

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries bull-flattened and ended stronger despite a muted 3Y UST auction whilst equities ended weak. The curve shifted lower with overall benchmark yields 1-2bps lower with both the UST 2Y and much-watched 10Y bond edging 1bps lower at 2.30% and 2.46% respectively. Meanwhile the 3m10y i.e the part of the curve that's considered a recession indicator has got investors worried again as it has shrunk to a mere -3bps; a level last reached in early April. This latest round of flattening comes as prospects for a trade agreement between the U.S. and China have dimmed. Uncertainty has increased since the weekend, when U.S. President Trump threatened to raise tariffs on China. It also follows a mixed job report last Friday and Fed Chair Powell's move to tame down rate-cut speculation with his discussion on inflation.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.30	-1
5-yr UST	2.26	-1
10-yr UST	2.46	-1
30-yr UST	2.86	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.37	-4	3.40	-4
5-yr	3.57	-2	3.62	-1
7-yr	3.74	-2	3.73	-2
10-yr	3.76	-3	3.87	-2
15-yr	4.09	-9	4.14	-3
20-yr	4.36	1	4.35	0
30-yr	4.62	0	4.63	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.48	-4
3-yr	3.54	1
5-yr	3.59	0
7-yr	3.67	0
10-yr	3.85	-2

Source : Bloomberg

MGS/GII

- Local govies rallied following BNM MPC's 25bps cut on the OPR; a decision in line with our house view. Overall benchmark yields ended 0-9bps lower across the curve. Momentum was strong with secondary volumes doubling to RM6.29b with interest mainly seen in the off-the-run 20-23's and also the benchmark 7Y, 10Y bonds. The benchmark 5Y MGS 4/23 closed 2bps lower at 3.57% whilst the 10Y MGS 8/29 was 3bps richer at 3.76%. GII bond trades dropped to form 38% of overall trades. BNM is seen to preserve the degree of monetary accommodativeness and focus on considerable downside growth risks that is seen to emerge in both domestic and global fronts.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw secondary volume ease to RM519m with interest mainly across the AAA followed by the AA-part of the curve. Govt-guaranteed PRASA 32-34's ended lower on yields within 7bps of each other at 4.23% and 4.30% respectively compared to previous-done levels. AAA-rated PLUS 23-24's closed 0-1bps lower between 4.02-05% levels whereas the 2029 tranche saw RM190m in nominal amounts traded; edging 1bps lower at 4.23%. Likewise AA-space was dominated by energy-related bonds with SEB 1/22 closing 6bps lower at 4.01% whilst a slew of EDRA 2028-2037 bonds rallied a massive 8-40bps lower between 5.42-97% area. Other names that were traded included Southern Power 10/26, 10/33 and also the short-end MALAKOFF Power 12/19 which inched lower at 3.93%.

