

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.58	2
5-yr UST	2.57	2
10-yr UST	2.74	3
30-yr UST	3.06	6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.57	-1	3.65	0
5-yr	3.74	-1	3.81	-1
7-yr	3.98	0	4.04	0
10-yr	4.06	-2	4.09	-4
15-yr	4.39	1	4.48	-1
20-yr	4.57	-3	4.72	-1
30-yr	4.78	-1	4.90	-1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.68	-2
3-yr	3.70	-2
5-yr	3.81	-1
7-yr	3.94	-1
10-yr	4.10	0

Source : Bloomberg

Upcoming Government Bond Tender

New Issuance of 7Y MGS 07/26 (RM3.5b Auction + RM500m Private Placement) on Monday, 14th Jan 2018

US Treasuries

- US Treasuries fell overnight with the yield on the long end settling higher this time causing the yield curve to steepen. Overall benchmark yields ended 2-6bps higher with the 30Y jumping by 6bps to 3.06% following the Treasury Department’s auction of \$16bn 30-year bonds to weak demand. The sale garnered a comparatively lower bids-to-cover ratio of 2.19 versus 2.31 in December. Treasuries had managed to rise earlier but pared gains after Fed Chair Jerome Powell emphasized “flexibility” and “patience” in monetary policy normalization and mentioned that the central bank will “substantially” reduce the size of its balance sheet.

MGS/GII

- Trading momentum continued to build up in the local govies space with total volume spiking up to RM5.465bn on Thursday. Overall benchmark yield fell by 1 to 4bps with the exception of the 15Y benchmark MGS 11/33 which ended 1bp higher at 4.39%. GII trades eased to form half of overall trade (versus 68% on Wednesday) with the highest demand seen in the previous 10Y benchmark which saw a total RM616m changed hands at 4.19%, followed by RM464m of MGS 03/20 at 3.51% and RM420m of GII 08/25 at 3.51%.

