

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.36	2
5-yr UST	2.33	2
10-yr UST	2.52	3
30-yr UST	2.93	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.37	0	3.47	1
5-yr	3.56	3	3.68	5
7-yr	3.70	4	3.80	2
10-yr	3.78	2	3.82	0
15-yr	4.06	-1	4.10	2
20-yr	4.28	0	4.41	0
30-yr	4.55	1	4.62	2

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.53	0
3-yr	3.54	2
5-yr	3.61	1
7-yr	3.69	-2
10-yr	3.89	1

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries ended weaker on Monday with the curve shifting higher on tepid volume. Meanwhile downside pressure may be felt on the curve as investors await the offering of ~\$10b of bonds by Saudi Aramco; the world's largest oil company. Overall benchmark yields closed between 2-3bps higher. The UST 2Y ended 2bps higher at 2.36% whilst the much-watched 10Y closed 3bps up at 2.52%. Opinions meantime differ as to whether the recent 3m10y inversion in late March was more likely a precursor to the Fed lowering rates instead of an upcoming recession. As the market is expected to be sensitive to first tier data, yields may see less volatility ahead of retail sales and April PMI, barring surprises from FOMC minutes and CPI figures due out tomorrow.

MGS/GII

- Local govvnies saw momentum grind lower with total volume at RM2.34b due partly to the fears of Norwegian sovereign wealth fund which was expected to reduce EM bond holdings. Nevertheless interest was mainly seen in the GII bonds, 7Y benchmark and off-the-run 19's. Overall benchmark yields however ended between 0-4bps save for the 15Y. The 5Y benchmark MGS 4/23 however moved 3bps higher at 3.56% whilst the 10Y MGS 8/29 was up 2bps at 3.78%. GII bonds rose to form 67% of overall trades. The latest increase in March foreign holdings of MYR govvnies may be a positive sign that investors are confident in the present government's handling of the economy although concerns linger about the allure of EM assets due to loss of momentum since the start of the year.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw volume lower at RM745m with demand still mainly across the GG-part of the curve. A slew of Govt-guaranteed DANAINFRA and PRASARANA bonds rallied and dominated this space with yields closing lower. PRASA 23-24's ended 6-20bps sharply lower compared to previous-done levels between 3.74-84% whilst the 12/25 tranche closed unchanged at 3.88%. Malaysian Debt Ventures saw the sharpest decline in yields with the 9/28 tranche closing at 4.00% AAA-rated TNB Northern 24-29's also rallied to close between 4.08-25% levels. AA-rated space saw many tenures of energy-related EDRA bonds drift 0-8bps lower between 5.69-6.06%. The banking space was relatively quiet again.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/19	3.325	71	3.269	03/04/2019	6
MGS	10/19	3.351	54	3.310	05/04/2019	4
MGS	11/19	3.346	128	3.334	05/04/2019	1
MGS	03/20	3.354	70	3.355	05/04/2019	0
MGS	10/20	3.382	10	3.379	05/04/2019	0
MGS	07/21	3.426	1	3.410	05/04/2019	2
MGS	04/23	3.555	90	3.521	05/04/2019	3
MGS	08/23	3.587	1	3.562	05/04/2019	3
MGS	07/24	3.685	70	3.644	05/04/2019	4
MGS	07/26	3.698	129	3.661	05/04/2019	4
MGS	11/26	3.725	5	3.694	05/04/2019	3
MGS	11/27	3.796	11	3.782	05/04/2019	1
MGS	06/28	3.786	17	3.765	04/04/2019	2
MGS	08/29	3.779	50	3.746	05/04/2019	3
MGS	04/33	4.080	15	4.061	05/04/2019	2
MGS	11/33	4.058	20	4.070	05/04/2019	-1
MGS	05/35	4.206	10	4.163	05/04/2019	4
MGS	04/37	4.243	3	4.246	05/04/2019	0
MGS	03/46	4.554	3	4.570	05/04/2019	-2
MGS	07/48	4.554	13	4.547	05/04/2019	1
GII	04/19	3.358	11	3.340	05/04/2019	2