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/19	3.150	20	3.305	06/05/2019	-16
MGS	10/19	3.267	301	3.320	03/05/2019	-5
MGS	11/19	3.312	164	3.299	06/05/2019	1
MGS	03/20	3.248	536	3.318	06/05/2019	-7
MGS	07/20	3.286	14	3.385	03/05/2019	-10
MGS	10/20	3.298	171	3.356	06/05/2019	-6
MGS	02/21	3.390	2	3.375	06/05/2019	2
MGS	07/21	3.369	136	3.393	06/05/2019	-2
MGS	09/21	3.397	21	3.415	06/05/2019	-2
MGS	11/21	3.397	26	3.439	03/05/2019	-4
MGS	03/22	3.366	26	3.411	06/05/2019	-4
MGS	08/22	3.498	40	3.528	06/05/2019	-3
MGS	09/22	3.517	65	3.533	06/05/2019	-2
MGS	03/23	3.639	11	3.614	06/05/2019	2
MGS	04/23	3.565	165	3.581	06/05/2019	-2
MGS	08/23	3.595	50	3.644	06/05/2019	-5
MGS	07/24	3.699	110	3.699	06/05/2019	0
MGS	09/24	3.716	56	3.718	06/05/2019	0
MGS	03/25	3.756	200	3.757	03/05/2019	0
MGS	09/25	3.794	1	3.794	06/05/2019	0
MGS	04/26	3.829	41	3.845	06/05/2019	-2
MGS	07/26	3.737	668	3.745	06/05/2019	-1
MGS	11/26	3.854	3	3.892	06/05/2019	-4
MGS	03/27	3.895	1	3.856	02/05/2019	4
MGS	05/27	3.947	40	3.895	06/05/2019	5
MGS	11/27	3.885	74	3.885	06/05/2019	0
MGS	06/28	3.884	272	3.904	06/05/2019	-2
MGS	08/29	3.760	311	3.792	06/05/2019	-3
MGS	04/30	4.019	65	4.008	03/05/2019	1
MGS	06/31	4.095	30	4.126	06/05/2019	-3
MGS	04/33	4.189	4	4.202	06/05/2019	-1
MGS	11/33	4.089	85	4.174	03/05/2019	-9
MGS	04/37	4.302	1	4.315	03/05/2019	-1
MGS	06/38	4.357	1	4.349	02/05/2019	1
MGS	09/43	4.572	1	4.556	26/04/2019	2
MGS	03/46	4.605	109	4.618	06/05/2019	-1
MGS	07/48	4.616	70	4.616	06/05/2019	0
GII	09/19	3.148	50	3.296	03/05/2019	-15
GII	04/20	3.356	20	3.388	06/05/2019	-3
GII	04/20	3.336	50	3.360	06/05/2019	-2
GII	05/20	3.273	120	3.414	06/05/2019	-14
GII	03/21	3.436	33	3.480	03/05/2019	-4
GII	04/21	3.447	10	3.476	16/04/2019	-3
GII	03/22	3.399	250	3.436	06/05/2019	-4
GII	11/23	3.616	360	3.664	06/05/2019	-5
GII	10/24	3.622	390	3.634	06/05/2019	-1
GII	08/25	3.793	61	3.793	06/05/2019	0
GII	03/26	3.734	109	3.759	06/05/2019	-2
GII	07/27	3.856	30	3.878	06/05/2019	-2
GII	10/28	3.886	486	3.898	06/05/2019	-1
GII	12/28	3.920	10	3.947	03/05/2019	-3
GII	07/29	3.872	230	3.890	06/05/2019	-2
GII	09/30	4.002	30	4.017	02/05/2019	-2
GII	06/33	4.139	110	4.167	06/05/2019	-3
GII	10/35	4.299	50	4.320	03/05/2019	-2
			<u>6290</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*
Pengurusan Air SPV Berhad	02/26	GG	3.901	10	3.891	18/04/2019	1	17
DanaInfra Nasional Berhad	11/32	GG	4.239	10	4.151	10/04/2019	9	10
Prasarana Malaysia Berhad	12/32	GG	4.234	30	4.579	29/01/2019	-35	10
Prasarana Malaysia Berhad	03/34	GG	4.301	30	4.316	30/04/2019	-1	17
Cagamas Berhad	07/19	AAA	3.452	10	3.615	12/03/2019	-16	19
Cagamas Berhad	09/21	AAA	3.781	10	4.044	28/02/2019	-26	43
GENM Capital Berhad	03/22	AAA	4.212	10	4.252	30/04/2019	-4	82
Projek Lebuhraya Usahasama Berhad	01/23	AAA	4.021	15	4.022	02/05/2019	0	51
Projek Lebuhraya Usahasama Berhad	01/24	AAA	4.050	20	4.057	06/05/2019	-1	47
Bank Pembangunan Malaysia Berhad	11/26	AAA	4.312	1	4.559	24/01/2019	-25	53
Aman Sukuk Berhad	05/27	AAA	4.098	10	4.472	17/01/2019	-37	32
Aman Sukuk Berhad	07/27	AAA	4.109	1	4.399	04/03/2019	-29	33
Danga Capital Berhad	09/27	AAA	4.119	40	4.121	26/04/2019	0	34
Manjung Island Energy Berhad	11/28	AAA	4.108	5	4.121	02/05/2019	-1	33
Projek Lebuhraya Usahasama Berhad	01/29	AAA	4.234	190	4.245	06/05/2019	-1	45
Manjung Island Energy Berhad	11/29	AAA	4.099	5	4.390	15/03/2019	-29	32
Sarawak Energy Berhad	01/22	AA1	4.009	10	4.068	05/04/2019	-6	62
UniTapah Sdn Berhad	06/22	AA1	4.141	5	4.401	12/09/2017	-26	75
Celcom Networks Sdn Berhad	08/24	AA+	4.275	3	4.370	12/03/2019	-9	70
Anih Berhad	11/24	AA	4.351	1	4.379	25/04/2019	-3	69
Sime Darby Plantation Sdn Bhd	03/16	AA	4.416	20	4.397	02/05/2019	2	6
Malakoff Power Berhad	12/19	AA-	3.934	20	3.984	17/04/2019	-5	67
Edra Energy Sdn Berhad	07/28	AA3	5.428	5	5.519	15/04/2019	-9	163
Edra Energy Sdn Berhad	07/29	AA3	5.488	5	5.570	18/04/2019	-8	171
Edra Energy Sdn Berhad	07/30	AA3	5.539	5	5.648	15/04/2019	-11	176
Dynasty Harmony Sdn Berhad	12/31	AA3	6.110	5	6.180	04/04/2019	-7	197
Edra Energy Sdn Berhad	01/34	AA3	5.769	5	5.959	08/04/2019	-19	163
Edra Energy Sdn Berhad	01/36	AA3	5.900	5	5.499	03/05/2019	40	176
Edra Energy Sdn Berhad	07/36	AA3	5.940	5	6.038	06/05/2019	-10	180
Edra Energy Sdn Berhad	01/37	AA3	5.969	5	6.239	07/03/2019	-27	162
Kimanis Power Sdn Berhad	08/23	AA-	4.275	1	4.356	02/04/2019	-8	76
Southern Power Generation Sdn Berhad	10/26	AA-	4.222	10	4.472	20/03/2019	-25	49
Southern Power Generation Sdn Berhad	10/33	AA-	4.561	10	4.559	06/05/2019	0	43
CIMB Group Holdings Berhad	05/16	A1	4.922	1	4.948	24/04/2019	-3	57
UMW Holdings Berhad	04/18	A1	5.200	1	5.171	06/05/2019	3	85
				<u>519</u>				

