

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.31	-4
5-yr UST	2.27	-6
10-yr UST	2.47	-5
30-yr UST	2.89	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.41	-2	3.44	-5
5-yr	3.58	-3	3.63	-1
7-yr	3.75	-3	3.76	-2
10-yr	3.79	-1	3.89	-1
15-yr	4.17	0	4.17	-4
20-yr	4.35	0	4.35	0
30-yr	4.62	-1	4.63	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.52	-3
3-yr	3.53	-4
5-yr	3.59	-6
7-yr	3.67	-6
10-yr	3.87	-2

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- US Treasuries gained on safe-haven bids following US President Trump's trade tariff hike threats by US on Chinese goods taking effect this Friday. Nevertheless Chinese officials were still reputed to travel to US for the next round of talks scheduled on Wednesday. The curve shifted lower with overall benchmark yields 3-6bps lower. The UST 2Y closed 4bps lower at 2.31% whilst the much-watched 10Y bond was 5bps richer at 2.47%. Markets are expected to witness a bumper US IG issuances this week totaling some \$35-40b; led by the M & A deal involving Bristol-Myers Squibb. Meanwhile traders are mulling buying rate volatilities on long-maturity UST's.

#### MGS/GII

- Local govovies were well-bid on decent momentum with secondary volumes at RM3.04b. Interest was mainly seen in the off-the-run 20-21's and also the benchmark 5Y, 7Y bonds. Overall benchmark yields ended between 0-5bps lower with the benchmark 5Y MGS 4/23 at 3.58% whilst the 10Y MGS 8/29 edged a mere bps lower at 3.79%. GII bond trades rose to form 46% of overall trades. EM ETF's saw decent inflows into Bond and equity funds with Asia pacific still having the lion's share of assets at \$196b. Up next is BNM's MPC meeting on the Overnight Policy Rate today followed by Foreign Reserves as at 30<sup>th</sup> April.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw secondary volume ease to RM440m with interest mainly across the AAA followed by the AA-part of the curve. Both Govt-guaranteed DANA 4/22 and PTPTN 3/39 rallied 4bps to close at 3.65% and 4.53% respectively compared to previous-done levels. AAA-rated PLUS bonds saw another round of trades amounting to RM230m in nominal amounts with the 2024, 2029 and 2031 tranches closing unchanged at 4.06%, 4.25% and 4.33% each. Likewise AA-space was dominated by energy-related bonds with YTL Power 3/23 edging 1bps lower at 4.38% whilst a slew of EDRA 1/35 and Southern Power 10/33 closed sharply lower on yields at 5.88% and 4.56% respectively.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/19	3.305	1	3.253	03/05/2019	5
MGS	11/19	3.299	2	3.322	02/05/2019	-2
MGS	03/20	3.318	182	3.285	03/05/2019	3
MGS	07/20	3.384	4	3.385	03/05/2019	0
MGS	10/20	3.356	100	3.400	03/05/2019	-4
MGS	02/21	3.392	2	3.410	02/05/2019	-2
MGS	07/21	3.393	20	3.395	03/05/2019	0
MGS	09/21	3.415	152	3.420	03/05/2019	0
MGS	11/21	3.434	89	3.439	03/05/2019	0
MGS	03/22	3.411	124	3.434	03/05/2019	-2
MGS	08/22	3.528	1	3.534	03/05/2019	-1
MGS	09/22	3.533	8	3.549	02/05/2019	-2
MGS	03/23	3.614	9	3.647	03/05/2019	-3
MGS	04/23	3.581	53	3.612	03/05/2019	-3
