

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.48	-4
5-yr UST	2.45	-6
10-yr UST	2.64	-5
30-yr UST	3.03	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.46	-6	3.55	-4
5-yr	3.62	-3	3.76	-4
7-yr	3.79	-3	3.92	-1
10-yr	3.87	0	4.00	-1
15-yr	4.55	28	4.34	-3
20-yr	4.46	-1	4.60	0
30-yr	4.71	0	4.86	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.57	-3
3-yr	3.59	-4
5-yr	3.68	-3
7-yr	3.80	0
10-yr	3.97	-3

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries closed stronger again on Thursday influenced by German bunds and other Euro-zone bonds following dovish ECB comments. The curve ended lower with overall benchmark yields 4-6bps lower. The 2Y note yield was 4bps richer at 2.48% and the much-watched 10Y bond ended 5bps lower too at 2.64%. Policy makers are adopting a patient stance as the Fed's Beige Book survey indicates that the U.S. economy has cooled so far this year, with "slight-to-moderate" growth across most of the districts. Nevertheless the important Non-Farm payrolls tonight is expected to be decent; echoing Fed chair Powell's optimism on the outlook of the domestic economy.

MGS/GII

- Local govies continued its rally MYR bonds amid heavy institutional demand and volume at RM8.62b following BNM's dovish hints at Tuesday's MPC meeting. Lower MYR Interest Rate swaps continued to lead the underlying cash market Interest was seen across the curve with both 5Y benchmark MGS and GII bonds churning high volumes. Overall benchmark yields ended mostly 1-6bps lower save for the error-like trade on the 15Y MGS bond. The 5Y benchmark MGS 4/23 rallied 3bps lower at 3.62% whilst the 10Y MGS 8/29 was unchanged at 3.87% level. GII trades dropped to form 46% of overall trades.. The 3Y MGS bond auction was solid with a BTC ratio of 3.13x; averaging 3.483%. Latest foreign holdings of MYR bonds (all categories) for February saw a sharp RM4.5b increase to RM187.0b, led by a RM4.5bn increase in MGS.

Corp Bonds/Sukuk

- Strong demand for Corporate Bonds/Sukuk was evident as volume notched RM1.09b with investor interest mainly across the GG to AA part of the curve. PRASA 26's moved 4-9bps lower compared to previous-done levels between 4.05-4.09% whilst long-end DANA 2/49 rallied 4bps at 4.92%. AAA-rated PLUS 27-32's closed 2-3bp lower between 4.39-57% levels 1-13bps lower at 4.41% and 4.44% respectively. In the AA-space, energy-related bond EDRA Energy saw a slew of tranches i.e. 2028-2038 bonds close mixed on yields; totaling RM335m in nominal amounts. Meanwhile DUKE3 bonds saw the 8/31 and 8/37 tranches close 3bps lower at 4.95% and 5.325 each. The banking space was active as AmBank 28NC23 grinded 3bps lower at 4.62% whilst Hong Leong Financial Group 9/20 and 9/21 also saw demand pushing yields lower at 4.13% and 4.23%.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.247	362	3.184	05/03/2019	6
MGS	10/19	3.362	106	3.345	06/03/2019	2
MGS	11/19	3.352	111	3.346	06/03/2019	1
MGS	03/20	3.374	187	3.384	06/03/2019	-1
MGS	02/21	3.451	80	3.494	26/02/2019	-4
MGS	07/21	3.477	22	3.496	06/03/2019	-2
MGS	09/21	3.465	76	3.578	06/03/2019	-11
MGS	11/21	3.448	189	3.522	06/03/2019	-7
MGS	03/22	3.464	482	3.528	06/03/2019	-6
MGS	08/22	3.592	160	3.597	06/03/2019	0
MGS	09/22	3.553	232	3.635	06/03/2019	-8
MGS	03/23	3.696	45	3.696	06/03/2019	0
