

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.32	-3
5-yr UST	2.27	-3
10-yr UST	2.47	-3
30-yr UST	2.89	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.41	0	3.48	0
5-yr	3.56	0	3.67	0
7-yr	3.67	-2	3.80	0
10-yr	3.78	-1	3.84	-1
15-yr	4.08	-1	4.11	0
20-yr	4.28	0	4.36	-5
30-yr	4.58	0	4.62	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.53	-1
3-yr	3.53	0
5-yr	3.61	-1
7-yr	3.70	1
10-yr	3.90	2

Source : Bloomberg

#### Upcoming Government Bond Tender

New Issuance of RM3.5b 5Y GII 10/24 on Friday, 12<sup>th</sup> April

#### US Treasuries

- US Treasuries ended stronger yesterday with curve shifting lower despite the Fed meeting minutes being unable to fully meet the market's dovish expectations. Overall benchmark yields closed between 2-3bps lower with both the UST 2Y and much-watched 10Y at 2.32% and 2.47% respectively. The Treasury's auction for \$24b of 10Y notes were auctioned at an average yield of 2.466% with a slightly lower than expected BTC ratio of 2.55x. The FOMC's focus on global growth as the predominant risk means UST's are likely to remain vulnerable to improvements in international economic data. Fed officials have signaled that they're prepared to move rates either higher or lower as needed; hinting that it would be data-dependent. Hence, there is less impetus to cut rates if the Fed and stimulus from China have reduced the likelihood of a recession.