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

Market/Corporate News: What's Brewing

Poultry giant Leong Hup International Bhd's initial public offer (IPO) of 73 million shares to the Malaysian public was oversubscribed by 3.64 times. The strong oversubscription showed Tan Sri Francis Lau Tuang Nguang's successful return to the local bourse with the biggest IPO in almost two years, reflecting investors' strong appetite for chicken producers. Leong Hup, which owns livestock feed mills and poultry businesses in five countries raised up to RM1.2bil in its IPO that includes an over-allotment option. The IPO price values Leong Hup at about RM4bil, giving it the crown of the most valuable poultry producer on Bursa Malaysia. Tricor Investor & Issuing House Services Sdn Bhd said on Tuesday there were 14,841 applications for 339.07 million issue shares with a value of RM372.97mil received from the Malaysian public for the 73 million shares. For the Bumiputera category, there were 2,330 applications for 50.57 million shares with a value of RM55.63mil or an oversubscription rate of 0.39 times. For the non-Bumiputera category, there were 12,511 applications for 288.49 million shares with a value of RM317.34mil, or an oversubscription of 6.90 times. The 25 million shares available to eligible persons were fully subscribed. "The joint global coordinators and joint bookrunners have confirmed that the 839.50 million IPO shares offered to Malaysian and foreign institutional and selected investors, including Bumiputera investors approved by MITI under the institutional offering have been heavily oversubscribed by Malaysian and foreign investors," Tricor said. The notices of allotment for the IPO shares will be posted to all successful applications on or before May 15. The IPO price values Leong Hup at about RM4bil, giving it the crown of the most valuable poultry producer on Bursa Malaysia. Earlier, Maybank Investment Bank said the institutional price and final retail price has been fixed at RM1.10 per share. The price was fixed after the completion of

the bookbuilding process under the institutional offering on May 3. The retail offering closed at 5pm on the same day. To recap, Leong Hup targeted to raise up to RM1.2bil from its IPO that includes an offer for sale of shares held by existing shareholders and the issuance of new stocks. The IPO involved the offer for sale of 937.5 million shares or 25.68% of the company. This excludes an over-allotment option that could increase the public shareholding spread to 29.54%. The IPO comprised an offer for sale of 687.5 million shares by existing shareholders – the Lau family and private equity firm Affinity Equity Partners – and the issuance of 250 million new shares at RM1.10 each. Of the total amount to be raised, RM275mil will go to the company. Leong Hup said RM207.7mil, or 75% of the amount, would be set aside for business expansion. The Philippines is the biggest recipient of the proceeds from the IPO, followed by Vietnam (RM47mil) and Malaysia (RM40.7mil). (Source: *The Star*)

International rating agencies S&P, Fitch and Moody's are convinced that Malaysia will achieve its fiscal targets, particularly the 3.4% fiscal deficit to gross domestic product (GDP) ratio this year, according to the ministry of finance (MoF). They are also comfortable with Malaysia's economic performance to date, the ministry said in a statement yesterday, following Finance Minister Lim Guan Eng's (pic) engagement with the rating agencies during a recent trip to Washington, US to provide updates on Malaysia's current economic and financial developments. Guan Eng led a Malaysian delegation to Washington for the International Monetary Fund and World Bank Group Spring Meetings on April 11 to 13. The MoF said the meetings focused on current issues affecting the global economy, international financial system and the progress of the global development agenda, including eradicating extreme poverty, dealing with climate change, promoting shared prosperity as well as inclusivity. Guan Eng attended the event as a representative of the 11-member Southeast Asia Voting Group, comprising Brunei, Fiji, Indonesia, Laos, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga and Vietnam. At another World Bank event, he also shared Malaysia's aspirations of using technology and the digital economy, especially embracing 5G fully, to make Malaysia a high-income nation, said the statement. (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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