

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.52	2
5-yr UST	2.50	3
10-yr UST	2.69	3
30-yr UST	3.02	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.54	0	3.66	0
5-yr	3.68	-1	3.81	-1
7-yr	3.85	-2	3.97	-2
10-yr	3.97	1	4.05	-1
15-yr	4.25	-1	4.40	-4
20-yr	4.47	0	4.62	0
30-yr	4.74	0	4.85	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	0
7-yr	3.89	0
10-yr	4.05	0

Source : Bloomberg

#### Upcoming Government Bond Tender

New Issuance of RM4.0b + RM1.0b private placement of 10Y MGS 8/29 on Thursday, 14<sup>th</sup> February

#### US Treasuries

- US Treasuries fell yesterday with the curve shifting higher again amid \$18b of IG credit issuances and news that another US government shutdown has been averted. Benchmark yields ended 2-3bps higher with the 2Y at 2.52% and much-watched 10Y rising 3bps at 2.69% respectively. Meanwhile President Trump said that he's open to extending the 1<sup>st</sup> March US-China trade deadlock; signaling a potential "give and take" mode. Investors note that global growth may be losing steam and central banks might get dovish with the Fed recently indicating further rate pauses. Nevertheless US job openings rebounded in December underlining a robust job market. Up next on the data front tonight are the CPI numbers for January.

