

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.27	-4
5-yr UST	2.25	-4
10-yr UST	2.44	-4
30-yr UST	2.86	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.41	4	3.42	1
5-yr	3.59	3	3.63	0
7-yr	3.74	1	3.73	0
10-yr	3.80	1	3.85	0
15-yr	4.13	3	4.13	2
20-yr	4.31	0	4.35	0
30-yr	4.60	0	4.63	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.48	-1
3-yr	3.52	0
5-yr	3.60	1
7-yr	3.68	2
10-yr	3.87	2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries rallied on Thursday; ahead of US trade tariff hike on Chinese goods touted to be on Friday, after ignoring the weak UST 10Y auction metrics prior day. The curve shifted lower as overall benchmark yields ended down by 3-4bps. Both the UST 2Y and the much-watched 10Y bond closed at 2.27% and 2.44% respectively. Treasury's \$19b 30Y auction fared better on a BTC ratio of 2.20x; drawing an average of 2.892%. With 10Y yields ~15bps below their 2019 average, investors aren't expected to bid aggressively given the uncertainty of the prospects for a trade agreement between the U.S. and China, if any. The mixed job report last Friday and the Fed's move to tame down rate-cut speculation on apparent "transitory" inflation is also dampening aggressive bidding by market participants. Upcoming data tonight include April's CPI data.

MGS/GII

- Local govovies succumbed to profit-taking following earlier rally arising from a 25bps cut on the OPR with secondary market volumes slipping by more than half to RM3.77b. Overall benchmark yields ended between 0-4bps higher across the curve with interest mainly seen in the off-the-run 20's, 23-24's, 27's and benchmark 3Y, 5Y bonds. The benchmark 5Y MGS 4/23 yields closed 3bps higher at 3.59% whilst the 10Y MGS 8/29 yields inched 1bps higher at 3.80%. GII bond trades maintained at 35% of overall trades. Expect market to be relatively quiet following reports on the drop in foreign holdings of MYR govovies by 4.2% to RM162.3b. This coupled with profit-taking ahead of the weekend and earlier concerns on potential portfolio and index adjustments may cause investors to be sidelined today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw secondary volume elevated at RM862m largely due to several DANAINFRA bond trades amounting to RM400m in nominal amounts. Overall interest was seen across the GG-segment followed by the AA-space with overall yields mostly ending lower. The Govt-guaranteed DANA 26's ended 0-1bps lower at 3.91% levels compared to previous-done levels. AAA-rated TELEKOM 4/23 and 10/24 closed sharply lower on yields at 3.99% and 4.04% each whilst the AA-space continue to be dominated by energy-related bonds i.e. SEB, YTL Power, JEP., Southern Power and EDRA Energy. Northern Gateway 8/27 rallied 33bps at 4.31% whilst MMC Corp 27-28's saw strong demand; closing at 5.30% and 5.37% respectively.