Corp Bonds/Sukuk

- Volume of bonds/sukuk traded at the corporate space also jumped sharply to RM1.37b on Thursday (versus RM766m on Wednesday) mainly driven by the RM620m deals done over Affin Islamic 28 NC 23 at 4.97% which formed nearly half of total trades. Interest was lacklustre elsewhere with DANA 04/39 being the sole GG paper traded whereas the AAA and AA1 spaces saw a total of RM221m and RM105m done respectively.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	15/03/2019	3.263	291	3.314	09/01/2019	-5.1
MGS	30/07/2019	3.332	270	3.387	09/01/2019	-5.5
MGS	29/11/2019	3.413	363	3.445	09/01/2019	-3.2
MGS	31/03/2020	3.506	464	3.514	09/01/2019	-0.8
MGS	15/10/2020	3.511	153	3.562	09/01/2019	-5.1
MGS	20/04/2023	3.738	190	3.743	09/01/2019	-0.5
MGS	15/07/2024	3.916	219	3.921	09/01/2019	-0.5
MGS	16/11/2027	4.144	316	4.168	09/01/2019	-2.4
MGS	15/06/2028	4.061	224	4.079	09/01/2019	-1.8
MGS	07/11/2033	4.392	240	4.378	08/01/2019	1.4
GII	15/05/2020	3.519	420	3.507	21/12/2018	1.2
GII	15/05/2020	3.519	160	3.561	30/08/2018	-4.2
GII	15/08/2025	4.04	420	4.042	09/01/2019	-0.2
GII	15/10/2025	4.058	170	4.071	09/01/2019	-1.3
GII	30/09/2026	4.092	190	4.097	09/01/2019	-0.5
GII	31/10/2028	4.194	616	4.187	09/01/2019	0.7
GII	09/07/2029	4.093	380	4.115	09/01/2019	-2.2
GII	15/06/2033	4.477	150	4.491	09/01/2019	-1.4
GII	30/08/2033	4.521	230	4.529	08/01/2019	-0.8
			<u>5465</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 IRS*
Pengurusan Air SPV Berhad	07/02/2019	GG	3.718	50	3.616	21/12/2018	10	4
Prasarana Malaysia Berhad	07/09/2023	GG	4.070	5	4.102	19/12/2018	-3	25
DanaInfra Nasional Berhad	19/07/2024	GG	4.136	5	4.119	25/09/2018	2	26
PR1MA Corporation Malaysia	18/10/2024	GG	4.189	60	4.260	23/10/2018	-7	32
Perbadanan Tabung Pendidikan Tinggi Nasional	27/07/2026	GG	4.340	20	4.378	27/12/2018	-4	35
Prasarana Malaysia Berhad	06/09/2027	GG	4.298	35	4.378	19/12/2018	-8	30
DanaInfra Nasional Berhad	31/10/2028	GG	4.359	20	4.372	03/01/2019	-1	23
Bank Pembangunan Malaysia Berhad	12/09/2029	GG	4.462	5	4.642	23/07/2018	-18	34
Prasarana Malaysia Berhad	28/09/2029	GG	4.398	20	4.413	03/01/2019	-2	27
DanaInfra Nasional Berhad	21/04/2039	GG	4.870	20	4.880	09/01/2019	-1	57
Telekom Malaysia Berhad	10/06/2022	AAA	4.194	5	4.255	20/04/2017	-6	48
Tenaga Nasional Berhad	03/08/2037	AAA	4.889	70	4.925	11/12/2018	-4	59
GENM Capital Berhad	31/03/2022	AAA	4.649	40	4.650	03/01/2019	0	94
Genting Capital Berhad	08/06/2022	AAA	4.780	1	4.663	27/09/2018	12	107
Putrajaya Holdings Sdn Berhad	11/04/2025	AAA	4.368	10	4.437	26/01/2017	-7	49
Putrajaya Holdings Sdn Berhad	24/04/2025	AAA	4.368	10	4.471	11/10/2018	-10	49
Genting Capital Berhad	08/06/2027	AAA	4.821	20	5.030	18/07/2018	-21	83
Projek Lebuhraya Usahasama Berhad	12/01/2033	AAA	4.750	65	4.819	19/12/2018	-7	45
MBSB Bank Berhad (fka Asian Finance Bank Be	24/12/2019	AA1	4.240	60	4.417	22/10/2018	-18	56
YTL Power International Berhad	11/10/2024	AA1	4.680	5	4.700	01/11/2018	-2	81
YTL Power International Berhad	03/05/2027	AA1	4.848	30	4.848	08/01/2019	0	85
Sarawak Energy Berhad	03/12/2032	AA1	4.829	10	4.839	09/01/2019	-1	53
CIMB Islamic Bank Berhad	25/09/2024	AA+	4.176	5	5.048	29/11/2018	-87	30
PBFIN Berhad	05/06/2059	AA2	4.543	1	4.539	04/01/2019	0	24
Edra Energy Sdn Berhad	05/07/2023	AA3	5.283	5	5.326	30/11/2018	-4	147
Perbadanan Kemajuan Negeri Selangor	31/10/2023	AA3	4.943	2	4.976	01/11/2018	-3	112
Gamuda Berhad	27/11/2023	AA3	4.687	10	-	-	-	-
Edra Energy Sdn Berhad	05/01/2024	AA3	5.318	5	5.368	22/11/2018	-5	150
AmBank Islamic Berhad	18/10/2028	AA3	4.757	10	4.822	18/12/2018	-7	63
Edra Energy Sdn Berhad	05/01/2029	AA3	5.690	20	5.590	13/11/2018	10	157
Sports Toto Malaysia Sdn Berhad	28/06/2019	AA-	4.428	5	4.565	08/11/2018	-14	75
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	02/12/2020	AA-	4.343	5	4.455	09/08/2018	-11	66
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	02/12/2021	AA-	4.431	5	4.485	28/08/2018	-5	72
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	02/12/2022	AA-	4.501	15	4.545	14/12/2018	-4	69
UEM Sunrise Berhad	31/10/2025	AA-	4.828	3	4.894	20/12/2018	-7	88
Serba Dinamik Holdings Berhad	02/10/2028	AA-	5.229	10	5.229	04/01/2019	0	110
Golden Assets International Finance Limited	05/08/2019	A1	4.703	13	4.709	08/01/2019	-1	102
Affin Bank Berhad	20/09/2027	A1	4.773	32	4.733	03/01/2019	4	78
Affin Islamic Bank Berhad	23/10/2028	A1	4.917	620	4.970	28/12/2018	-5	79
RHB Bank Berhad	16/12/2039	A1	4.454	10	4.430	19/12/2018	2	15
Bank Muamalat Malaysia Berhad	25/11/2021	A	4.846	2	5.105	14/12/2018	-26	114
Affin Bank Berhad	29/07/2118	A3	5.214	20	5.701	19/12/2018	-49	91
EcoWorld International Berhad	27/04/2023	NR	6.371	2	6.169	07/01/2019	20	256
Mah Sing Berhad Perpetual	-	NR	6.468	6	6.138	14/12/2018	33	-
				<u>1370</u>				