MGS	08/23	3.644	5	3.659	03/05/2019	-1
MGS	07/24	3.710	76	3.708	03/05/2019	0
MGS	09/24	3.718	50	3.714	02/05/2019	0
MGS	03/25	3.785	1	3.757	03/05/2019	3
MGS	09/25	3.794	41	3.790	03/05/2019	0
MGS	04/26	3.845	92	3.863	02/05/2019	-2
MGS	07/26	3.753	463	3.785	03/05/2019	-3
MGS	09/26	3.843	40	3.883	29/03/2019	-4
MGS	11/26	3.892	11	3.900	03/05/2019	-1
MGS	05/27	3.895	20	3.909	02/05/2019	-1
MGS	11/27	3.885	4	3.916	03/05/2019	-3
MGS	06/28	3.904	13	3.897	02/05/2019	1
MGS	08/29	3.792	11	3.803	03/05/2019	-1
MGS	06/31	4.126	1	4.116	03/05/2019	1
MGS	04/33	4.202	20	4.211	02/05/2019	-1
MGS	03/46	4.618	14	4.626	03/05/2019	-1
MGS	07/48	4.616	20	4.629	03/05/2019	-1
GII	04/20	3.388	12	3.388	03/05/2019	0
GII	04/20	3.360	10	3.387	02/05/2019	-3
GII	05/20	3.414	50	3.416	30/04/2019	0
GII	08/20	3.378	30	3.383	03/05/2019	0
GII	10/21	3.578	80	3.801	20/12/2018	-22
GII	03/22	3.436	60	3.487	03/05/2019	-5
GII	03/23	3.728	40	3.935	21/12/2018	-21
GII	11/23	3.664	370	3.700	02/05/2019	-4
GII	08/24	3.703	30	3.716	03/05/2019	-1
GII	10/24	3.634	350	3.644	30/04/2019	-1
GII	08/25	3.793	25	3.809	02/05/2019	-2
GII	03/26	3.759	10	3.775	02/05/2019	-2
GII	07/27	3.878	40	3.885	03/05/2019	-1
GII	10/28	3.898	29	3.923	03/05/2019	-2
GII	07/29	3.890	3	3.901	03/05/2019	-1
GII	06/33	4.166	270	4.203	30/04/2019	-4
			<u>3038</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*
DanaInfra Nasional Berhad	04/22	GG	3.649	30	3.690	24/04/2019	-4	24
Lembaga Pembiayaan Perumahan Sektor Awam	10/38	GG	4.466	20	4.523	27/03/2019	-6	10
Perbadanan Tabung Pendidikan Tinggi Nasional	03/39	GG	4.530	10	4.569	03/05/2019	-4	17
Impian Ekspresi Sdn Berhad	11/19	AAA	3.932	10	3.941	03/05/2019	-1	60
Projek Lebuhraya Usahasama Berhad	01/24	AAA	4.057	40	4.060	03/05/2019	0	46
TNB Northern Energy Berhad	05/28	AAA	4.211	5	4.212	24/04/2019	0	40
Telekom Malaysia Berhad	10/28	AAA	4.299	10	4.317	30/04/2019	-2	48
TNB Northern Energy Berhad	11/28	AAA	4.221	5	4.221	03/05/2019	0	42
Projek Lebuhraya Usahasama Berhad	01/29	AAA	4.245	150	4.249	03/05/2019	0	45
Projek Lebuhraya Usahasama Berhad	01/31	AAA	4.329	40	4.324	03/05/2019	0	53
Manjung Island Energy Berhad	11/31	AAA	4.235	5	4.249	29/04/2019	-1	7
Sabah Development Bank Berhad	08/19	AA1	4.262	10	4.458	04/01/2019	-20	93
Sabah Development Bank Berhad	05/22	AA1	4.606	10	4.726	16/04/2019	-12	120
YTL Power International Berhad	03/23	AA1	4.378	40	4.388	17/04/2019	-1	83
TRIplic Medical Sdn Berhad	10/27	AA1	4.348	5	4.551	26/02/2019	-20	55
Edra Energy Sdn Berhad	07/23	AA3	5.118	4	5.305	08/02/2019	-19	157
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	12/26	AA-	4.538	10	4.538	03/05/2019	0	74
Southern Power Generation Sdn Berhad	10/33	AA-	4.559	10	4.960	18/12/2018	-40	40
Edra Energy Sdn Berhad	01/35	AA3	5.880	10	5.959	29/04/2019	-8	172
Edra Energy Sdn Berhad	07/36	AA3	6.038	3	6.219	07/03/2019	-18	188
Tan Chong Motor Holdings Berhad	11/21	A1	5.008	10	5.750	29/03/2019	-74	160
CIMB Group Holdings Berhad	05/16	A1	4.826	1	4.826	03/05/2019	0	46
UMW Holdings Berhad	04/18	A1	5.171	2	5.171	03/05/2019	0	81
				440				