MGS	04/23	3.622	918	3.651	06/03/2019	-3
MGS	08/23	3.726	45	3.748	06/03/2019	-2
MGS	07/24	3.764	161	3.818	06/03/2019	-5
MGS	09/24	3.773	181	3.789	06/03/2019	-2
MGS	03/25	3.844	105	3.891	06/03/2019	-5
MGS	09/25	3.867	34	3.888	06/03/2019	-2
MGS	04/26	3.895	1	3.952	05/03/2019	-6
MGS	07/26	3.791	157	3.796	06/03/2019	0
MGS	09/26	3.956	1	3.995	05/03/2019	-4
MGS	11/26	3.907	60	3.966	05/03/2019	-6
MGS	03/27	3.988	1	4.002	05/03/2019	-1
MGS	05/27	4.010	60	4.016	06/03/2019	-1
MGS	11/27	4.126	133	3.967	06/03/2019	16
MGS	06/28	3.954	123	3.960	06/03/2019	-1
MGS	08/29	3.873	352	3.873	06/03/2019	0
MGS	04/30	4.135	45	4.152	05/03/2019	-2
MGS	06/31	4.211	110	4.221	06/03/2019	-1
MGS	04/33	4.301	2	4.326	05/03/2019	-2
MGS	11/33	4.258	70	4.269	06/03/2019	-1
MGS	06/38	4.464	10	4.477	05/03/2019	-1
GII	04/19	3.302	2	3.330	06/03/2019	-3
GII	09/19	3.377	100	3.372	06/03/2019	0
GII	08/21	3.593	80	3.598	06/03/2019	0
GII	03/22	3.554	170	3.593	06/03/2019	-4
GII	04/22	3.637	60	3.638	06/03/2019	0
GII	07/22	3.649	130	3.682	06/03/2019	-3
GII	10/23	3.815	40	3.838	05/03/2019	-2
GII	11/23	3.756	1384	3.759	06/03/2019	0
GII	08/24	3.886	40	3.890	05/03/2019	0
GII	08/25	3.918	260	3.924	06/03/2019	-1
GII	10/25	3.972	50	3.984	05/03/2019	-1
GII	09/26	4.039	20	4.025	06/03/2019	1
GII	06/27	4.078	5	4.262	20/03/2018	-18
GII	07/27	4.038	1	4.038	06/03/2019	0
GII	10/28	4.069	531	4.076	06/03/2019	-1
GII	07/29	3.997	432	4.012	06/03/2019	-1
GII	06/33	4.344	130	4.377	06/03/2019	-3
GII	10/35	4.571	210	4.578	06/03/2019	-1
GII	08/37	4.604	360	4.604	06/03/2019	0
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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*
Pengurusan Air SPV Berhad	02/21	GG	3.749	10	3.889	04/03/2019	-14	30
Khazanah Nasional Berhad	08/23	GG	3.949	5	4.033	20/02/2019	-8	36
DanaInfra Nasional Berhad	04/24	GG	4.001	20	4.099	08/01/2019	-10	37
Prasarana Malaysia Berhad	02/26	GG	4.053	10	4.140	12/02/2019	-9	26
Prasarana Malaysia Berhad	08/26	GG	4.094	25	4.130	13/02/2019	-4	30
Lembaga Pembiayaan Perumahan Sektor Awam	09/26	GG	4.103	20	4.227	24/01/2019	-12	24
Pengurusan Air SPV Berhad	02/29	GG	4.229	40	-	-	-	35
GovCo Holdings Berhad	09/32	GG	4.526	50	4.530	06/03/2019	0	26
Turus Pesawat Sdn Berhad	11/32	GG	4.454	20	4.549	29/01/2019	-10	19
Prasarana Malaysia Berhad	09/37	GG	4.664	20	4.739	11/02/2019	-8	19
DanaInfra Nasional Berhad	02/49	GG	4.919	15	4.960	28/02/2019	-4	45
Berjaya Land Berhad	12/19	AAA	4.126	20	4.180	11/01/2019	-5	74
Danga Capital Berhad	04/20	AAA	4.070	1	3.962	27/02/2019	11	68
GENM Capital Berhad	07/23	AAA	4.550	5	4.549	28/02/2019	0	96
Putrajaya Bina Sdn Berhad	09/24	AAA	4.252	5	4.298	21/02/2019	-5	50
Projek Lebuhraya Usahasama Berhad	01/27	AAA	4.391	15	4.411	06/03/2019	-2	53
Danga Capital Berhad	09/27	AAA	4.289	50	4.321	01/03/2019	-3	40
Projek Lebuhraya Usahasama Berhad	01/28	AAA	4.421	25	4.438	06/03/2019	-2	53
Projek Lebuhraya Usahasama Berhad	01/31	AAA	4.539	20	4.570	26/02/2019	-3	66
Projek Lebuhraya Usahasama Berhad	01/32	AAA	4.571	5	4.597	26/02/2019	-3	31
Tenaga Nasional Berhad	08/37	AAA	4.721	5	4.769	27/02/2019	-5	25
Hong Leong Financial Group Berhad	09/20	AA1	4.128	20	4.157	08/01/2019	-3	68
Hong Leong Financial Group Berhad	09/21	AA1	4.234	10	4.336	17/12/2018	-10	76
Sarawak Energy Berhad	08/25	AA1	4.358	20	4.378	01/03/2019	-2	60
