

Global Markets Research
Fixed Income
Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.50	2
5-yr UST	2.48	2
10-yr UST	2.66	2
30-yr UST	2.98	1

MGS			GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)	
3-yr	3.53	-2	3.66	-1	-1
5-yr	3.69	-3	3.82	-4	-4
7-yr	3.87	0	3.99	-1	-1
10-yr	3.96	-3	4.06	-1	-1
15-yr	4.26	-3	4.44	0	0
20-yr	4.47	-4	4.62	-3	-3
30-yr	4.74	0	4.85	0	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.65	0
3-yr	3.68	0
5-yr	3.76	-2
7-yr	3.89	0
10-yr	4.05	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries were pressed lower as the yield curve shifted higher as market readies itself ahead of several strong IG credit issuances which will raise ~\$10.4b. Benchmark yields ended 1-2bps higher with both the 2Y and much-watched 10Y up 2bps at 2.50% and 2.66% respectively. The lack of US data, relatively minor decline in equities and general increase in global yields meant there was no specific catalyst for Monday's moves. Investors note that global growth may be losing steam and central banks might get dovish with UST yields continuing to be under downward pressure. Separately, upcoming issues include the unresolved US-China trade talks, ongoing updates on Brexit negotiations and US government funding that depletes by end of this week.

MGS/GII

- Trading momentum in local govies continued its robust run again yesterday amid solid volume of RM4.8b. Interest was seen mainly in the off-the-run 19-20's and also benchmark 5Y, MGS/GII bonds. Overall benchmarks yields ended mostly between 0-4bps lower. Both the 5Y benchmark MGS 4/23 and MGS 11/28 closed 3bps lower at 3.69% and 3.96% each. GII trades dropped to form 20% of overall trades. Investors continue to add to both EM local currency debt and stocks which continued to witness a strong start to 2019 following the US Fed's indication of a pause in rate hikes. Upcoming data includes the foreign reserves today and GDP figures expected out on the 14th of February.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk also saw strong interest with volume at RM847 largely due to the new issues of Govt-guaranteed (GG) 7Y and 30Y DANA bonds at 4.15% and 5.06% respectively. Overall interest was seen across the GG and AA-part of the curve. A slew of secondary market PRASA and DANA bonds were seen throughout the trading session with yields lower between 1-22bps compared to previous done levels. Likewise both the AAA-rated CAGAMAS 20's ended mixed on yields between 3.99-4.07% whilst TELEKOM 8/23 closed 8bps lower at 4.20%. Energy-related bonds i.e. EDRA 2030-2035 tranches continued to dominate trades closing 9-17bps higher instead between 5.88-6.13% levels on substantial nominal amounts of RM190m. The banking space remained quiet.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.236	188	3.322	08/02/2019	-9
MGS	07/19	3.323	200	3.327	08/02/2019	0
MGS	10/19	3.373	192	3.377	08/02/2019	0
MGS	11/19	3.389	266	3.383	08/02/2019	1
MGS	07/20	3.464	200	3.466	07/02/2019	0
MGS	10/20	3.489	5	3.483	08/02/2019	1
MGS	02/21	3.503	2	3.553	29/01/2019	-5
MGS	07/21	3.572	9	3.572	08/02/2019	0
MGS	11/21	3.533	241	3.539	08/02/2019	-1
MGS	03/22	3.587	5	3.563	08/02/2019	2
MGS	08/22	3.688	24	3.694	07/02/2019	-1
MGS	09/22	3.705	100	3.711	08/02/2019	-1
MGS	04/23	3.691	778	3.717	08/02/2019	-3
MGS	08/23	3.776	141	3.800	07/02/2019	-2
MGS	07/24	3.820	30	3.830	08/02/2019	-1
MGS	09/24	3.827	169	3.869	08/02/2019	-4
MGS	03/25	3.882	78	3.872	08/02/2019	1
MGS	09/25	3.868	140	3.902	08/02/2019	-3
MGS	07/26	3.874	50	3.874	08/02/2019	0