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

## Market/Corporate News: What's Brewing

**Southeast Asia's central banks are taking a hard look at interest-rate cuts as global monetary policy turns more dovish, with Malaysia first in line with a possible move as soon as Tuesday.** It's a busy week for the region's policy makers with Bank Negara Malaysia's decision followed by policy announcements from the Bank of Thailand on Wednesday and Bangko Sentral ng Pilipinas on Thursday. Central banks are dialing back their hawkish stances of 2018, led by the Federal Reserve, which last week signaled it was firmly on hold from interest-rate action for the time being. With renewed drama in U.S.-China trade negotiations adding to economic risks, policy makers have fresh reason to consider accommodative stances if they see further disruptions to global and regional trade. Here's how officials in Malaysia, Thailand and the Philippines will be mulling monetary policy this week:

## Malaysia

Tuesday, 3 p.m. in Kuala Lumpur Bloomberg survey: 25 basis point cut (14 out of 23 economists) Economists are fairly split on Malaysia's policy announcement, with a slim majority seeing policy makers going ahead with their first interest-rate action since a January 2018 hike. The government is sticking to its 4.9 percent growth target for 2019 despite a weakening in global demand and a more subdued outlook from the central bank. Rising oil prices help the net energy exporter, while inflation remains benign. Bigger worries, though, include souring investor confidence as the replacement of the goods-and-services tax last year has brought little in the way of a pledged boost to consumption. Delays and cancellations of major infrastructure projects and lack of progress in reducing the fiscal deficit also weigh on sentiment. The ringgit has depreciated against the dollar in 2019, and equities have remained one of the worst performers across Asia. Alan Lau, an economist at Oversea-Chinese Banking Corp. in Singapore, sees Bank Negara opting to wait at least until July to make a move. The Malaysian central bankers have typically

given strong signals for forthcoming rate actions and those messages have been absent this time, he said.

#### Thailand

Wednesday, 2:05 p.m. in Bangkok Bloomberg survey: Hold (All 24 economists) Thailand is the most likely to stay on hold of any of the three Southeast Asian central banks this week, with a unanimous Bloomberg poll for the third straight meeting. Since raising the benchmark interest rate in December for the first policy change since 2015, the Bank of Thailand has seen the baht strengthen the most in Southeast Asia. That's weighing on the export outlook at the same time the election gridlock is adding to investor uncertainty. Burin Adulwattana, chief economist at Bangkok Bank Pcl, sees the central bank staying on hold for all of 2019 as growth prospects wither. "The Bank of Thailand has been caught between a rock and a hard place," said Burin. "They can't raise the rate given the weak economic backdrop and they can't cut the rate either given earlier hawkish stance." Governor Veerathai Santiprabhob is maintaining a cautious stance for now, telling economists last month that the Bank of Thailand hadn't closed the door to more interest-rate hikes in this cycle. Inflation remains subdued at the lower end of the 1 percent to 3 percent target range.

#### Philippines

Thursday, 4 p.m. in Manila Bloomberg survey: 25 bps cut (12 of 23 economists) The Philippine central bankers are navigating a tricky balance between managing a plunge in inflation from last year's nine-year high and the upward pressures from rising oil prices this year. That makes for a tough rate call on Thursday, with economists split on how Bangko Sentral will respond. For Governor Benjamin Diokno, policy easing is "just a matter of time" as the central bank looks to unwind its 175 basis points' worth of tightening last year and lower the reserve requirement ratio for banks. "At the moment, we're looking at possible monetary easing in light of the global trend," Diokno said. "The U.S has stopped the normalization process, the same thing with Japan. That gives us a lot of bullets for monetary easing. Philippine central bankers last month had signaled a preference to see more of last year's rate increases filter through to the economy before a reversal in 2019. At the same time, the peso has appreciated more than 1 percent against the dollar so far this year, among the better performances in Asia. That gives the central bank some room to consider cuts to the benchmark interest rate, which has stood at 4.75 percent since the last hike in November. (Source: *The EdgeMarkets Bloomberg*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Al-Aqar Capital Sdn Bhd	M295 million Class A RM60 million Class B Issue 2 Sukuk Ijarah under its RM1 billion IMTN Programme.	AAA/Stable AA2/Stable	Reaffirmed

Source: RAM, MARC

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