

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.49	-4
5-yr UST	2.47	-4
10-yr UST	2.66	-4
30-yr UST	3.00	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.60	4	3.67	0
5-yr	3.73	0	3.84	-1
7-yr	3.88	-1	4.01	-1
10-yr	4.00	-3	4.07	-1
15-yr	4.33	-4	4.44	-2
20-yr	4.53	-2	4.65	-4
30-yr	4.75	0	4.88	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.66	0
3-yr	3.68	1
5-yr	3.77	-1
7-yr	3.90	0
10-yr	4.06	0

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- US Treasuries ended Thursday on a positive note due to safe-haven bids following strong 30Y auction and fears on ongoing US-China trade stalemate. Benchmark yields were ended 4bps lower with both the 2Y and 10Y at 2.49% and 2.66% respectively. The \$19b 30Y bond auction saw a BTC ratio of 2.27x (average for past 6 auctions: 2.25x); with average yield awarded at 3.022%. Interestingly primary dealer holdings of UST's have risen to record levels indicating a bullish view whilst pushing aside traditional contrary views of banks being unable to sell inventory to the buy-side clients. Meantime, investors note that the Fed's balance sheet shrinkage has helped keep US rates elevated.

#### MGS/GII

- Trading momentum in local govovies remained robust yesterday with volume at a solid RM7.16b with interest seen across the curve with main beneficiaries being the 20's and 23's and also benchmark 10Y MGS/GII bonds. Overall benchmarks yields ended between 0-4bps lower save for the odd-lot trade on the 3Y. The 5Y benchmark MGS 4/23 settled unchanged at 3.73% whilst the 10Y MGS 6/28 rallied strongly by another 3bps at 4.00% levels on strong volume. GII trades dropped further to form 26% of overall trades. Investors continue to add to both EM local currency debt and stocks which has witnessed a strong start to 2019. Recovery in sovereign credit metrics are expected to continue as currency volatility subsides whilst carry trade takes precedence. Data continues to be light today with primary production, foreign reserves and GDP figures expected out next week only.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw interest bump-up post Chinese New Year holidays with volume at RM418m with interest seen across the curve. Govt-guaranteed (GG) PRASA 24-25's ended 4-10bps lower between 4.07-10% levels compared to previous-done levels; totaling RM140m in nominal amounts. Likewise both the AAA-rated TELEKOM 12/24 and PUTRAJAYA 7/24 closed 6bps lower at 4.30% levels. AAA-rated CELCOM 26-27's also saw brisk trades ending lower on yields between 4.61-4.65%. In the banking space, Alliance 25NC20 closed up 34bps at 4.67%.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.240	185	3.274	04/02/2019	-3
MGS	07/19	3.303	16	3.287	04/02/2019	2
MGS	10/19	3.385	122	3.389	04/02/2019	0
MGS	11/19	3.371	5	3.397	04/02/2019	-3
MGS	03/20	3.435	541	3.453	04/02/2019	-2
MGS	07/20	3.466	74	3.469	04/02/2019	0
MGS	10/20	3.439	818	3.509	04/02/2019	-7
MGS	07/21	3.586	55	3.562	04/02/2019	2
MGS	09/21	3.636	37	3.597	04/02/2019	4
MGS	11/21	3.600	199	3.570	04/02/2019	3
MGS	03/22	3.577	162	3.582	04/02/2019	0
MGS	08/22	3.694	60	3.711	04/02/2019	-2
MGS	09/22	3.723	12	3.702	04/02/2019	2
MGS	04/23	3.730	300	3.730	04/02/2019	0
MGS	08/23	3.800	299	3.812	04/02/2019	-1
MGS	07/24	3.841	175	3.874	04/02/2019	-3
MGS	09/24	3.879	81	3.879	04/02/2019	0
MGS	03/25	3.934	361	3.945	04/02/2019	-1
MGS	09/25	3.894	257	3.937	04/02/2019	-4
MGS	04/26	3.971	23	4.031	04/02/2019	-6
MGS	07/26	3.883	190	3.896	04/02/2019	-1
MGS	11/26	3.940	177	4.035	04/02/2019	-10
MGS	03/27	4.001	45	4.099	04/02/2019	-10
MGS	05/27	4.030	22	4.118	04/02/2019	-9
MGS	11/27	4.008	303	4.014	04/02/2019	-1
MGS	06/28	4.000	377	4.055	04/02/2019	-5
MGS	04/30	4.215	8	4.247	31/01/2019	-3
MGS	06/31	4.263	50	4.294	04/02/2019	-3
MGS	04/33	4.319	126	4.439	04/02/2019	-12
MGS	11/33	4.332	181	4.368	04/02/2019	-4
MGS	04/37	4.526	21	4.534	04/02/2019	-1
MGS	06/38	4.533	22	4.556	04/02/2019	-2
GII	04/20	3.504	6	3.432	04/02/2019	7
GII	08/20	3.530	380	3.531	31/01/2019	0
GII	04/22	3.660	2	3.685	31/01/2019	-2
GII	07/22	3.695	110	3.699	23/01/2019	0
GII	07/23	3.827	11	3.866	31/01/2019	-4
GII	11/23	3.841	220	3.855	04/02/2019	-1
GII	05/24	3.924	20	3.969	24/01/2019	-4
GII	08/25	4.005	258	4.014	04/02/2019	-1
GII	10/25	4.041	20	4.043	30/01/2019	0
GII	09/26	4.046	81	4.077	04/02/2019	-3
GII	07/27	4.082	20	4.096	04/02/2019	-1
GII	10/28	4.148	401	4.154	04/02/2019	-1
GII	07/29	4.074	106	4.086	04/02/2019	-1
GII	06/33	4.437	10	4.462	31/01/2019	-2
GII	08/37	4.649	217	4.686	04/02/2019	-4
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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*
Small Medium Enterprise Development Bank Malay	03/19	GG	3.481	5	3.563	29/01/2019	-8	6
Prasarana Malaysia Berhad	09/24	GG	4.079	60	4.182	04/10/2018	-10	22
Prasarana Malaysia Berhad	03/25	GG	4.100	60	4.145	14/01/2019	-4	24
Putrajaya Holdings Sdn Berhad	07/24	AAA	4.307	80	4.368	01/11/2018	-6	57
Telekom Malaysia Berhad	12/24	AAA	4.299	10	4.360	11/01/2019	-6	44
Sarawak Hidro Sdn Berhad	08/26	AAA	4.387	20	4.413	30/01/2019	-3	42
Sarawak Hidro Sdn Berhad	08/29	AAA	4.523	10	4.838	27/07/2017	-32	51
YTL Power International Berhad	05/27	AA1	4.830	2	4.827	28/01/2019	0	87
Sarawak Energy Berhad	04/31	AA1	4.682	20	4.795	06/12/2018	-11	67
Celcom Networks Sdn Berhad	10/26	AA+	4.610	30	4.649	04/01/2019	-4	65
Celcom Networks Sdn Berhad	08/27	AA+	4.648	20	4.649	31/01/2019	0	65
BEWG (M) Sdn Berhad	07/23	AA	4.760	10	4.866	11/12/2018	-11	108
CIMB Group Holdings Berhad	12/25	AA	4.549	1	4.815	25/10/2018	-27	66
Anih Berhad	11/28	AA	4.698	20	4.868	21/02/2018	-17	68
Sime Darby Plantation Sdn Bhd	03/16	AA	4.791	40	4.803	17/01/2019	-1	26
Besraya (M) Sdn Berhad	07/28	AA3	5.039	10	5.109	11/10/2018	-7	104
Hong Leong Financial Group Berhad	11/17	A1	4.945	10	4.775	31/01/2019	17	41
Alliance Bank Malaysia Berhad	10/25	A2	4.673	10	4.335	31/01/2019	34	78
				<u>418</u>				