Daily Trades : Government Bonds

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	11/19	3.142	51	3.151	08/05/2019	-1
MGS	03/20	3.271	231	3.214	08/05/2019	6
MGS	07/20	3.261	3	3.274	08/05/2019	-1
MGS	07/21	3.399	64	3.377	08/05/2019	2
MGS	09/21	3.394	50	3.372	08/05/2019	2
MGS	11/21	3.401	78	3.391	08/05/2019	1
MGS	03/22	3.405	425	3.374	08/05/2019	3
MGS	08/22	3.499	41	3.463	08/05/2019	4
MGS	09/22	3.500	50	3.510	08/05/2019	-1
MGS	04/23	3.592	259	3.576	08/05/2019	2
MGS	08/23	3.646	96	3.621	08/05/2019	2
MGS	07/24	3.694	107	3.667	08/05/2019	3
MGS	09/24	3.717	72	3.681	08/05/2019	4
MGS	03/25	3.737	70	3.737	08/05/2019	0
MGS	09/25	3.811	77	3.785	08/05/2019	3
MGS	04/26	3.819	1	3.796	08/05/2019	2
MGS	07/26	3.744	60	3.721	08/05/2019	2
MGS	11/26	3.877	141	3.852	08/05/2019	2
MGS	11/27	3.885	176	3.866	08/05/2019	2
MGS	06/28	3.884	21	3.855	08/05/2019	3
MGS	08/29	3.796	23	3.784	08/05/2019	1
MGS	04/30	4.000	21	4.019	07/05/2019	-2
MGS	06/31	4.084	90	4.009	08/05/2019	7
MGS	04/33	4.149	44	4.151	08/05/2019	0
MGS	11/33	4.125	150	4.080	08/05/2019	4
MGS	05/35	4.250	3	4.280	07/05/2019	-3
MGS	09/43	4.546	1	4.546	08/05/2019	0
MGS	07/48	4.595	59	4.595	08/05/2019	0
GII	04/20	3.257	15	3.224	08/05/2019	3
GII	05/20	3.291	230	3.252	08/05/2019	4
GII	06/20	3.238	2	3.404	15/04/2019	-17
GII	03/22	3.416	1	3.409	08/05/2019	1
GII	07/22	3.521	5	3.523	08/05/2019	0
GII	11/23	3.622	200	3.611	08/05/2019	1
GII	08/24	3.696	212	3.676	08/05/2019	2
GII	10/24	3.630	65	3.628	08/05/2019	0
GII	08/25	3.791	40	3.766	08/05/2019	2
GII	10/25	3.839	51	3.813	02/05/2019	3
GII	09/26	3.819	80	3.796	08/05/2019	2
GII	06/27	3.864	20	3.864	08/04/2019	0
GII	07/27	3.870	222	3.842	08/05/2019	3
GII	10/28	3.898	2	3.855	08/05/2019	4
GII	07/29	3.848	11	3.839	08/05/2019	1
GII	06/33	4.133	80	4.112	08/05/2019	2
GII	08/33	4.229	4	4.230	25/04/2019	0
GII	10/35	4.336	64	4.299	07/05/2019	4
GII	08/37	4.316	2	4.331	08/05/2019	-2
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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	3.494	5	3.601	17/04/2019	-11	15
DanaInfra Nasional Berhad	03/22	GG	3.539	10	3.700	16/04/2019	-16	14
DanaInfra Nasional Berhad	05/22	GG	3.559	15	3.993	26/09/2018	-43	16
Pengurusan Air SPV Berhad	06/22	GG	3.570	20	4.001	08/01/2019	-43	17
DanaInfra Nasional Berhad	07/22	GG	3.582	25	3.703	16/04/2019	-12	18
DanaInfra Nasional Berhad	11/22	GG	3.633	5	3.749	03/04/2019	-12	10
Pengurusan Air SPV Berhad	06/23	GG	3.704	5	3.752	09/04/2019	-5	18
DanaInfra Nasional Berhad	02/25	GG	3.830	40	3.826	24/04/2019	0	13
DanaInfra Nasional Berhad	04/26	GG	3.908	20	-	-	-	16
DanaInfra Nasional Berhad	04/26	GG	3.908	205	3.899	08/05/2019	1	16
Perbadanan Tabung Pendidikan Tinggi Nasional	03/27	GG	3.992	20	4.050	23/04/2019	-6	20
DanaInfra Nasional Berhad	03/27	GG	3.948	30	3.922	17/04/2019	3	16
Prasarana Malaysia Berhad	09/27	GG	3.940	30	3.950	26/04/2019	-1	15
Perbadanan Tabung Pendidikan Tinggi Nasional	03/29	GG	4.049	20	4.109	23/04/2019	-6	26
DanaInfra Nasional Berhad	03/29	GG	4.019	20	4.041	30/04/2019	-2	23
Prasarana Malaysia Berhad	09/29	GG	4.020	10	4.000	09/04/2019	2	23
DanaInfra Nasional Berhad	05/31	GG	4.121	30	4.129	30/04/2019	-1	33
GovCo Holdings Berhad	06/31	GG	4.273	10	4.273	08/05/2019	0	48
Projek Lebuhraya Usahasama Berhad	01/20	AAA	3.774	48	3.822	03/05/2019	-5	54
Telekom Malaysia Berhad	04/23	AAA	3.988	20	4.150	22/03/2019	-16	46
Telekom Malaysia Berhad	10/24	AAA	4.042	20	4.097	11/04/2019	-6	44
Sarawak Energy Berhad	07/24	AA1	4.118	20	4.179	03/04/2019	-6	52
Sarawak Energy Berhad	08/25	AA1	4.171	20	4.235	02/04/2019	-6	47
YTL Power International Berhad	05/27	AA1	4.538	20	4.569	03/05/2019	-3	75
Northern Gateway Infrastructure Sdn Berhad	08/27	AA1	4.308	10	4.641	03/12/2018	-33	52
Sarawak Energy Berhad	12/32	AA1	4.388	15	4.419	26/04/2019	-3	26
First Resources Limited	06/20	AA2	4.105	10	4.174	24/04/2019	-7	87
Serba Dinamik Holdings Berhad	10/23	AA-	4.727	10	4.782	24/04/2019	-5	120
MMC Corporation Berhad	04/27	AA-	5.299	20	5.357	29/04/2019	-6	151
Southern Power Generation Sdn Berhad	04/27	AA-	4.228	10	4.231	30/04/2019	0	44
MMC Corporation Berhad	03/28	AA-	5.371	30	5.428	29/04/2019	-6	157
Jimah East Power Sdn Berhad	06/28	AA-	4.409	10	4.792	29/08/2018	-38	60
Jimah East Power Sdn Berhad	06/30	AA-	4.469	10	4.659	15/03/2019	-19	68
Southern Power Generation Sdn Berhad	10/31	AA-	4.329	10	4.430	11/04/2019	-10	54
Edra Energy Sdn Berhad	07/36	AA3	5.790	10	5.940	07/05/2019	-15	166
Edra Energy Sdn Berhad	07/37	AA3	5.929	1	6.089	03/05/2019	-16	160
Lafarge Cement Sdn Berhad	12/20	A1	4.738	1	5.016	23/04/2019	-28	139
CIMB Group Holdings Berhad	05/16	A1	4.526	40	4.420	29/04/2019	11	20
CIMB Group Holdings Berhad	05/16	A1	4.475	1	4.575	08/05/2019	-10	15
UMW Holdings Berhad	04/18	A1	4.949	5	5.200	08/05/2019	-25	62
IJM Land Berhad	03/19	A2	5.006	1	5.305	08/05/2019	-30	68
Affin Bank Berhad	07/18	A3	4.661	1	5.253	23/04/2019	-59	33
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

