

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.94	5
5-yr UST	1.92	6
10-yr UST	2.15	7
30-yr UST	2.63	6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.35	1	3.39	-2
5-yr	3.45	1	3.51	-1
7-yr	3.62	2	3.66	1
10-yr	3.71	4	3.73	-2
15-yr	4.01	4	4.03	-11
20-yr	4.16	-4	4.24	0
30-yr	4.46	-2	4.55	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.41	1
3-yr	3.43	1
5-yr	3.50	2
7-yr	3.58	3
10-yr	3.74	2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- The US Treasuries ended weaker Monday following the non-imposition of tariffs on Mexican imports and also a slew of pricing activities ahead of upcoming IG credit issuances. The curve reversed and shifted higher as overall benchmark yields ended 5-7bps higher with the UST 2Y at 1.94% and the much-watched 10Y closing 7bps sharply higher at 2.15%. Meanwhile market players are mostly of the view that the rally that drove yields lower would justify the Fed to cut interest rates. UST supply resumes this week with \$38b of 3Y notes tonight followed by 10Y , 30Y reopening later this week. The Fed Fund Futures have now priced in a 66% chance of a 25bps rate cut by July. Upcoming data include the release of Producer Price and CPI data tomorrow.

MGS/GII

- Trading momentum in local govvnies was ramped up as secondary market volume notched a solid RM5.75b. Benchmark yields ended mostly mixed between -11 to +4bps; with the longer-end weaker. Interest was mainly seen in both the shorter off-the-run 19-22's and also benchmark 10Y and 15Y bonds. The benchmark 5Y MGS 4/23 edged 1bps higher at 3.45% whilst the 10Y MGS 8/29 spiked by 4bps at 3.71%. GII bond trades rose to form 42% of overall trades. Meanwhile the local debt market is still resilient amid recent inflows into EM Asia Pacific segment with Malaysia being a beneficiary. Up next on the data front are the industrial production and manufacturing sales numbers out today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space also saw strong interest with secondary volume was boosted to RM801m with the return of investors following the Aidil Fitri holiday break. Interest was seen mainly in AAA and GG-part of the curve. Govt-guaranteed KHAZANAH 8/24 rallied 13bps at 3.74% on substantial volume whilst DANA 28-29's moved 7bps lower between 3.93-95% levels. Meanwhile the AAA-rated TELEKOM 8/23 notched RM60m in nominal amounts; closing sharply lower on yields at 3.89% whilst PLUS 22, 26 and 29 ended 3-9bps lower at 3.83%, 4.02% and 4.17% respectively. The seldom-traded UniTapah 33's saw action closing at 4.54-57% area whilst a slew of energy-related bonds i.e. EDRA 2030-2033 tranches closed between 0-31bps lower within the 5.05-5.14% region. The banking space saw demand with MAYBANK 31NC26 closing at 4.29% and CIMB Group 29NC24 at 4.31%.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.110	364	3.115	07/06/2019	-1
MGS	11/19	3.172	435	3.183	07/06/2019	-1
MGS	03/20	3.163	306	3.183	07/06/2019	-2
MGS	07/20	3.217	104	3.219	07/06/2019	0
MGS	10/20	3.227	144	3.236	07/06/2019	-1
MGS	02/21	3.285	20	3.308	07/06/2019	-2
MGS	07/21	3.360	56	3.352	04/06/2019	1
MGS	09/21	3.376	109	3.354	07/06/2019	2
MGS	11/21	3.381	87	3.390	07/06/2019	-1
MGS	03/22	3.346	8	3.326	07/06/2019	2
MGS	08/22	3.417	211	3.400	07/06/2019	2
MGS	09/22	3.416	1	3.391	07/06/2019	2
MGS	04/23	3.455	101	3.449	07/06/2019	1
MGS	08/23	3.488	39	3.488	07/06/2019	0
MGS	07/24	3.521	100	3.568	07/06/2019	-5
MGS	09/24	3.507	48	3.595	07/06/2019	-9
MGS	03/25	3.590	33	3.600	07/06/2019	-1
MGS	09/25	3.652	9	3.657	07/06/2019	0
MGS	07/26	3.624	116	3.608	07/06/2019	2
MGS	11/26	3.688	33	3.669	07/06/2019	2
MGS	11/27	3.741	13	3.762	07/06/2019	-2
MGS	06/28	3.766	84	3.759	07/06/2019	1
MGS	08/29	3.706	251	3.689	07/06/2019	2
MGS	04/30	3.860	51	3.852	07/06/2019	1
MGS	04/33	4.014	74	4.029	04/06/2019	-1
MGS	11/33	4.007	336	3.996	07/06/2019	1
MGS	05/35	4.175	3	4.165	07/06/2019	1
MGS	04/37	4.123	74	4.215	07/06/2019	-9
MGS	06/38	4.164	80	4.201	04/06/2019	-4
MGS	03/46	4.577	40	4.527	07/06/2019	5
MGS	07/48	4.455	20	4.492	07/06/2019	-4
GII	04/20	3.180	320	3.259	04/06/2019	-8
GII	08/20	3.252	2	3.246	07/06/2019	1
GII	11/20	3.266	1	3.378	28/05/2019	-11