GII	06/20	3.410	60	3.411	05/04/2019	0
GII	03/22	3.473	312	3.461	05/04/2019	1
GII	04/22	3.535	1	3.548	01/04/2019	-1
GII	07/22	3.556	150	3.549	05/04/2019	1
GII	07/23	3.648	4	3.646	04/04/2019	0
GII	11/23	3.683	70	3.632	05/04/2019	5
GII	08/25	3.802	170	3.779	05/04/2019	2
GII	10/25	3.815	20	3.796	05/04/2019	2
GII	03/26	3.734	70	3.709	05/04/2019	2
GII	09/26	3.822	20	3.799	05/04/2019	2
GII	06/27	3.864	210	3.847	05/04/2019	2
GII	07/27	3.846	120	3.832	05/04/2019	1
GII	10/28	3.907	88	3.864	05/04/2019	4
GII	09/30	3.972	140	3.923	05/04/2019	5
GII	06/33	4.101	50	4.081	05/04/2019	2
GII	09/39	4.333	70	4.341	05/04/2019	-1
GII	05/47	4.617	1	4.608	05/04/2019	1
			<u>2337</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	02/21	GG	3.618	10	3.749	07/03/2019	-13	24
Prasarana Malaysia Berhad	02/23	GG	3.738	20	3.938	06/03/2019	-20	25
Prasarana Malaysia Berhad	09/24	GG	3.839	120	3.900	27/03/2019	-6	29
Prasarana Malaysia Berhad	12/25	GG	3.882	15	3.882	05/04/2019	0	18
Pengurusan Air SPV Berhad	02/26	GG	3.881	10	3.920	01/04/2019	-4	18
Prasarana Malaysia Berhad	02/26	GG	3.882	20	3.920	03/04/2019	-4	18
Danainfra Nasional Berhad	05/27	GG	3.930	25	3.940	28/03/2019	-1	19
Prasarana Malaysia Berhad	09/27	GG	3.919	10	3.990	02/04/2019	-7	18
Prasarana Malaysia Berhad	12/27	GG	3.920	10	3.921	05/04/2019	0	16
Danainfra Nasional Berhad	05/28	GG	3.950	25	3.958	28/03/2019	-1	19
Malaysia Debt Ventures Berhad	09/28	GG	3.999	65	4.408	16/11/2018	-41	24
Prasarana Malaysia Berhad	03/30	GG	4.010	20	4.009	05/04/2019	0	23
GovCo Holdings Berhad	02/32	GG	4.260	15	4.260	05/04/2019	0	18
GovCo Holdings Berhad	09/32	GG	4.320	15	4.469	25/03/2019	-15	24
Prasarana Malaysia Berhad	09/37	GG	4.390	30	4.399	05/04/2019	-1	10
Putrajaya Holdings Sdn Berhad	09/20	AAA	3.822	10	3.947	19/02/2019	-13	47
GENM Capital Berhad	07/23	AAA	4.421	6	4.442	05/04/2019	-2	93
TNB Northern Energy Berhad	11/24	AAA	4.082	10	4.467	04/04/2017	-39	42
TNB Northern Energy Berhad	11/25	AAA	4.132	10	4.210	31/07/2013	-8	43
TNB Northern Energy Berhad	11/26	AAA	4.161	10	4.561	28/07/2017	-40	42
TNB Northern Energy Berhad	11/27	AAA	4.181	10	5.302	23/01/2014	-112	42
TNB Northern Energy Berhad	11/29	AAA	4.251	10	4.518	11/08/2016	-27	47
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/19	AA1	4.091	15	4.266	08/01/2019	-18	74
BGSM Management Sdn Berhad	12/19	AA3	3.991	30	4.015	04/03/2019	-2	64
IJM Corporation Berhad	06/22	AA3	4.398	6	4.407	01/04/2019	-1	101
Edra Energy Sdn Berhad	01/23	AA3	5.197	20	5.277	03/12/2018	-8	171
MMC Corporation Berhad	03/28	AA-	5.451	10	5.419	03/04/2019	3	169
Edra Energy Sdn Berhad	07/29	AA3	5.689	7	5.699	05/04/2019	-1	191
Edra Energy Sdn Berhad	01/30	AA3	5.727	10	5.749	28/03/2019	-2	195
Edra Energy Sdn Berhad	01/31	AA3	5.749	5	5.789	28/03/2019	-4	197
Edra Energy Sdn Berhad	01/32	AA3	5.809	5	5.849	28/03/2019	-4	173
Tanjung Bin Energy Issuer Berhad	03/32	AA3	4.599	20	4.969	15/11/2018	-37	52
Edra Energy Sdn Berhad	01/33	AA3	5.879	5	5.919	28/03/2019	-4	180
Edra Energy Sdn Berhad	01/34	AA3	5.959	7	5.958	29/03/2019	0	188
Edra Energy Sdn Berhad	07/34	AA3	5.989	6	6.029	28/03/2019	-4	191
Edra Energy Sdn Berhad	01/36	AA3	6.059	5	6.079	03/04/2019	-2	198
Southern Power Generation Sdn Berhad	04/23	AA-	4.217	5	4.501	31/10/2018	-28	73
Southern Power Generation Sdn Berhad	10/31	AA-	4.460	10	4.570	14/03/2019	-11	38
Southern Power Generation Sdn Berhad	10/32	AA-	4.559	10	4.589	28/03/2019	-3	48
CIMB Group Holdings Berhad	05/16	A1	4.542	1	4.542	05/04/2019	0	25
Liziz Standaco Sdn Bhd	03/21	-	11.884	46	-	-	-	-
Liziz Standaco Sdn Bhd	03/23	-	7.648	46	-	-	-	-
				<u>745</u>				

