

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.34	0
5-yr UST	2.32	-1
10-yr UST	2.52	-1
30-yr UST	2.92	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.38	-1	3.47	-1
5-yr	3.52	-2	3.63	-2
7-yr	3.67	-2	3.79	0
10-yr	3.76	-1	3.82	-1
15-yr	4.09	1	4.10	0
20-yr	4.28	-2	4.41	0
30-yr	4.57	-1	4.61	-1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.54	0
3-yr	3.53	-3
5-yr	3.62	-1
7-yr	3.72	-4
10-yr	3.90	-4

Source : Bloomberg

Upcoming Government Bond Tender

Re-opening of 15Y MGS 11/33 consisting of RM2.5b + RM1.0b Private Placement on Friday, 5th April

US Treasuries

- US Treasuries ended marginally firmer on Thursday amid a muted session ahead of the all-important March jobs data tonight. The curve flattened with the front-end steady with overall benchmark yields closing within 1bps of prior day's close. The UST 2Y was at 2.34% and the much-watched 10Y edging 1bps lower at 2.52%. The March jobs data is deemed critical amid a slew of disappointing economic data of late including the weak hiring in February. Meanwhile, Trump said that the US-China "trade war" is nearing the end and a mammoth agreement is expected to be announced in a month.

MGS/GII

- Local govvnies saw solid momentum yesterday as total volume notched RM6.43b with interest seen in the off-the-run 19-20's, 30's and also benchmark 5Y and 30Y bonds. Overall benchmark yields however ended mostly lower by 0-2bps. The 5Y benchmark MGS 4/23 ended 2bps lower at 3.52% whilst the 10Y MGS 8/29 edged 1bps lower at 3.76%. GII bonds rose to form 45% of overall trades. Malaysia's relatively high government debt is partly offset by a favourable debt structure and large domestic savings, according to latest update from Moody's. Meantime the latest trade data for February still showed a positive surplus despite exports declining by 5.3% YOY mainly due to the short February-month, Chinese lunar festivities and slower global demand. Expect attention to be focused on the 15Y MGS auction scheduled for today.