GII	03/21	3.329	120	3.347	04/06/2019	-2
GII	03/22	3.388	60	3.407	07/06/2019	-2
GII	04/22	3.425	260	3.491	31/05/2019	-7
GII	07/22	3.437	130	3.426	07/06/2019	1
GII	11/22	3.464	40	3.543	03/06/2019	-8
GII	11/22	3.467	40	3.603	29/03/2019	-14
GII	11/23	3.460	10	3.477	07/06/2019	-2
GII	10/24	3.514	240	3.528	07/06/2019	-1
GII	10/25	3.667	30	3.722	07/06/2019	-6
GII	03/26	3.658	50	3.647	07/06/2019	1
GII	09/26	3.684	180	3.692	04/06/2019	-1
GII	07/27	3.753	3	3.775	04/06/2019	-2
GII	10/28	3.751	200	3.782	07/06/2019	-3
GII	07/29	3.728	230	3.744	07/06/2019	-2
GII	09/30	3.886	58	3.935	07/06/2019	-5
GII	06/33	4.029	310	4.087	03/06/2019	-6
GII	11/34	4.018	100	4.089	03/06/2019	-7
GII	10/35	4.142	20	4.179	04/06/2019	-4
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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*
Khazanah Nasional Berhad	08/24	GG	3.739	60	3.868	27/05/2019	-13	27
Turus Pesawat Sdn Berhad	02/28	GG	4.000	20	4.008	04/06/2019	-1	29
Perbadanan Tabung Pendidikan Tinggi Nasional	02/28	GG	3.954	25	4.094	25/03/2019	-14	25
Danainfra Nasional Berhad	05/28	GG	3.929	5	4.002	24/05/2019	-7	22
Danainfra Nasional Berhad	03/29	GG	3.949	5	4.019	09/05/2019	-7	25
Danainfra Nasional Berhad	11/29	GG	3.953	5	4.028	16/05/2019	-7	26
Prasarana Malaysia Berhad	03/31	GG	3.990	10	4.079	29/05/2019	-9	29
Jambatan Kedua Sdn Berhad	07/31	GG	4.172	25	4.176	16/05/2019	0	48
Prasarana Malaysia Berhad	12/32	GG	4.099	5	4.189	29/05/2019	-9	10
Danainfra Nasional Berhad	04/33	GG	4.109	20	4.141	04/06/2019	-3	11
Lembaga Pembiayaan Perumahan Sektor Awam	04/34	GG	4.121	30	4.179	04/06/2019	-6	12
Danainfra Nasional Berhad	04/37	GG	4.230	20	4.321	30/05/2019	-9	5
Prasarana Malaysia Berhad	09/42	GG	4.339	10	4.509	27/05/2019	-17	16
Danainfra Nasional Berhad	04/43	GG	4.380	40	4.445	30/05/2019	-7	20
Danainfra Nasional Berhad	02/44	GG	4.399	5	4.509	28/05/2019	-11	22
Danainfra Nasional Berhad	11/47	GG	4.560	3	4.660	10/05/2019	-10	38
Danainfra Nasional Berhad	02/49	GG	4.590	3	4.680	17/05/2019	-9	41
Cagamas Berhad	08/19	AAA	3.514	60	3.598	11/04/2019	-8	32
Danga Capital Berhad	04/20	AAA	3.635	14	3.686	07/06/2019	-5	44
Malaysia Airports Capital Berhad	08/20	AAA	3.798	20	3.811	31/05/2019	-1	60
Cagamas MBS Berhad	12/20	AAA	3.732	30	4.115	28/02/2019	-38	43
Projek Lebuhraya Usahasama Berhad	01/22	AAA	3.833	10	3.888	29/05/2019	-5	49
Danum Capital Berhad	05/23	AAA	3.876	20	3.909	03/06/2019	-3	45
Telekom Malaysia Berhad	08/23	AAA	3.894	60	4.198	05/03/2019	-30	46
Putrajaya Bina Sdn Berhad	03/25	AAA	3.897	10	4.054	25/04/2019	-16	33
Projek Lebuhraya Usahasama Berhad	01/26	AAA	4.017	20	4.108	15/05/2019	-9	40
Bank Pembangunan Malaysia Berhad	03/27	AAA	4.259	2	4.282	24/05/2019	-2	58
Telekom Malaysia Berhad	10/28	AAA	4.091	20	4.138	31/05/2019	-5	39
Projek Lebuhraya Usahasama Berhad	01/29	AAA	4.171	35	4.200	04/06/2019	-3	47
TNB Western Energy Berhad	01/33	AAA	4.320	10	5.283	27/08/2015	-96	32
Cagamas Berhad	10/33	AAA	4.270	10	4.985	19/04/2018	-72	27
Tenaga Nasional Berhad	08/37	AAA	4.439	15	4.499	24/05/2019	-6	26
Tenaga Nasional Berhad	08/38	AAA	4.520	10	4.549	30/05/2019	-3	34
YTL Power International Berhad	05/27	AA1	4.419	10	4.439	07/06/2019	-2	74
Malayan Banking Berhad	01/31	AA1	4.291	40	4.489	29/03/2019	-20	59
Sarawak Energy Berhad	12/32	AA1	4.326	10	4.341	29/05/2019	-2	33
UniTapah Sdn Berhad	06/33	AA1	4.542	10	4.719	25/03/2019	-18	54
UniTapah Sdn Berhad	12/33	AA1	4.574	10	5.190	25/05/2017	-62	58
CIMB Group Holdings Berhad	09/29	AA	4.311	20	4.641	14/02/2019	-33	61
CIMB Thai Bank Public Company Limited	07/24	AA3	5.749	1	3.873	24/05/2019	188	228
SPR Energy (M) Sdn Berhad	07/26	AA3	4.490	4	4.939	21/09/2018	-45	88
Edra Energy Sdn Berhad	01/30	AA3	5.049	10	5.120	24/05/2019	-7	135
Edra Energy Sdn Berhad	07/32	AA3	5.099	20	5.409	21/05/2019	-31	110
Edra Energy Sdn Berhad	01/33	AA3	5.109	10	5.109	29/05/2019	0	111
Edra Energy Sdn Berhad	07/33	AA3	5.136	6	5.139	07/06/2019	0	114
UEM Sunrise Berhad	05/23	AA-	4.228	2	4.453	03/05/2019	-23	80
Segi Astana Sdn Berhad	01/24	AA-	5.081	1	-	-	-	161
AmBank (M) Berhad	08/39	A1	3.956	10	4.070	16/05/2019	-11	-
CIMB Group Holdings Berhad	05/16	A1	4.221	1	4.225	07/06/2019	0	4
				801				