#### MGS/GII

- Local govies continued its robust run yesterday amid higher volume of RM7.2b. Interest was seen mainly in the off-the-run 24's, 26's and also benchmark 5Y and 10Y MGS/GII bonds. Overall benchmarks yields ended mostly lower between 0-4bps with the 5Y benchmark MGS 4/23 edging 1bps lower at 3.68% whereas the 10Y MGS 11/28 rose 1bps higher instead at 3.97%. GII trades improved to form 34% of overall trades. Surprisingly, despite a robust month in January for govies emanating from investor demand for EM debt; foreign holdings of MGS dipped by RM1.7b although GII bonds showed a net increase of RM665m. Meanwhile foreign reserves showed an increase of \$400m to \$102.1b as at 31<sup>st</sup> January while the all-important 4<sup>th</sup> quarter and annual GDP data for the nation will be released at noon tomorrow.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk also saw solid demand with volume slightly lower at RM634m with interest focussed across the GG to AA-part of the curve. Both DANA and PRASA bonds dominated the GG-segment with many tranches exchanging hands. DANA 24-25's ended 3-8bps lower between 4.15-16% compared to previous-done levels whilst the 2028 tranches also closed lower on yields between 4.22-26% levels. PRASA 26's also moved 2-3bps lower at 4.15% levels. AAA-rated DANAG 2/26 and 1/33 edged 1-2bps lower at 4.32% and 4.70% respectively whilst the newly-issued 7Y DANUM Capital made its debut at 4.30%. Energy-related bonds i.e. JEP 25-26's ended 4-7bps lower at 4.59-61% area whilst SEB 7/24 and 7/26 rallied to close at 4.39% and 4.48% respectively. The banking space remained relatively quiet.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.248	40	3.236	11/02/2019	1
MGS	07/19	3.302	151	3.323	11/02/2019	-2
MGS	10/19	3.389	615	3.373	11/02/2019	2
MGS	11/19	3.399	286	3.389	11/02/2019	1
MGS	03/20	3.429	1	3.426	08/02/2019	0
MGS	09/21	3.603	3	3.595	08/02/2019	1
MGS	11/21	3.535	78	3.554	11/02/2019	-2
MGS	03/22	3.566	4	3.587	11/02/2019	-2
MGS	08/22	3.688	14	3.688	11/02/2019	0
MGS	09/22	3.702	70	3.705	11/02/2019	0
MGS	04/23	3.683	474	3.704	11/02/2019	-2
MGS	08/23	3.781	46	3.788	11/02/2019	-1
MGS	07/24	3.796	765	3.820	11/02/2019	-2
MGS	09/24	3.795	656	3.827	11/02/2019	-3
MGS	03/25	3.876	80	3.882	11/02/2019	-1
MGS	09/25	3.859	66	3.868	11/02/2019	-1
MGS	04/26	3.939	1	3.935	08/02/2019	0
MGS	07/26	3.851	566	3.874	11/02/2019	-2
MGS	11/26	3.887	100	3.914	08/02/2019	-3
MGS	03/27	3.972	1	4.001	07/02/2019	-3
MGS	05/27	3.943	4	3.960	11/02/2019	-2
MGS	11/27	3.898	22	3.898	11/02/2019	0
MGS	06/28	3.966	298	3.978	11/02/2019	-1
MGS	06/31	4.208	80	4.221	11/02/2019	-1
MGS	04/33	4.314	15	4.330	11/02/2019	-2
MGS	11/33	4.250	250	4.274	11/02/2019	-2
MGS	05/35	4.383	5	4.458	08/02/2019	-8
MGS	04/37	4.450	1	4.474	11/02/2019	-2
MGS	06/38	4.465	32	4.477	11/02/2019	-1
MGS	09/43	4.728	20	4.752	31/01/2019	-2
MGS	03/46	4.762	2	4.769	08/02/2019	-1
GII	09/19	3.384	470	3.370	08/02/2019	1
GII	04/20	3.502	10	3.504	07/02/2019	0
GII	08/21	3.634	5	3.639	07/02/2019	0
GII	03/22	3.660	10	3.660	11/02/2019	0
GII	11/23	3.813	474	3.820	11/02/2019	-1
GII	05/24	3.907	40	3.913	11/02/2019	-1
GII	08/24	3.933	90	3.937	11/02/2019	0
GII	08/25	3.970	252	3.987	11/02/2019	-2
GII	10/25	4.015	30	4.019	11/02/2019	0
GII	09/26	4.039	30	4.046	08/02/2019	-1
GII	10/28	4.122	360	4.148	11/02/2019	-3
GII	12/28	4.154	53	4.148	08/02/2019	1
GII	07/29	4.052	180	4.054	11/02/2019	0
GII	09/30	4.245	110	4.279	08/02/2019	-3
GII	06/33	4.397	350	4.437	07/02/2019	-4
			<u>7211</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*
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	4.071	40	4.214	20/12/2018	-14	37
Danainfra Nasional Berhad	11/24	GG	4.079	40	4.159	27/12/2018	-8	26
Danainfra Nasional Berhad	11/25	GG	4.121	10	4.151	30/01/2019	-3	25
Prasarana Malaysia Berhad	02/26	GG	4.140	10	4.170	29/01/2019	-3	27
Prasarana Malaysia Berhad	08/26	GG	4.152	10	4.171	11/02/2019	-2	28
Perbadanan Tabung Pendidikan Tinggi Nasional	08/26	GG	4.191	10	4.346	16/02/2017	-16	27
Perbadanan Tabung Pendidikan Tinggi Nasional	03/27	GG	4.219	10	4.301	25/01/2019	-8	30
Danainfra Nasional Berhad	02/28	GG	4.219	20	4.331	09/01/2019	-11	27
Danainfra Nasional Berhad	05/28	GG	4.229	35	4.250	11/02/2019	-2	28
Danainfra Nasional Berhad	10/28	GG	4.261	5	4.271	11/02/2019	-1	29
Danainfra Nasional Berhad	05/46	GG	4.930	5	4.954	30/01/2019	-2	46
Danainfra Nasional Berhad	12/49	GG	5.050	45	5.050	11/02/2019	0	58
Cagamas Berhad	07/19	AAA	3.682	40	3.722	23/01/2019	-4	26
Cagamas Berhad	11/20	AAA	4.002	10	3.970	26/09/2018	3	50
Aman Sukuk Berhad	05/21	AAA	4.097	30	4.133	31/01/2019	-4	59
DiGi Telecommunications Sdn Berhad	04/22	AAA	4.167	10	4.387	10/07/2018	-22	62
Cagamas Berhad	11/22	AAA	4.126	20	4.119	22/01/2019	1	47
Cagamas Berhad	05/23	AAA	4.130	15	4.150	18/01/2019	-2	47
Danga Capital Berhad	02/26	AAA	4.320	20	4.330	08/02/2019	-1	45
Danga Capital Berhad	01/33	AAA	4.703	5	4.727	17/01/2019	-2	44
Tenaga Nasional Berhad	08/37	AAA	4.828	20	4.850	24/01/2019	-2	35
Danum Capital berhad	02/26	AAA	4.300	20	-	-	-	-
Sarawak Energy Berhad	07/24	AA1	4.393	5	4.474	09/01/2019	-8	70
Sarawak Energy Berhad	06/26	AA1	4.479	5	4.593	23/10/2018	-11	61
Northern Gateway Infrastructure Sdn Berhad	08/32	AA1	4.820	10	4.930	07/12/2018	-11	56
Imtiaz Sukuk II Berhad	11/19	AA2	4.013	10	4.030	29/01/2019	-2	59
Imtiaz Sukuk II Berhad	05/20	AA2	4.118	10	4.136	23/01/2019	-2	70
First Resources Limited	06/20	AA2	4.250	20	4.269	29/01/2019	-2	83
Imtiaz Sukuk II Berhad	10/20	AA2	4.171	90	4.186	18/01/2019	-1	67
Fortune Premiere Sdn Berhad	11/23	AA	4.615	20	4.638	24/01/2019	-2	92
BGSM Management Sdn Berhad	12/20	AA3	4.239	10	4.279	18/01/2019	-4	73
Jimah East Power Sdn Berhad	12/25	AA-	4.588	10	4.633	16/01/2019	-4	72
Jimah East Power Sdn Berhad	06/26	AA-	4.609	10	4.682	25/09/2018	-7	74
Alliance Bank Malaysia Berhad	10/25	A2	4.694	3	4.673	07/02/2019	2	82
Affin Bank Berhad	07/18	A3	5.454	0	5.297	16/01/2019	16	98
Bank Muamalat Malaysia Berhad	11/21	A	4.719	1	4.800	11/02/2019	-8	117
				<u>634</u>				

