Markets and Services Act) as well as the Licensing Handbook, all licensed entities and controllers, directors, managers, chief executives and licensed representatives of a licensed entity are required to be fit and proper at all times," the spokesman explained. (Source: *The EdgeMarkets*)

Can-One Bhd announced to Bursa Malaysia that it has today received a conditional offer from Asia Dairy Creations Sdn Bhd (ADCSB) to acquire its entire stake of F&B Nutrition Sdn Bhd for up to RM1 billion. The offer price of between RM800 million to RM1 billion exceeds Can-One's market capitalisation of RM659 million based on today's

closing of RM3.43. However, it is worth noting that Can One is given less than 48 hours to deliberate the deal. According to the announcement to Bursa Malaysia, the offer shall remain open for acceptance from the date of the offer letter until 5pm on June 4 after which it will automatically lapse. "The board will deliberate on the offer and decide on the next course of action, and an announcement on the same will be made in due course," said Can-One in a filing with Bursa Malaysia this evening. In the filing, Can One announced that ADCSB, a special purpose vehicle managed by Singapore-based Southern Capital Group Pte Ltd, is offering to buy F&B Nutrition from Can-One at an indicative consideration of between RM800 million to RM1 billion. F&B Nutrition is an original equipment manufacturer (OEM) of sweetened creamer and evaporated creamer while Southern Capital is a private equity firm focusing on control buyout of high growth middle market businesses in Southeast Asia. None of the directors, major shareholders of Can-One and/or persons connected with them has any interest, whether directly or indirectly, in the offer, said the company. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Bright Focus Berhad	RM1.35 bil Sukuk Musharakah (2014/2031)	From A1 to BB1/Negative	Downgraded

Source: RAM, MARC

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