

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.35	3
5-yr UST	2.31	4
10-yr UST	2.49	2
30-yr UST	2.92	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.40	-1	3.47	-1
5-yr	3.57	1	3.66	0
7-yr	3.67	0	3.80	0
10-yr	3.77	0	3.85	1
15-yr	4.07	-1	4.11	0
20-yr	4.29	1	4.35	-1
30-yr	4.58	1	4.62	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.53	0
3-yr	3.53	0
5-yr	3.61	0
7-yr	3.69	-1
10-yr	3.89	-1

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 weaker yesterday with curve bear-flattening following larger-than-expected increase in March PPI data. Overall benchmark yields closed between 2-3bps higher with both the UST 2Y and much-watched 10Y at 2.35% and 2.49% respectively. The Treasury's auction for \$16b of 30Y notes were auctioned at an average yield of 2.93%; close to market expectations with an a BTC ratio of 2.25x. Meanwhile, the Fed has hinted that there are obstacles to hiking rates if inflation continues to undershoot their 2% target. Filings for US unemployment benefits unexpectedly dropped, falling to the lowest level since October 1969 and suggesting little sign of cooling in a tight labor market.

#### MGS/GII

- Local govies saw momentum ease on lower volume of RM2.87b on selective buying with interest mainly seen on the front-end off-the-run 19-21's. Overall benchmark yields however ended largely mixed within 1bps of prior day's close i.e. -1 to +1bps. The benchmark 5Y MGS 4/23 edged 1bps higher at 3.57% whilst the 10Y MGS 8/29 closed at 3.77%. GII bond trades dropped to form a mere 28% of overall trades. Investors are expected to focus on today's upcoming 5Y benchmark auction. BNM in March acknowledged more broad-based slowing across the global economy and put emphasis on downside risks in its forward guidance. Meanwhile investors are assessing whether EM policy stimulus can continue to secure EM local bond returns.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw higher secondary volume of RM939m with interest focused mainly in the AA-space followed by both long-end GG bonds and AAA sector. The longer-end Govt-guaranteed DANA 4/35 and PLUS 1/38 saw the largest rally with yields falling between 64-69bps compared to previous-done levels at 4.26% and 4.42% respectively. AAA-rated CAGAMAS 8/19 however edged 1bps on RM60m nominal trades at 3.60% whilst GENM Capital 7/23 and 7/28 closed 4-5bps lower at 4.40% and 4.61% each. AA-rated space saw energy-related JEV 24-28's and also Southern Power 29-31's close lower on yields between 4.37-44% and 4.35-42% levels respectively. The banking space saw Affin Islamic 28NC23 close 12bps lower at 4.70% whilst Hong Leong Bank 39nc19 (whose original coupon was 8.25% when issued in 2009) closed a whopping 74bps lower at 4.06%