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

Market/Corporate News: What's Brewing

Bank Negara Malaysia has given its approval for the talks to merge Malaysian Industrial Development Finance Bhd (MIDF) with Al Rajhi Banking & Investment Corporation (Malaysia) Bhd. MIDF said on Thursday it had received a letter from the central bank that it has no objections for MIDF and its sole shareholder Permodalan Nasional Bhd (PNB) to start talks with Al Rajhi Banking & Investment Corporation for the proposed merger. "The negotiations must be completed within three months from the date of the letter issued by Bank Negara," it said. MIDF said this should not be construed as implying that a final merger agreement will be reached or that Bank Negara as approved the merger. "MIDF will have to obtain prior approval from Bank Negara or the Minister of Finance, with the recommendation of Bank Negara, as the case may be, pursuant to the Islamic Financial Services Act 2013 and the Financial Services Act 2013 before entering into any agreement to effect the proposed merger. "If an agreement is achieved, it will also be subject to various conditions, including all relevant legal requirements and the approval of all regulatory authorities involved, in both Malaysia and the Kingdom of Saudi Arabia. MIDF group managing director Datuk Charon Mokhzani said: "We are grateful for the approval from Bank Negara for us to start negotiations. We look forward to having fruitful discussions with Al Rajhi Banking & Investment Corporation, Kingdom of Saudi Arabia, and to a mutually beneficial outcome."

(Source: The Star)

Malaysia Airports Holdings Bhd (MAHB) missed its passenger volume target last year partly due to the shift of airlines seat capacity by some of the local carriers and the anticipated higher passenger movements related to the 14th general election (GE14) that did not take place. The airport operator saw 2.5% more passengers passing through the 39 airports in the country it operates last year, to reach 99.03 million from 96.64 million in 2017. MAHB had expected passenger volume to grow 6.5% in 2018. "The 2.5% growth for 2018 was lower than expected. While this lower growth follows a much higher 8.6% growth in 2017, the lower number is partly due to the shift of airlines seat capacity by some of the local carriers from domestic to international sectors, resulting in much lower growth for the domestic sector in the first half of 2018," MAHB said in a filing with Bursa Malaysia today. For 2019, MAHB has set a lower passenger growth target of 4.9%, with international and domestic passenger traffic growing at 2.4% and 7.6% respectively. Last year, international passenger traffic at the 39 Malaysian airports climbed 4.5% year-on-year (y-o-y) to 51.66 million, while domestic traffic only rose by a marginal 0.4% y-o-y to 47.37 million passengers. It noted that the main contributors for international traffic in 2018 were from the AirAsia group, Malaysia Airlines and Malindo Air. MAHB added that "2018 was a challenging year for the aviation industry in Malaysia against a few backdrops of uncertainty. The interim increase in fuel price, the US-China trade tensions, a few natural disasters and an aircraft crash incident in the region had to a certain degree affected the growth momentum," it said. MAHB shares closed up four sen or 0.49% at RM8.20 today, with 996,200 shares done, giving it a market capitalisation of RM13.61 billion.

(Source: The Edge)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM, MARC

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