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

## Market/Corporate News: What's Brewing

**Malaysia's first 200 billion yen 10-year Samurai bond, guaranteed by the Japanese government, will be issued next month, Finance Minister Lim Guan Eng said.** "Its coupon rate should probably not exceed 0.65%," he said before launching the Tun Razak Exchange (TRX) Lifestyle Precinct. The yen-denominated bond was initiated by Prime Minister Tun Dr Mahathir Mohamad, who made the request to his Japanese counterpart Shinzo Abe in June last year. Lim said the return of investor confidence in Malaysia after Pakatan Harapan took over the government, the issuance of the Samurai bond, encouraging domestic numbers as well as favourable external factors would enable the country to face any upcoming challenges. He said the government's various fiscal reforms and measures currently being implemented, including the adoption of open tenders and establishment of the Tax Reforms Committee, ensured there was a proper management of finances as well as borrowings by the government. "I expect a majority of these reforms to be completed in three years and will provide a strong foundation for Malaysia to rise and take its rightful place as one of the Asian Economic Tigers," Lim added. He encouraged investors to take the opportunity to be part of the nation's growth before completion of the reforms, as they would otherwise find it difficult to buy into the best assets Malaysia had to offer. (Source: The Star/Bernama)

**Velesto Energy Berhad, Kerjaya Prospek berhad, Serba Dinamik Holdings Berhad and Econpile Holdings Berhad have had various contracts awarded to them.**

Velesto Energy Bhd (formerly known as UMW Oil & Gas Corp Bhd) has bagged a US\$38 million contract extension to provide high pressure high temperature (HPHT) jack-up drilling rig and services for North Malay Basin, Malaysia. In a filing with Bursa Malaysia today, Velesto said its wholly-owned subsidiary Velesto Drilling Sdn Bhd has received the extension from Hess Exploration and Production Malaysia BV. Velesto said it will assign one of its rigs, NAGA 8, for this 18-month contract extension, which also comes with an option for further extension. NAGA 8 is an independent-leg cantilever jack-up rig that has a drilling depth capability of 30,000ft and has a rated operating water depth of 400ft. Kerjaya Prospek Group Bhd has won an RM280 million contract from HCK Capital Group Bhd to build the main building for a development project in Subang Jaya. In a filing with Bursa Malaysia, Kerjaya Prospek said its wholly-owned unit Kerjaya Prospek (M) Sdn Bhd has accepted the letter of award from HCK Capital's subsidiary, HCK Builders Sdn Bhd. The 28-month contract is targeted to be completed by July 2021. It covers the construction of the main building for the proposed project comprising four towers and a three-storey retail unit and office podium. The group said the contract further increases its order book and is expected to provide an additional stream of revenue over the next three years. Serba Dinamik Holdings Bhd announced today two of its wholly-owned subsidiaries have secured nine contracts worth at least US\$110 million (RM448.09 million) in aggregate. In an exchange filing today, the group said Serba Dinamik International Ltd (SDIL) secured three operations and maintenance (O&M) contracts from Energeniq FZE for work in United Arab Emirates, Pavillion Multi Holding LLC in Uzbekistan, and Process Dynamics Company in Qatar. These contracts, which are for two- to three-year periods, commenced in November 2018, and in January and February this year. Meanwhile, the group said Serba Dinamik Sdn Bhd (SDSB) has secured three O&M contracts from Pengerang Refining Company Sdn Bhd, Pengerang Petrochemical Company Sdn Bhd, and Petronas Dagangan Bhd. Piling and foundation specialist Econpile Holdings Bhd has bagged a RM209.3 million contract to undertake basement and substructure works for Phase 2 of the Pavilion Damansara Heights mixed development in Jalan Damanlela here. This new contract brings Econpile's total new wins to RM506.7 million in the current financial year to date, which is higher than the RM473.4 million recorded in the financial year ended June 30, 2018 (FY18). In a statement today, Econpile said its wholly-owned subsidiary Econpile (M) Sdn Bhd has received a letter of award from Domain Resources Sdn Bhd to undertake the proposed works. Econpile added that the overall duration of the contract is targeted to take 20 months, and is expected to contribute positively to the group in the financial years FY19 to FY21. (Source: *The EdgeMarkets*)

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

Source: RAM, MARC

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