#### MGS/GII

- Local govvnies saw momentum sustain on higher volume of RM4.02b whilst brushing aside recent-profit taking and news on the Norwegian Sovereign Fund's purported reduction of EM Fixed Income weightings. Interest was mainly seen on the front-ends off-th-run 19-20's, 26's and also the 7Y benchmark MGS bonds. Overall benchmark yields however ended 0-5bps lower save for the odd-lot trade on the 3Y MGS. Both benchmarks i.e. 5Y MGS and 10Y MGS 4/23 edged within 1bps (lower) at 3.56% and 3.78% respectively. GII bond trades maintained at 36% of overall trades. Investors are expected to focus on tomorrow's upcoming 5Y benchmark auction. Up next are February's Industrial Production numbers due out today.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw higher secondary volume of RM666m; stripping out the newly-issued LPPSA bonds amounting to RM600m. Demand was still intact in the GG sector followed by the AAA-AA part of the curve. the GG-part of the curve. A slew of Govt-guaranteed PRASARANA 23-24's saw levels clos unchanged compared to previous-done levels between 3.74-84% whilst a slew of DANA 2031-2032 bonds continued to rally between 0-32bps between 4.07-15% levels. AAA-rated PUTRAJAYA 9/23 closed unchanged at 4.07% whilst MANJUNG 11/31 closed 14bps sharply lower at 4.28%. whilst short CAGAMAS 19-21's also saw these tranches edge 1-3bps lower. AA-rated space saw energy-related JEV 5/20, and the 2031-2032 tranches rally to close at 4.02% and 4.60-63% area. The banking space was active with Bank Islam 25NC20 and Hong Leong Bank 24NC19 closing 16-19bps lower at 4.24% and 3.96% respectively.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	11/19	3.310	150	3.349	09/04/2019	-4
MGS	03/20	3.353	351	3.359	09/04/2019	-1
MGS	10/20	3.398	53	3.392	09/04/2019	1
MGS	02/21	3.405	33	3.406	09/04/2019	0
MGS	11/21	3.423	12	3.443	09/04/2019	-2
MGS	03/22	3.405	58	3.373	09/04/2019	3
MGS	08/22	3.506	30	3.487	05/04/2019	2
MGS	09/22	3.517	20	3.520	09/04/2019	0
MGS	03/23	3.576	60	3.551	05/04/2019	2
MGS	04/23	3.558	180	3.563	09/04/2019	-1
MGS	08/23	3.611	2	3.624	09/04/2019	-1
MGS	07/24	3.666	80	3.687	09/04/2019	-2
MGS	09/24	3.662	107	3.672	09/04/2019	-1
MGS	07/25	3.752	60	3.948	05/03/2019	-20
MGS	09/25	3.720	51	3.725	09/04/2019	0
MGS	04/26	3.744	30	3.747	04/04/2019	0
MGS	07/26	3.671	399	3.695	09/04/2019	-2
MGS	11/26	3.755	541	3.778	09/04/2019	-2
MGS	11/27	3.801	50	3.796	09/04/2019	1
MGS	06/28	3.785	48	3.798	09/04/2019	-1
MGS	08/29	3.776	69	3.767	09/04/2019	1
MGS	04/30	3.952	100	3.876	05/04/2019	8
MGS	06/31	3.983	10	3.987	09/04/2019	0
MGS	04/33	4.100	17	4.104	09/04/2019	0
MGS	11/33	4.081	20	4.091	09/04/2019	-1
MGS	05/35	4.211	21	4.267	09/04/2019	-6
MGS	03/46	4.561	25	4.554	08/04/2019	1
GII	04/20	3.389	300	3.388	09/04/2019	0
GII	04/22	3.545	64	3.559	09/04/2019	-1
GII	11/23	3.667	70	3.669	09/04/2019	0
GII	05/24	3.696	40	3.717	09/04/2019	-2
GII	08/24	3.711	20	3.722	09/04/2019	-1
GII	08/25	3.798	210	3.804	09/04/2019	-1
GII	03/26	3.737	20	3.750	09/04/2019	-1
GII	07/27	3.866	20	3.865	09/04/2019	0
GII	10/28	3.895	300	3.907	09/04/2019	-1
GII	07/29	3.844	30	3.850	09/04/2019	-1
GII	10/35	4.264	170	4.276	09/04/2019	-1
GII	08/37	4.356	155	4.410	03/04/2019	-5
GII	09/39	4.338	40	4.339	09/04/2019	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*