MGS	05/27	3.975	40	4.009	08/02/2019	-3
MGS	11/27	3.898	276	3.960	08/02/2019	-6
MGS	06/28	3.959	205	3.985	08/02/2019	-3
MGS	04/30	4.153	70	4.215	07/02/2019	-6
MGS	06/31	4.221	120	4.242	08/02/2019	-2
MGS	04/32	4.287	1	4.418	31/01/2019	-13
MGS	04/33	4.330	44	4.309	08/02/2019	2
MGS	11/33	4.259	149	4.291	08/02/2019	-3
MGS	05/35	4.427	20	4.458	08/02/2019	-3
MGS	04/37	4.474	1	4.478	08/02/2019	0
MGS	06/38	4.468	78	4.494	08/02/2019	-3
GII	08/20	3.532	100	3.529	08/02/2019	0
GII	03/22	3.660	100	3.667	04/02/2019	-1
GII	11/23	3.820	300	3.827	08/02/2019	-1
GII	05/24	3.913	30	3.924	07/02/2019	-1
GII	08/24	3.937	41	3.974	25/01/2019	-4
GII	08/25	3.987	50	3.987	08/02/2019	0
GII	10/25	4.019	50	4.032	08/02/2019	-1
GII	07/27	4.066	40	4.074	08/02/2019	-1
GII	10/28	4.148	80	4.135	08/02/2019	1
GII	07/29	4.058	75	4.066	08/02/2019	-1
GII	08/33	4.458	70	4.495	31/01/2019	-4
GII	08/37	4.621	45	4.655	08/02/2019	-3
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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*
Perbadanan Tabung Pendidikan Tinggi Nasional	07/23	GG	4.031	15	4.040	30/01/2019	-1	37
DanaInfra Nasional Berhad	10/23	GG	4.011	100	4.210	11/04/2018	-20	31
Prasarana Malaysia Berhad	08/26	GG	4.171	10	4.220	14/01/2019	-5	30
DanaInfra Nasional Berhad	12/26	GG	4.150	15	-	-	-	23
Prasarana Malaysia Berhad	03/28	GG	4.266	20	4.290	31/01/2019	-2	31
DanaInfra Nasional Berhad	05/28	GG	4.250	10	4.300	24/01/2019	-5	29
DanaInfra Nasional Berhad	10/28	GG	4.271	10	4.321	29/01/2019	-5	30
DanaInfra Nasional Berhad	11/28	GG	4.280	20	4.371	11/01/2019	-9	31
Prasarana Malaysia Berhad	09/29	GG	4.310	5	4.370	18/01/2019	-6	34
DanaInfra Nasional Berhad	11/29	GG	4.317	25	4.540	05/12/2018	-22	34
DanaInfra Nasional Berhad	11/30	GG	4.398	10	4.483	03/10/2018	-9	42
DanaInfra Nasional Berhad	11/32	GG	4.548	60	4.560	31/01/2019	-1	27
Lembaga Pembiayaan Perumahan Sektor Awam	04/33	GG	4.480	10	4.569	28/01/2019	-9	20
Prasarana Malaysia Berhad	09/37	GG	4.739	10	4.770	30/01/2019	-3	25
DanaInfra Nasional Berhad	12/49	GG	5.050	110	-	-	-	56
Cagamas Berhad	10/20	AAA	3.995	10	4.027	15/08/2018	-3	49
Cagamas Berhad	10/20	AAA	3.994	30	3.945	26/10/2018	5	49
Cagamas Berhad	10/21	AAA	4.070	5	4.088	24/01/2019	-2	52
Telekom Malaysia Berhad	08/23	AAA	4.202	30	4.281	18/10/2018	-8	50
Sarawak Energy Berhad	06/21	AA1	4.194	10	4.263	11/01/2019	-7	69
Kuala Lumpur Kepong Berhad	04/26	AA1	4.404	20	4.530	12/09/2018	-13	53
YTL Power International Berhad	05/27	AA1	4.811	20	4.830	07/02/2019	-2	89
TRIpIc Medical Sdn Berhad	10/30	AA1	4.714	10	4.808	30/11/2018	-9	74
BEWG (M) Sdn Berhad	07/23	AA	4.760	8	4.760	07/02/2019	0	110
Fortune Premiere Sdn Berhad	09/25	AA	4.784	30	4.808	22/01/2019	-2	91
Gamuda Berhad	03/23	AA3	4.586	20	4.604	28/01/2019	-2	92
RHB Bank Berhad	07/24	AA3	4.978	0	4.116	04/01/2019	86	128
MMC Corporation Berhad	11/27	AA-	5.509	10	5.528	17/01/2019	-2	155
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/36	AA-	5.299	20	5.399	15/08/2018	-10	81
Edra Energy Sdn Berhad	07/30	AA3	5.878	20	5.710	09/01/2019	17	190
Edra Energy Sdn Berhad	01/32	AA3	5.939	10	5.818	11/01/2019	12	166
Edra Energy Sdn Berhad	01/33	AA3	6.009	30	5.931	28/01/2019	8	173
Edra Energy Sdn Berhad	07/34	AA3	6.099	60	5.989	14/01/2019	11	182
Edra Energy Sdn Berhad	01/35	AA3	6.128	70	6.039	14/01/2019	9	185
CIMB Group Holdings Berhad	05/16	A1	4.349	1	4.350	31/01/2019	0	-14
Hong Leong Financial Group Berhad	11/17	A1	4.774	1	4.774	08/02/2019	0	29
Bank Muamalat Malaysia Berhad	11/21	A	4.719	2	4.894	08/02/2019	-18	117
Mah Sing Perpetual	-	-	6.195	1	5.495	04/02/2019	70	-
				<u>847</u>				