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

Market/Corporate News: What's Brewing

Malaysia Airports Holdings Bhd's (MAHB's) network of airports registered a 1.3% year-on-year growth with 10.6 million passenger movements in the month of May, making it a "uniquely positive" month, despite the Ramadhan fasting period which began on May 6. This indicates continuing latent demand for both domestic and international air travel, the group said in a stock exchange filing today. International passengers grew 3.2% to 5 million passengers last month, while domestic passengers slipped 0.3% to 5.6 million passengers. May's travel figures raised Malaysia's passenger movements in the first five months of this year to 42.04 million, up 4.1% from the 40.37 million recorded in the same period last year. On a 12-month basis, there were 135.13 million passengers, a growth of 3.8% y-o-y from 130.19 million passengers previously.

On the local front, MAHB said the airports it operates in Malaysia registered 7.86 million passenger movements in May, up 2.2% y-o-y, with international passenger movements of 4.01 million, up 1% y-o-y, while domestic ones grew 3.5% y-o-y to 3.85 million passengers. “KLIA passenger movements increased by 1.1% over May 2018, with 4.7 million passengers... The last 12-month passenger movements for KLIA Main Terminal recorded 28.3 million passengers, an increase of 1.1%, while klia2 increased by 2.2% with 32.1 million passengers over the same previous corresponding period. “Overall aircraft movements at KLIA increased by 1.3% over the same month last year. International aircraft movements at KLIA registered an increase of 0.5%, while domestic aircraft movements registered a growth of 3.0%,” it said. As for MASB Airports — airports other than KLIA that are handled by Malaysia Airports Sdn Bhd — passenger movements increased 3.9% y-o-y to 3.15 million passengers in May 2019. International passenger movements decreased by 0.8% with 0.61 million passengers, while domestic passenger movements increased by 5.1% to 2.54 million passengers. Meanwhile, Istanbul Sabhina Gokcen International Airport (SGIA) saw passenger movements decline 1.3% y-o-y in May to 2.7 million, partly affected by Ramadhan as in previous years, and the shift of domestic capacity to the international sector. International passenger movements at Istanbul SGIA rose 13% to 1 million passengers, while the domestic sector declined by 8% to 1.7 million passengers. MAHB said its current performance trends gear towards the likely achievement of its passenger movement targets set for both Malaysia and Istanbul SGIA for 2019. (Source: *The EdgeMarkets*)

Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) has set a new world record to depart a vessel with a final load over 19,000 twenty-foot equivalent units (TEUs). The milestone was accomplished recently when Monaco Maersk left the port with the record load of 19,284 TEUs, surpassing record load of 19,190 TEUs achieved by MOL Tribune vessel in February this year. PTP recorded a total throughput volume of 9 million TEUs in 2018 and was projected to handle a total throughput target of 9.5 Million TEUs this year. PTP chairman and MMC group managing director Datuk Seri Che Khalib Mohamad Noh said the latest achievement was a testament to PTP’s commitment in providing best in class service for the customers. “This year, we will further strengthen our foundation and continue to optimise our cost for greater operational efficiency,” he said in a statement. PTP revealed that various continuous investment and improvement activities had been successfully executed and were currently taking place to ensure that the port operator was able to achieve their target set forth for this financial year. “More importantly to safeguard PTP’s position amongst the top transshipment hubs in the world,” it said. (Source: *The Star/Bernama*)

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

Source: RAM, MARC

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