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/19	3.329	81	3.325	08/04/2019	0
MGS	10/19	3.336	112	3.338	09/04/2019	0
MGS	11/19	3.291	380	3.310	10/04/2019	-2
MGS	03/20	3.352	125	3.353	10/04/2019	0
MGS	10/20	3.383	21	3.398	10/04/2019	-2
MGS	02/21	3.405	10	3.405	10/04/2019	0
MGS	07/21	3.400	248	3.417	09/04/2019	-2
MGS	11/21	3.431	58	3.427	10/04/2019	0
MGS	03/22	3.399	38	3.405	10/04/2019	-1
MGS	08/22	3.504	25	3.513	09/04/2019	-1
MGS	03/23	3.561	11	3.576	10/04/2019	-2
MGS	04/23	3.568	72	3.558	10/04/2019	1
MGS	08/23	3.628	110	3.611	10/04/2019	2
MGS	07/24	3.674	11	3.672	10/04/2019	0
MGS	04/26	3.757	31	3.744	10/04/2019	1
MGS	07/26	3.668	150	3.676	10/04/2019	-1
MGS	11/26	3.743	20	3.748	10/04/2019	-1
MGS	05/27	3.848	10	3.850	04/04/2019	0
MGS	11/27	3.802	66	3.801	10/04/2019	0
MGS	06/28	3.791	55	3.794	10/04/2019	0
MGS	08/29	3.773	100	3.779	10/04/2019	-1
MGS	06/31	3.997	10	3.983	10/04/2019	1
MGS	04/33	4.080	73	4.100	10/04/2019	-2
MGS	11/33	4.069	103	4.081	10/04/2019	-1
MGS	05/35	4.224	44	4.211	10/04/2019	1
MGS	06/38	4.291	37	4.277	05/04/2019	1
MGS	03/46	4.561	8	4.561	10/04/2019	0
MGS	07/48	4.583	67	4.577	09/04/2019	1
GII	04/20	3.390	32	3.389	10/04/2019	0
GII	08/21	3.497	2	3.483	03/04/2019	1
GII	03/22	3.470	30	3.479	09/04/2019	-1
GII	07/23	3.691	10	3.695	09/04/2019	0
GII	11/23	3.664	60	3.667	10/04/2019	0
GII	05/24	3.709	10	3.696	10/04/2019	1
GII	08/25	3.796	150	3.800	10/04/2019	0
GII	10/25	3.796	60	3.810	09/04/2019	-1
GII	03/26	3.731	10	3.737	10/04/2019	-1
GII	10/28	3.897	182	3.895	10/04/2019	0
GII	07/29	3.849	55	3.844	10/04/2019	1
GII	10/35	4.264	10	4.264	10/04/2019	0
GII	08/37	4.348	10	4.356	10/04/2019	-1
GII	09/39	4.338	175	4.338	10/04/2019	0
			<u>2869</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 MGS*
Khazanah Nasional Berhad	08/19	GG	3.548	20	3.517	28/03/2019	3	20
Jambatan Kedua Sdn Berhad	05/30	GG	4.099	20	4.301	06/03/2019	-20	32
Prasarana Malaysia Berhad	03/34	GG	4.219	10	4.219	04/04/2019	0	14
Danainfra Nasional Berhad	04/35	GG	4.259	10	4.945	14/08/2017	-69	18
Lembaga Pembiayaan Perumahan Sektor Awam	09/36	GG	4.345	10	4.449	27/03/2019	-10	27
Projek Lebuhraya Usahasama Berhad	01/38	GG	4.419	10	5.055	22/02/2018	-64	13
Danainfra Nasional Berhad	02/39	GG	4.439	10	4.440	10/04/2019	0	15
Perbadanan Tabung Pendidikan Tinggi Nasional	03/39	GG	4.510	30	4.580	29/03/2019	-7	22
Danainfra Nasional Berhad	11/40	GG	4.473	20	4.760	01/03/2019	-29	19
Danainfra Nasional Berhad	05/41	GG	4.480	60	4.504	09/04/2019	-2	19
Prasarana Malaysia Berhad	09/42	GG	4.510	10	4.549	09/04/2019	-4	22
Danainfra Nasional Berhad	02/49	GG	4.690	10	4.710	09/04/2019	-2	40
Cagamas Berhad	08/19	AAA	3.598	60	3.589	09/04/2019	1	25
Manjung Island Energy Berhad	11/19	AAA	3.732	35	3.784	27/03/2019	-5	38
TNB Northern Energy Berhad	05/22	AAA	3.963	10	4.382	23/11/2017	-42	57
Mercedes-Benz Services Malaysia Sdn Berhad	06/22	AAA	4.186	10	4.186	10/04/2019	0	79
GENM Capital Berhad	07/23	AAA	4.402	20	4.400	10/04/2019	0	91
Telekom Malaysia Berhad	10/24	AAA	4.097	10	4.277	01/03/2019	-18	54
GENM Capital Berhad	07/28	AAA	4.608	40	4.649	02/04/2019	-4	85
Bakun Hydro Power Generation Sdn Berhad (fka	08/31	AAA	4.399	30	4.457	02/04/2019	-6	62
TNB Northern Energy Berhad	11/31	AAA	4.319	10	4.609	03/08/2016	-29	24
GENM Capital Berhad	07/33	AAA	4.869	40	4.916	25/03/2019	-5	79
Sabah Credit Corporation	05/20	AA1	4.092	2	4.154	28/03/2019	-6	74
YTL Power International Berhad	03/23	AA1	4.386	10	4.538	01/03/2019	-15	90
Sepang Bay Power Corporation Sdn Berhad	07/23	AA1	4.147	2	4.470	24/08/2018	-32	66
TRIpIc Medical Sdn Berhad	10/23	AA1	4.197	5	4.513	08/08/2018	-32	64
Malayan Banking Berhad	05/24	AA1	4.581	3	3.997	25/01/2019	58	102
Celcom Networks Sdn Berhad	08/19	AA+	3.840	105	3.892	10/04/2019	-5	49
UMW Holdings Berhad	10/19	AA2	3.954	6	4.049	08/03/2019	-10	61
Hong Leong Bank Berhad	09/39	AA2	4.064	10	4.799	10/04/2019	-74	-22
Anih Berhad	11/26	AA	4.439	40	4.619	22/02/2019	-18	71
Jimah Energy Ventures Sdn Berhad	05/19	AA3	3.781	5	4.006	05/12/2018	-23	43
Edra Energy Sdn Berhad	07/25	AA3	5.279	30	5.524	12/03/2019	-25	161
Sinar Kamiri Sdn Berhad	01/22	AA-	5.063	10	5.296	23/05/2018	-23	167
Sinar Kamiri Sdn Berhad	01/24	AA-	5.204	10	5.240	19/04/2018	-4	164
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	12/24	AA-	4.518	10	4.574	16/01/2019	-6	85
Jimah East Power Sdn Berhad	12/24	AA-	4.369	10	4.596	15/01/2019	-23	70
Sinar Kamiri Sdn Berhad	01/25	AA-	5.286	10	-	-	-	162
Jimah East Power Sdn Berhad	06/26	AA-	4.397	20	4.509	28/03/2019	-11	72
Jimah East Power Sdn Berhad	12/27	AA-	4.439	10	4.598	13/03/2019	-16	68
Serba Dinamik Holdings Berhad	10/28	AA-	5.022	40	5.070	25/03/2019	-5	126
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	12/28	AA-	4.578	15	4.624	08/03/2019	-5	80
Southern Power Generation Sdn Berhad	04/29	AA-	4.351	20	4.611	20/02/2019	-26	57
Southern Power Generation Sdn Berhad	10/31	AA-	4.430	10	4.460	08/04/2019	-3	35
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/38	AA-	5.229	15	5.370	08/03/2019	-14	94
Jati Cakerawala Sdn Berhad	07/20	A1	4.887	5	4.996	19/08/2015	-11	154
Jati Cakerawala Sdn Berhad	01/21	A1	4.941	10	4.877	29/11/2017	6	156
Affin Islamic Bank Berhad	10/28	A1	4.698	20	4.820	22/03/2019	-12	92
UMW Holdings Berhad	04/18	A1	5.144	10	5.346	05/04/2019	-20	86
IJM Land Berhad	03/19	A2	5.230	10	5.500	22/03/2019	-27	94
DRB-Hicom Berhad	12/14	A-	6.876	1	7.045	18/02/2019	-17	259
				<u>939</u>				