Prasarana Malaysia Berhad	02/23	GG	3.735	20	3.738	08/04/2019	0	24
Prasarana Malaysia Berhad	08/23	GG	3.720	15	3.938	06/03/2019	-22	23
Danalinfra Nasional Berhad	05/24	GG	3.780	80	3.868	26/03/2019	-9	22
Prasarana Malaysia Berhad	09/24	GG	3.842	15	3.839	08/04/2019	0	28
Pengurusan Air SPV Berhad	02/26	GG	3.882	20	3.881	08/04/2019	0	19
Pengurusan Air SPV Berhad	02/26	GG	3.878	10	3.960	21/03/2019	-8	19
Lembaga Pembiayaan Perumahan Sektor Awam	04/29	GG	4.060	300	-	-	-	28
Danalinfra Nasional Berhad	05/31	GG	4.069	15	4.241	25/03/2019	-17	29
Danalinfra Nasional Berhad	03/32	GG	4.128	20	4.449	28/02/2019	-32	4
Danalinfra Nasional Berhad	05/32	GG	4.132	20	4.220	28/03/2019	-9	4
Danalinfra Nasional Berhad	11/32	GG	4.151	10	4.151	05/04/2019	0	6
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	4.270	40	4.229	05/04/2019	4	18
Lembaga Pembiayaan Perumahan Sektor Awam	04/34	GG	4.280	300	-	-	-	19
Danalinfra Nasional Berhad	02/39	GG	4.440	20	4.510	28/03/2019	-7	15
Danalinfra Nasional Berhad	04/43	GG	4.550	5	-	-	-	26
Lembaga Pembiayaan Perumahan Sektor Awam	04/26	GG	3.910	15	-	-	-	-
Cagamas Berhad	03/20	AAA	3.660	10	3.771	22/03/2019	-11	32
AI Dzahab Assets Berhad	03/20	AAA	4.123	15	4.160	26/03/2019	-4	78
N.U.R Power Sdn Berhad	06/20	AAA	4.003	4	4.299	26/01/2017	-30	66
Gulf Investment Corporation G.S.C	03/21	AAA	4.604	20	4.658	29/03/2019	-5	123
AI Dzahab Assets Berhad	06/21	AAA	4.167	5	4.308	23/01/2019	-14	79
Gulf Investment Corporation G.S.C	06/22	AAA	4.688	10	4.956	24/10/2018	-27	129
Mercedes-Benz Services Malaysia Sdn Berhad	06/22	AAA	4.186	10	4.326	13/02/2019	-14	79
GENM Capital Berhad	07/23	AAA	4.408	21	4.400	09/04/2019	1	92
Putrajaya Holdings Sdn Berhad	09/23	AAA	4.067	10	4.066	04/04/2019	0	57
Bakun Hydro Power Generation Sdn Berhad (fka )	08/30	AAA	4.389	10	4.538	06/03/2019	-15	61
Manjung Island Energy Berhad	11/31	AAA	4.279	10	4.418	26/03/2019	-14	19
Malayan Banking Berhad	02/32	AAA	4.022	20	-	-	-	-7
Bank Pembangunan Malaysia Berhad	03/32	AAA	4.519	30	4.775	31/01/2019	-26	43
Sabah Development Bank Berhad	04/23	AA1	4.801	10	4.877	02/04/2019	-8	131
Hong Leong Bank Berhad	06/24	AA1	3.957	10	4.151	14/03/2019	-19	40
Celcom Networks Sdn Berhad	08/19	AA+	3.892	30	3.944	09/04/2019	-5	55
Hong Leong Bank Berhad	09/39	AA2	4.799	0	4.863	04/04/2019	-6	51
PBFIN Berhad	06/59	AA2	4.548	10	4.559	19/03/2019	-1	26
Jimah Energy Ventures Sdn Berhad	05/20	AA3	4.017	3	4.056	26/03/2019	-4	67
Gamuda Berhad	11/22	AA3	4.431	20	4.437	05/04/2019	-1	94
BGSM Management Sdn Berhad	12/22	AA3	4.307	10	4.488	04/12/2018	-18	81
CIMB Thai Bank Public Company Limited	07/24	AA3	4.165	10	4.215	05/04/2019	-5	60
CIMB Thai Bank Public Company Limited	07/26	AA3	4.456	0	4.610	19/03/2019	-15	76
Northport (Malaysia) Berhad	12/22	AA-	4.660	10	4.778	16/01/2019	-12	117
MIMC Corporation Berhad	11/27	AA-	5.401	10	5.499	21/02/2019	-10	164
MIMC Corporation Berhad	03/28	AA-	5.372	10	5.451	08/04/2019	-8	161
Jimah East Power Sdn Berhad	12/31	AA-	4.599	10	4.759	15/03/2019	-16	51
Jimah East Power Sdn Berhad	06/32	AA-	4.629	10	4.928	26/12/2018	-30	54
Bank Islam Malaysia Berhad	12/25	A1	4.242	20	4.397	13/03/2019	-16	55
CIMB Group Holdings Berhad	05/16	A1	4.829	10	4.683	09/04/2019	15	54
Alliance Bank Malaysia Berhad	10/25	A2	5.005	1	4.681	18/03/2019	32	131
AEON Credit Services Berhad	11/13/2113	-	6.224	1	6.189	05/04/2019	4	-
				<u>1266</u>				