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

Market/Corporate News: What's Brewing

The International Islamic Liquidity Management Corporation (IILM) announced today that it had reissued US\$1 billion short-term sukuk in three tranches. IILM said the sukuk, rated A-1 by Standard & Poor's Rating Services, was reissued in different sizes, tenors and profit rates namely

- > US\$200 million with one-month tenor at a profit rate of 2.7390 per cent,
- > US\$400 million with three-month tenor at a profit rate of 2.93 per cent,
- > US\$400 million with six-month tenor at a profit rate of 2.99 per cent.

"This is the first time the IILM is offering three tenors on the same auction day since it commenced its issuances in August 2013," it said in a statement. The IILM is an international organisation established in October 2010, by central banks, monetary authorities and multi-lateral organisations to develop and issue short-term shariah compliant financial instruments. (Source: The EdgeMarkets)

Malaysia Airports Holdings Bhd (MAHB) recorded a 3.1% growth year-on-year in total passenger movements to 11.1 million in January, compared with the same month last year. This boosted passenger movements over a 12-month period by 3.7% to a record high of 133.5 million, MAHB said in a statement today. “The 11.1 million passenger movements is above the general norm for MAHB’s network of airports, considering January is generally a low travelling month,” the group said. Such performance was only recorded during the peak seasons of 2018, it noted. The group’s domestic sector grew 3.6% to 5.7 million passengers, faster than the 2.5% growth of its international sector to 5.4 million passenger movements. Domestic passenger movements in Malaysia recorded a 7.1% growth year-on-year in January, while MAHB’s international passenger movements were flat. The KLIA main terminal saw a decline in its 12-month passenger movements by 0.4% in January, while klia2 recorded a 4.3% increase in passenger movements over the same period. “Overall aircraft movements at KLIA decreased by 3.5% year-on-year in January. International aircraft movements declined by 5.4%, while the domestic aircraft movements increased by 0.8%,” MAHB said. The group’s Sahiba Gökçen International Airport in Istanbul, Turkey saw a growth of 2.6% year-on-year, supported by a 15.4% increase in international passenger movements. “On the local front, Malaysia’s passenger movements is undergoing some corrections for domestic growth, as originally expected. “Despite the cut in international frequencies and temporary suspension of operation by Firefly and Indonesia AirAsia X, new airlines and new routes were also introduced from the fourth quarter of 2018, which carried the growth momentum into January 2019,” MAHB said. It added that Kota Kinabalu, Kuching, Langkawi, and Ipoh recorded double-digit growth for international passengers in Jan 2019. Among airlines that recorded double digit growth that month were Shenzhen Airlines, Indonesia AirAsia, Air Seoul, Xiamen Airlines, China Southern Airlines and Royal Brunei Airlines. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
TNB Western Energy Berhad	Sukuk of up to RM4.0 billion	AAA-IS	Affirmed

Source: RAM, MARC

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