MyHSR Corp Sdn Bhd will call for a tender for the appointment of a commercial advisory consultant (CAC) for the KL-Singapore high speed rail (HSR) project review exercise today. According to a statement by MyHSR, the CAC tender looks to address the commercial aspects of the project in line with the Malaysian government's review. "The appointed consultant will be required to develop a new business model that will produce the optimal project life-cycle cost, as well as, develop updated ridership forecasts, and update the benefits assessment that the project will bring to Malaysia," it said. On Sept 5, 2018, the governments of Malaysia and Singapore agreed to suspend the KL-SG HSR project until May 31, 2020, while reviews were being conducted. An ongoing tender was launched in April 2019 to appoint the technical advisory consultant (TAC), which MyHSR said has received encouraging interest from the market. "With the appointments of both the TAC and the CAC, a comprehensive project review exercise will be completed, and a report will then be prepared and submitted to the Government, prior to the end of the suspension period in May 2020," said MyHSR. "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. We look forward to receiving similar strong support from the market for this tender.” (Source: *The Star*)

MMC Corp Bhd group managing director (MD) Datuk Seri Che Khalib Mohamad Noh expects the government to revive the mass rapid transit 3 (MRT3) project, which is also known as the Circle Line, by year end. The MRT3 project was originally planned to ply through Kerinchi, Jalan Duta, Setiawangsa, Salak Selatan, Pandan Indah and Bandar Malaysia via underground rail tracks. The railway project, however, was terminated after the Pakatan Harapan-led government took over a year ago. “I believe the government will decide [to revive MRT3] by the end of this year. Even if the government decides [on it] now, it will take another two years to start the project as land acquisitions, alignments and design for the project will take a long time,” Che Khalib told the media after MMC Corp’s annual general meeting yesterday. Che Khalib said if the government could come to a decision by year end, this would enable continuity of workflows in the segment after the completion of MRT2 and MRT3. MRT2, which is known as the Sungai Buloh-Serdang-Putrajaya (SSP) Line — at over 50% completion — is expected to be completed by 2022. “If there is no plan for MRT3 by 2022, you may lose all expertise. For MRT1, we depended a lot on foreign expertise, while for MRT2, the majority of works are done by local expertise. “We have developed all the skills and it is good for the country. If you don’t do it (reviving the MRT3 project), all these expertise will go overseas,” Che Khalib commented. He revealed that MMC Corp had submitted a proposal to revise MRT3 to the government at the end of last year. The proposal provided an alternative to reducing the project’s cost, which was at RM45 billion under the original plan. However, he was tight-lipped about the magnitude of the cost reduction, noting that the proposal was a completely different solution. “[In the proposal,] what we suggested to the government is to complete the project in phases, instead of completing the entire project in one go,” he said, adding that the proposal also included changing some underground stations to elevated stations. Che Khalib explained that the priority of the proposal was given to high-density places. For example, he said, under the new proposal, the MRT3 line could probably start with two-thirds of the length by connecting the high-density areas that tend to have high demand for public rail transport. For the remaining part, he said, it could be completed at a later stage when demand in those areas starts to grow, such as in Bandar Malaysia and areas for future development. Che Khalib is positive on MMC’s prospects for the current financial year ending Dec 31, 2019 (FY19), mainly driven by its ports and logistics division. He noted that the Port of Tanjung Pelepas and Penang would be the major contributors to the group’s growth in FY19. For FY18, its net profit grew 5% to RM220.08 million from RM209.79 million a year ago, while revenue expanded 20% to RM5.01 billion from RM4.16 billion. Meanwhile, MMC Corp has earmarked RM2 billion for capital expenditure for FY19 and the bulk of this would be allocated to the ports and logistics division. On the group’s plans to list its ports division on Bursa Malaysia, Che Khalib said under current market conditions, the group is not in a rush to do so. The group’s ports and logistics division includes Pelabuhan Tanjung Pelepas Sdn Bhd, Johor Port Bhd, Northport (Malaysia) Bhd, Penang Port Sdn Bhd, Tanjung Bruas Port Sdn Bhd and Kontena Nasional Bhd. Internationally, MMC Corp has a presence in Saudi Arabia via Red Sea Gateway Terminal Company Ltd, a container port terminal within the Jeddah Islamic Port. Besides ports and logistics, MMC Corp is also involved in the energy and utilities and engineering businesses. It controls 38.44% of Malakoff Corp Bhd. (Source: *The EdgeMarkets*)

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

Source: RAM, MARC

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