Corp Bonds/Sukuk

- Investor interest in Corporate Bonds/Sukuk was upbeat with volume at RM1.18b and demand mainly across the GG-AA part of the curve. A slew of Govt-guaranteed DANAINFRA bonds dominated this space followed by other names like PTPTN, PRASARANA and LPPSA bonds up to 30Y tenures. Both DANA 32-34's together with PRASA 11/28 and 12/33 rallied the most by a massive 32-51bps compared to previous-done levels between 4.17-23% levels and 3.96-4.20% respectively. The short-end AAA-rated CAGAMAS 19's also closed lower on yields at 3.60% area whilst AMAN 24-25's ended 7-12bps lower at 4.12% and 4.16% each. TELEKOM 28's also saw demand causing yields to end lower between 4.30-33%. AA-rated space saw IJM end 54bps lower at 4.63% whilst SEB 12/32 closed 7bps lower at 4.44%. The banking space saw Affin Islamic Bank Perps edge 2bps lower at 4.84%.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.324	81	3.347	03/04/2019	-2
MGS	11/19	3.320	202	3.336	03/04/2019	-2
MGS	03/20	3.360	570	3.357	03/04/2019	0
MGS	07/20	3.277	10	3.381	02/04/2019	-10
MGS	10/20	3.373	152	3.388	03/04/2019	-1
MGS	07/21	3.420	136	3.422	03/04/2019	0
MGS	09/21	3.423	17	3.403	03/04/2019	2
MGS	11/21	3.427	29	3.439	03/04/2019	-1
MGS	03/22	3.375	24	3.387	03/04/2019	-1
MGS	09/22	3.502	50	3.529	03/04/2019	-3
MGS	03/23	3.554	60	3.584	02/04/2019	-3
MGS	04/23	3.515	144	3.540	02/04/2019	-2
MGS	08/23	3.599	21	3.607	02/04/2019	-1
MGS	07/24	3.671	87	3.676	03/04/2019	-1
MGS	09/24	3.683	23	3.683	03/04/2019	0
MGS	03/25	3.682	150	3.725	03/04/2019	-4
MGS	09/25	3.708	125	3.726	03/04/2019	-2
MGS	04/26	3.747	20	3.754	03/04/2019	-1
MGS	07/26	3.668	85	3.692	03/04/2019	-2
MGS	11/26	3.695	52	3.703	02/04/2019	-1
MGS	05/27	3.850	110	3.840	03/04/2019	1
MGS	11/27	3.788	19	3.811	03/04/2019	-2
MGS	06/28	3.765	56	3.779	03/04/2019	-1
MGS	08/29	3.755	190	3.767	03/04/2019	-1
MGS	04/30	3.941	359	3.946	03/04/2019	-1
MGS	06/31	3.962	145	3.992	03/04/2019	-3
MGS	04/33	4.041	20	4.067	03/04/2019	-3
MGS	04/37	4.254	34	4.261	03/04/2019	-1
MGS	06/38	4.276	70	4.292	03/04/2019	-2
MGS	09/43	4.517	70	4.534	03/04/2019	-2
MGS	07/48	4.569	416	4.578	03/04/2019	-1
GII	04/20	3.376	70	3.395	03/04/2019	-2
GII	08/20	3.459	150	3.540	26/03/2019	-8
GII	03/21	3.449	6	3.487	03/04/2019	-4
GII	04/21	3.489	40	3.513	02/04/2019	-2
GII	03/22	3.469	231	3.477	03/04/2019	-1
GII	07/22	3.614	60	3.861	26/12/2018	-25
GII	07/22	3.544	200	3.548	03/04/2019	0
GII	07/23	3.646	120	3.653	01/04/2019	-1
GII	11/23	3.635	314	3.657	03/04/2019	-2
GII	08/24	3.712	140	3.723	03/04/2019	-1
GII	10/25	3.800	100	3.822	03/04/2019	-2
GII	03/26	3.716	50	3.742	03/04/2019	-3
GII	09/26	3.799	130	3.815	03/04/2019	-2
GII	07/27	3.860	30	3.874	03/04/2019	-1
GII	10/28	3.871	340	3.896	03/04/2019	-2
GII	12/28	3.879	60	3.934	03/04/2019	-6
GII	07/29	3.815	101	3.833	03/04/2019	-2
GII	09/30	4.004	170	4.058	02/04/2019	-5
GII	06/33	4.101	220	4.114	03/04/2019	-1
GII	08/33	4.181	2	4.156	01/04/2019	3
GII	10/35	4.289	80	4.293	03/04/2019	0
GII	09/39	4.355	180	4.370	03/04/2019	-1
GII	05/47	4.608	110	4.620	29/03/2019	-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*
Danainfra Nasional Berhad	07/22	GG	3.693	25	4.024	09/01/2019	-33	30
PR1MA Corporation Malaysia	10/24	GG	3.910	30	3.950	29/03/2019	-4	27