YTL Power International Berhad	05/27	AA1	4.738	50	4.753	06/03/2019	-1	88
TRIplic Medical Sdn Berhad	10/32	AA1	4.749	10	4.879	16/11/2018	-13	48
Danajamin Nasional Berhad	10/27	AA+	4.490	10	4.497	28/02/2019	-1	60
Imtiaz Sukuk II Berhad	05/20	AA2	4.097	30	4.118	12/02/2019	-2	71
First Resources Limited	10/21	AA2	4.360	10	4.364	04/03/2019	0	88
Imtiaz Sukuk II Berhad	05/22	AA2	4.315	80	4.336	14/02/2019	-2	84
RHB Bank Berhad	07/24	AA3	4.969	0	4.978	11/02/2019	-1	134
Hong Leong Assurance Berhad	02/25	AA3	4.400	10	4.423	20/02/2019	-2	65
AmBank (M) Berhad	03/27	AA3	4.518	5	-	-	-	66
Edra Energy Sdn Berhad	07/28	AA3	5.798	5	5.747	29/01/2019	5	191
AmBank Islamic Berhad	10/28	AA3	4.621	15	4.651	25/02/2019	-3	75
Edra Energy Sdn Berhad	01/29	AA3	5.829	5	5.750	01/03/2019	8	195
Edra Energy Sdn Berhad	07/29	AA3	5.849	5	5.827	06/03/2019	2	197
Edra Energy Sdn Berhad	07/30	AA3	5.878	60	5.878	11/02/2019	0	200
Edra Energy Sdn Berhad	01/31	AA3	5.888	40	5.846	08/02/2019	4	201
Edra Energy Sdn Berhad	07/31	AA3	5.919	90	5.798	11/01/2019	12	204
Edra Energy Sdn Berhad	01/32	AA3	5.939	55	5.949	01/03/2019	-1	167
Edra Energy Sdn Berhad	07/32	AA3	5.979	30	5.989	01/03/2019	-1	171
Edra Energy Sdn Berhad	01/33	AA3	6.009	10	6.029	01/03/2019	-2	174
Edra Energy Sdn Berhad	07/33	AA3	6.049	5	6.099	18/02/2019	-5	178
Edra Energy Sdn Berhad	07/34	AA3	6.119	5	6.129	04/03/2019	-1	185
Edra Energy Sdn Berhad	01/35	AA3	6.149	20	6.160	14/02/2019	-1	188
Edra Energy Sdn Berhad	07/35	AA3	6.169	5	6.110	15/01/2019	6	190
Edra Energy Sdn Berhad	07/36	AA3	6.219	5	6.229	05/03/2019	-1	195
Edra Energy Sdn Berhad	01/37	AA3	6.239	5	6.178	11/01/2019	6	177
Edra Energy Sdn Berhad	07/37	AA3	6.269	10	6.280	14/02/2019	-1	180
Edra Energy Sdn Berhad	01/38	AA3	6.299	5	6.250	08/01/2019	5	183
UEM Sunrise Berhad	10/21	AA-	4.575	10	4.643	09/01/2019	-7	110
UEM Sunrise Berhad	05/23	AA-	4.648	10	4.664	22/02/2019	-2	106
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/31	AA-	4.948	10	4.977	27/02/2019	-3	107
Southern Power Generation Sdn Berhad	10/32	AA-	4.679	10	4.779	30/01/2019	-10	41
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/37	AA-	5.319	10	5.349	15/02/2019	-3	85
CIMB Group Holdings Berhad	05/16	A1	4.814	1	4.646	01/03/2019	17	35
Hong Leong Financial Group Berhad	11/17	A1	5.028	2	5.073	06/03/2019	-5	56
UEM Sunrise Berhad	12/24	AA-	4.668	20	4.866	13/12/2018	-20	91
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Finance Minister Lim Guan Eng has expressed confidence in newly appointed Bank Pembangunan Malaysia Bhd chairman Datuk Zaiton Mohd Hassan's ability to turn around the development bank which has been hit by accusations of lax lending practices and lack of corporate governance. "We believe that Bank Pembangunan will soon get a clean bill of health," Guan Eng said. "We need a new person in charge [at the bank] and when you want to clean up a bank, I think the right person to do the job is sometimes a lady." "We have every confidence in Datuk Zaiton's ability to turn around the bank," he said in his keynote address at the launch of the Industry Digitalisation Transformation Fund yesterday. Speaking to reporters at the event, Zaiton, who took office on Feb 18, said Bank Pembangunan is in the midst of cleaning up its books and getting back on the right track. The bank will start afresh "as soon as possible", she