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

**Market/Corporate News: What's Brewing**

**International Islamic Liquidity Management Corporation (IILM) has successfully reissued US\$500 million in short-term sukuk in two series.** The sukuk was rated A-1 by Standard & Poor's Rating Services. In a statement today, IILM said the sukuk issued were offered in two different tenors, namely US\$200 million with one-month tenor at a profit rate of 2.67 per cent and US\$300 million with three-month tenor at a profit rate of 2.76 per cent. "The reissuance saw well-supported demand across the two series, with a bid-to-cover ratio of 214 per cent for the one-month sukuk, and 329 per cent for the three-month sukuk," it said. IILM said purchases by Islamic Primary Dealers (PDs) in the primary auction for the one-month and three-month sukuk amounted to 63 percent and 74 percent, respectively. (Source: *The EdgeMarkets*)

**Hard Rock, Genting may eye for control of Crown.** Forced to anchor in licensed clusters in Las Vegas and Macau, the world's biggest casino operators rarely get a free shot at expansion. That's why a once-in-a-generation opportunity to buy established resorts in Australia could escalate into a bidding war. Crown Resorts Ltd., controlled by

billionaire James Packer -- the one-time fiancé of singer Mariah Carey -- this week disclosed a A\$9.99 billion (\$7.12 billion) takeover offer from Wynn Resorts Ltd. and said the two companies were discussing a deal. The talks were short-lived. Wynn said they were revealed too soon and ended negotiations. The discussions were initially reported in the Australian Financial Review, a local newspaper, and confirmed shortly later by Crown. It looked like a tried-and-tested play to root out a higher bidder -- until Wynn walked away. But with Crown now known to be on the market, Packer may yet land a deal. After surging 20 percent on the talks with Wynn, Crown stock retreated just 9.1 percent when the discussions collapsed. With the Wynn talks on hold for now, rival suitors such as Hard Rock International Inc. and Malaysia's Genting Bhd. may engage, according to Deutsche Bank AG. A representative for Crown, which owns casinos in Melbourne and Perth and is building a third in Sydney, declined to comment on the leaked talks with Wynn or why they broke down so abruptly. Governments worldwide typically keep a tight grip on new gaming licenses, which partly explains why it's so rare for a casino company to sell up. A takeover of Crown at the price proposed by Wynn would be the industry's biggest acquisition in more than a decade, according to Bloomberg data going back to 2007. Beyond Wynn, Crown also might be a match for other companies with casino operations in Singapore or Macau because of the potential synergies, said David Bonnet, managing partner at Delta State Holdings Ltd. specializing in hospitality and gaming consulting. "For businesses already operating in the region, it makes sense too to consider the deal," said Bonnet. "Acquisition is the only way to enter a monopoly-style market." Suncity Group Holdings Ltd. has been expanding outside Macau in recent years and is building a casino in Vietnam. The company said it wants to head offshore but Wynn's offer for Crown was too high. "We actively keep our eyes on overseas opportunities around the region as the footprint expansion can help create more synergies among our businesses in each gaming hub," said Andrew, executive director of Suncity. Genting, with resorts stretching from the U.S. to Singapore, has experience of the Australian market. In 2012, it owned about 10 percent of Crown's rival in Australia, Star Entertainment Group Ltd. before a 2017 sell down. A company representative declined to comment. Hard Rock International, which has casino resorts across North America, is one of the many companies with designs on a casino license in Japan. The company did not respond to a request for comment. A corporate retreat by the billionaire Packer has looked more likely since late 2016, when a crackdown in China resulted in 19 current and former Crown staff being convicted of illegally promoting gambling on the mainland, where it is banned. In the same year, he had an ugly public break up with Carey. Crown is now almost solely focused on its domestic market. Packer quit the board of Crown in March 2018 due to mental health issues and stepped down as a director of his private investment company three months later. For Wynn, the Crown deal would have represented a chance to catch up to competitors who already have footholds in Asia beyond Macau. Unlike Las Vegas Sands Corp., which has a resort in Singapore, or Melco Resorts & Entertainment Ltd., which has built a "City of Dreams" in Manila, Wynn is currently confined to the Chinese gaming enclave, where expansion is approaching its limit. And they're all fiercely competing for an operating license in Japan, seen as the region's next gambling goldmine. Given its need for growth beyond Macau and the few options available, Wynn may yet return to negotiate a deal with the Melbourne-based company, Sanford C. Bernstein analyst Vitaly Umansky wrote in a note. The prospect of Wynn buying Crown, while "perplexing," may have some merit given the slowdown in Macau, he said. (Source: *The EdgeMarkets*)

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

Source: RAM, MARC

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