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

### Market/Corporate News: What's Brewing

**Axiata Group Bhd and its majority owned subsidiary Ncell Pte Ltd have been ordered by the Nepal Supreme Court to pay capital gains tax of Rs61bil (about RM2.16bil).** In a research note today, An Analyst said its core earnings forecast on the group remain unchanged but headline profit could see a sharp decline should Axiata be compelled to pay this capital gains tax in FY19F. The Himalayan Times had reported yesterday that Axiata had been hit with the tax bill, which excludes late fees and fines, for its US\$1.36bil (RM5.87bil) purchase of 80% stake in Ncell in 2015. The publication cited the Nepalese Large Taxpayers Office chief as saying it would only initiate the process of collecting the tax amount once a copy of the tax verdict was received. As highlighted by the Himalayan Times, the total amount could be Rs66bil although it is believed that Ncell has already paid instalments totaling Rs21bil, leaving an outstanding amount of Rs40-45bil. The news came as a negative surprise as the tax issues with Ncell were thought to have been resolved following the advance deposit payment of Rs13.6bil by Axiata to the Nepalese tax department in 2017. "Although core earnings forecasts and Neutral call remain unchanged, the share price may react negatively to this news due to uncertainties and the potential downside to headline profit," it said. The analyst also added that Axiata is exposed to higher regulatory and investment risks in high-growth developing markets despite their potential contribution to higher core earnings growth. (Source: *The StarOnline*)

**Paramount Corporation Bhd has redeemed RM50 million worth of its RM200 million perpetual private debt securities (PDS) issued five years ago.** "All PDS redeemed by Paramount on Feb 7, 2019 shall be cancelled and may not be re-issued or re-sold. Following the redemption, the outstanding PDS remain at RM150 million," the group said in a filing today. Paramount had also issued two other PDS tranches totalling RM100 million in September 2015. The share price last traded price was RM2.09, giving it a market capitalisation of RM895.09 million. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
ANIH Berhad	RM2.5 billion Senior Sukuk Musharakah Programme.	AA-IS	Affirmed
Pujian Bayu Sdn Bhd (Pujian)	Proposed MTN Programme of up to RM200 mil	AA3/stable	Preliminary assignment
TRIpIc Ventures Sdn Bhd's (TVSB)	MTN Programme of up to RM240 mil in nominal value (2011/2026)	AAA (FG)	Assigned
Abu Dhabi Islamic Bank	Financial Institution ratings	AAA/Stable/P1	Reaffirmed

Source: RAM, MARC

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