said, adding: "There are no guarantees, but the guarantee that we will give you is that we will try our very best." The bank will be looking at its credit standards and credit processes, she said, stressing that it must balance its developmental role with the need to be prudent. "We want to get very focused on what really is Bank Pembangunan's role in the country's economy and at the same time not to sacrifice prudence... And I believe we can strike that balance," she said. Asked about the alleged lax lending practices at the bank previously with dubious loans given out, Zaiton said it will have to reassess everything in totality. "The most important thing is moving forward, because what has been done, has been done. We now want to make sure that we are focusing on what is the business direction of the bank. With the right credit policies and right credit standards, we can achieve our designated role in the economy," she said. Bank Pembangunan has been in the spotlight over loans given out to politically connected parties. This included extending financing to Integrated Nautical Resort Sdn Bhd and Garuda Suci Sdn Bhd — two companies linked to Indonesian businessman Tan Sri Peter Sondakh — which built and operate the St Regis Langkawi and Langkawi International Convention Centre. The development bank has seen three changes in the chief executive officer's (CEO) position in recent months. After Shaharuddin Zainuddin resigned as CEO last July, former chief financial officer Afidah Mohd Ghazali was made the acting president and CEO. But Afidah stepped down on Feb 4, and Razali Hassan, the bank's chief operating officer since October 2018, was assigned as the covering president and CEO. The bank has not explained the reasons for the changes, but Zaiton yesterday said: "We will clean up as soon as this year and we will have an incoming CEO. And we will finalise the strategy once the CEO, the board and the management sit together to formulate the plan going forward." According to the bank's 2017 annual report, its board met 27 times; the Risk Management Committee, 29 times; the Credit Committee, 28 times; the Nomination and Remuneration Committee, 24 times; and the Audit and Examination Committee, 16 times; which work out to a total of 124 meetings a year. To put things in perspective, Bank Pembangunan pays the chairman RM15,000 per month while directors are remunerated RM5,000 a month. The chairmen of the Credit Committee, Group Nomination and Remuneration Committee, Audit and Examination Committee and Risk Management Committee get RM5,000 per meeting while the members receive RM3,000. In financial year 2017, Bank Pembangunan's gross impaired loans stood at 12.15%, which meant the bank wrote off 12.15 sen for every ringgit loaned out. The Pakatan Harapan government has announced that it has no plans to reorganise or restructure development financial institutions, recognising their significance in supporting strategic industries. Zaiton's appointment as Bank Pembangunan independent non-executive chairman on Feb 18 is for a two-year term. She succeeded Tan Sri Dr Wan Abdul Aziz Wan Abdullah, who retired in November last year. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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