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

## Market/Corporate News: What's Brewing

The government has extended Malaysia Airports Holdings Bhd's (MAHB) operating agreements (OAs) to run the Kuala Lumpur International Airport (KLIA) and klia2 in Sepang and 38 other airports in the country by another 35 years to Feb 11, 2069 from 2034. And from two OAs, the government has entered into four new OAs with the airport operator, which include terms that open up opportunities for private sector's participation in the country's airport development activities. "Based on this decision, the existing two OAs (one to govern KLIA and klia2 and another for the other 38 airports) signed on Feb 12, 2009 will be cancelled," the Ministry of Transport (MoT) said in a statement this morning. "The old agreements will be replaced with four new OAs, namely for KLIA, designated airports in Peninsular Malaysia, Sabah airports and Sarawak airports. All these OAs will be finalised and signed between the government and MAHB based on fundamental principles fixed by the government. In line with this, a new lease agreement

[for the airport lands] which is co-terminus with the OAs will be signed," it added. MoT said the approval to extend the OA period will enable MAHB to execute its commercial development plan that is more viable and sustainable moving forward, while increasing the government's income through a profit sharing mechanism on the land owned by the government, but developed by MAHB. As a result, the government will also receive more tax revenues and more jobs will be created for Malaysians. "The new OA framework provides flexibility for the government and MAHB to prepare allocation for airport development projects through several financing models such as the Regulated Asset Base (RAB), Airport Real Estate Investment Trust, Airport Development Fund (ADF) or other mechanism determined by the government in the future. "This will boost airport development funding by using different financing methods to attract investors from the money market, subject to the government's agreement whenever a capital expenditure is to be funded by the private sector," it said. "The new OA framework with a longer period is expected to open up more opportunities to the private sector to invest in the country's airport development activities and subsequently contribute to Malaysia economic growth through the tourism industry and foreign investments. In line with this decision from the Cabinet, the ministry is in the midst of finalising all the new agreements with MAHB and other government agencies," MoT added. In an immediate response, MAHB group chief executive officer Raja Azmi Raja Nazuddin said a major difference between the previous OAs and the new ones are the clustering of airports according to regions. "This is to ensure that the operation and management of airports in Malaysia can be made more sustainable in the long term. On top of which, the framework of the new OAs will also provide greater flexibility to MAHB in undertaking the necessary development projects or initiatives aimed at improving airport infrastructure and services while providing the government with better revenue," he said in a separate statement. Raja Azmi added that plans are already in place to replace ageing assets, improve inter-terminal connectivity, increase and optimise airport capacity and digitalise the airport environment to provide better operational efficiency and improve service levels. For example, it has committed to making all the 39 airports Quality of Service-ready by 2020. "There will be several financing models that may be considered for the various airport development initiatives and I am confident that these will be attractive propositions for the capital markets," he said. (Source: *The EdgeMarkets*)

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

Source: RAM, MARC

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