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

Market/Corporate News: What's Brewing

MyHSR Corp Sdn Bhd plans to appoint a technical advisory consultant (TAC) to review the technical aspects of the Kuala Lumpur-Singapore High Speed Rail (HSR) project's cost reduction options. The TAC will review and validate the proposed infrastructure assets within Malaysia, such as alignment, stations and HSR maintenance facilities, the company said in a statement yesterday. Chief executive officer Datuk Mohd Nur Ismal Mohamed Kamal said the appointment of the TAC was an important step before the end of the suspension period in May 2020. "We encourage all firms with the relevant experience to participate in this tender as the findings of this review will help us chart the right course for this project," he said. Malaysia and Singapore have agreed to suspend the construction of the KL-Singapore HSR until May 31, 2020, to enable both countries to find the best way forward for the project. (Source: The Star/Bernama)

Malaysia and Singapore ended its aerospace disputes following the withdrawal of Singapore's Instrument Landing System (ILS) procedures for its Seletar Airport. Meanwhile, Malaysia will indefinitely suspend its permanent Restricted Area (RA) over Pasir Gudang. As such, Firefly will resume its flights from Subang Airport to Seletar Airport beginning late April 2019. Firefly's flights to Singapore were suspended on Dec 1, 2018 as they were remaining matters in relation to Singapore's plans to move

turboprop aircraft operations from Changi Airport to Seletar Airport. The Kuala Lumpur-Singapore (KUL-SIN) route is the top Asia Pacific international route with more than 30,000 flights from March 2018 to February 2019 according to Official Aviation Guide (OAG). Based on MAHB's guidance, Firefly operates around 4,000 flights on an annualized basis (assuming five to six return flights per day at minimum to and from Singapore). As such, Firefly would be ranked higher than Jetstar Asia in terms of number of flights to and from Singapore but capacity would be much lower as Firefly's turboprop aircraft can only carry 72 passengers. (Source: *The EdgeMarkets*)

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

Source: RAM, MARC

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