Perbadanan Tabung Pendidikan Tinggi Nasional	07/26	GG	3.948	20	4.039	26/03/2019	-9	26
Jambatan Kedua Sdn Berhad	07/26	GG	3.970	30	3.979	01/04/2019	-1	28
Danainfra Nasional Berhad	03/27	GG	3.931	20	3.951	03/04/2019	-2	21
Danainfra Nasional Berhad	07/27	GG	3.938	40	4.018	26/03/2019	-8	22
Prasarana Malaysia Berhad	11/28	GG	3.960	20	4.408	26/12/2018	-45	20
Perbadanan Tabung Pendidikan Tinggi Nasional	07/31	GG	4.099	10	4.199	26/03/2019	-10	34
MKD Kencana Sdn Berhad	10/32	GG	4.214	60	4.510	05/03/2019	-30	14
Danainfra Nasional Berhad	11/32	GG	4.171	40	4.493	04/03/2019	-32	10
Prasarana Malaysia Berhad	12/33	GG	4.199	5	4.629	28/01/2019	-43	13
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	4.251	20	4.284	03/04/2019	-3	18
Prasarana Malaysia Berhad	03/34	GG	4.219	5	4.239	03/04/2019	-2	15
Danainfra Nasional Berhad	04/34	GG	4.229	40	4.719	27/12/2018	-49	16
Danainfra Nasional Berhad	07/34	GG	4.214	40	4.721	14/11/2018	-51	14
Danainfra Nasional Berhad	04/37	GG	4.431	10	4.500	29/03/2019	-7	14
Perbadanan Tabung Pendidikan Tinggi Nasional	07/41	GG	4.599	20	4.628	03/04/2019	-3	31
Prasarana Malaysia Berhad	09/42	GG	4.579	10	4.654	22/03/2019	-8	29
Lembaga Pembiayaan Perumahan Sektor Awam	09/46	GG	4.674	20	4.760	26/03/2019	-9	39
Danainfra Nasional Berhad	04/48	GG	4.669	30	4.701	02/04/2019	-3	38
Danainfra Nasional Berhad	11/48	GG	4.691	5	4.984	15/02/2019	-29	40
Danainfra Nasional Berhad	02/49	GG	4.705	10	4.725	02/04/2019	-2	42
Cagamas Berhad	08/19	AAA	3.600	40	3.680	08/03/2019	-8	24
Cagamas Berhad	09/19	AAA	3.599	20	3.835	18/10/2018	-24	24
CJ Capital Sdn Berhad	07/20	AAA	8.431	150	4.243	27/02/2019	419	508
GENM Capital Berhad	08/20	AAA	4.100	5	4.465	18/12/2018	-37	74
GENM Capital Berhad	07/23	AAA	4.450	50	4.451	03/04/2019	0	96
Putrajaya Holdings Sdn Berhad	09/23	AAA	4.066	10	4.087	29/03/2019	-2	58
Aman Sukuk Berhad	05/24	AAA	4.120	20	4.241	12/03/2019	-12	59
Aman Sukuk Berhad	05/25	AAA	4.160	10	4.228	20/03/2019	-7	52
GENM Capital Berhad	08/25	AAA	4.558	30	4.761	14/11/2018	-20	91
Projek Lebuhraya Usahasama Berhad	01/28	AAA	4.228	20	4.252	03/04/2019	-2	48
Telekom Malaysia Berhad	05/28	AAA	4.299	30	4.487	05/03/2019	-19	55
Telekom Malaysia Berhad	10/28	AAA	4.329	50	4.359	29/03/2019	-3	57
Projek Lebuhraya Usahasama Berhad	01/30	AAA	4.284	40	4.539	25/02/2019	-26	52
Tenaga Nasional Berhad	08/37	AAA	4.569	10	4.609	29/03/2019	-4	28
YTL Power International Berhad	05/27	AA1	4.639	4	4.678	26/03/2019	-4	92
Sarawak Energy Berhad	12/32	AA1	4.438	20	4.509	28/03/2019	-7	36
Mumtaz Rakyat Sukuk Berhad	06/26	AA3	4.430	20	4.469	21/03/2019	-4	74
IJM Corporation Berhad	08/28	AA3	4.634	20	4.688	13/03/2019	-5	89
AmBank (M) Berhad	11/28	AA3	4.667	30	4.980	16/11/2018	-31	91
Dynasty Harmony Sdn Berhad	06/29	AA3	5.930	5	5.990	28/02/2019	-6	217
Southern Power Generation Sdn Berhad	10/30	AA-	4.452	20	4.769	15/11/2018	-32	69
Dynasty Harmony Sdn Berhad	12/31	AA3	6.180	5	-	-	-	211
UEM Sunrise Berhad	10/25	AA-	4.607	10	4.678	21/03/2019	-7	92
Tanjung Bin O&M Berhad	06/28	AA-	4.528	7	4.829	28/08/2018	-30	78
CIMB Group Holdings Berhad	05/16	A1	4.684	1	4.893	02/04/2019	-21	40
Affin Islamic Bank Berhad	10/17	A3	4.837	40	4.859	29/03/2019	-2	55
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

The Employees Provident Fund (EPF) and Permodalan Nasional Bhd (PNB) should not be classified as government-linked investment companies (GLICs) because their source of funds is money from their members and has nothing to do with the government. The only true GLICs out there are Khazanah Nasional Bhd and Retirement Fund Inc (KWAP), as the money managed by these two entities are excess funds from the government. This is the view taken by Khazanah managing director Datuk Shahril Ridza Ridzuan (pic), who was formerly the CEO of EPF. "When you actually look at the question of what is a GLC or GLIC, you have to be very clear on the definition of what really is a GLC. "I was running the EPF and the point of view is that the EPF should not be a GLC. The source of funds of the EPF and PNB is actually the members' money. It has nothing to do with the government," he said at the Perdana Leadership Foundation

CEO Forum. Shahril also stressed that not all companies that sat under Khazanah or KWAP should be GLCs, as there are companies that are held purely for investment purposes. "Which is why at Khazanah today, we're very clear that Khazanah performs two functions – the commercial and strategic roles. "Our commercial role is similar to a lot of other funds in the world, and that's really about moving assets for the country for the long term and acting as a diversifier for the national budget, providing returns that the government can rely on, away from the original taxation and source of income," Shahril said. He added that the strategic role is where Khazanah worked with the government to own critical assets, which would then be used to develop technology or industries that are vital for the country and this is where the companies became GLCs. Companies such as IHH Healthcare Bhd, CIMB Group Holdings Bhd and Axiata Group Bhd are no longer GLCs and in Shahril's opinion, should not have been GLCs in the first place because they are in industries that subject them to pure market pressure. "The role of GLCs in Khazanah is basically in regulated industries like Tenaga Nasional Bhd, Telekom Malaysia Bhd, PLUS Expressways to a certain extent, and Malaysia Airports Holdings Bhd, where there is a bit of interest using growth, regulation and ownership to derive a balanced outcome, as well as producing returns on those assets. "Actually, analysing that and being very clear about that, this whole idea that GLCs or the government is (crowding) the Malaysian economy actually goes away. "You should not define the entity by its ownership but by its role and when we actually look at that, the impact is much lower," he said. EPF head of economics and capital markets department Nurhisham Hussein concurred, saying that there is a tendency to lump the companies together in a single group and that is a mistake. "It's really from the view of maximising returns. However, there is also that subset of GLCs that are really critical towards economic development. "So, there is a need for greater transparency, governance and specific mandates that these companies need to focus on," said Nurhisham. He added that there is a need to distinguish entities that have economic development and social purposes. On whether Khazanah receives clarity from the government on the specific framework it should work on, Shahril said governance is of utmost importance and everything has to go through the board of directors. Even Prime Minister Tun Dr Mahathir Mohamad and Economic Affairs Minister Datuk Seri Mohamed Azmin Ali sit on the board. Meanwhile, speaking to reporters after the forum, Shahril said Khazanah is still awaiting a proposal from Malaysia Airlines Bhd (MAS) and hoped to submit it to the government before year-end. The national airline had accounted for around half of Khazanah's impairments of RM7.3bil last year. Dr Mahathir had said late last month that it would seem as though the country could not afford MAS. The government is studying whether it should sell MAS, as the carrier is still suffering losses. Council of Eminent Persons chairman Tun Daim Zainuddin had said that several foreign companies, including from Europe, Asia and the Middle East, have expressed interest to acquire a stake in the airline. (Source: *The Star*)

The Association of Southeast Asian Nations (ASEAN), the Asian Development Bank (ADB) and major financiers on Thursday launched a facility to spur more than US\$1 billion in green infrastructure investments across Southeast Asia. The facility offers loans and technical assistance for sovereign projects in areas such as sustainable transport and clean energy, the ADB said during the meetings of ASEAN's finance ministers and central bank governors. "Through the ASEAN Catalytic Green Finance Facility, ADB will support ASEAN governments in developing green and climate-friendly infrastructure projects," ADB President Takehiko Nakao said in a statement. It will mobilise a total of US\$1 billion, including US\$75 million from the ASEAN Infrastructure Fund (AIF), US\$300 million from the ADB, US\$336 million from KfW, 150 million euros from the European Investment Bank, and 150 million euros from Agence Francaise de Developpement. It is part of a new "Green and Inclusive Infrastructure Window" under the AIF, a regional financing initiative established by ASEAN governments and the ADB in 2011. Since then, the AIF has committed US\$520 million

for regional energy, transport, water and urban infrastructure projects. ASEAN groups Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. (Source: *The EdgeMarkets*)

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.hongleong.com.my

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