

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.54	3
5-yr UST	2.53	3
10-yr UST	2.70	2
30-yr UST	3.02	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.53	0	3.65	-1
5-yr	3.70	1	3.81	-1
7-yr	3.84	-2	3.93	-4
10-yr	3.96	-1	4.02	-3
15-yr	4.24	-1	4.36	-3
20-yr	4.46	-1	4.59	-3
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	3.67	-1
5-yr	3.75	-1
7-yr	3.88	-2
10-yr	4.04	-1

Source : Bloomberg

Upcoming Government Bond Tender

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

US Treasuries

- US Treasuries fell again yesterday depicting bull-flattening bias after the release of January CPI data (core inflation rose 0.2% m-o-m and 2.2% y-o-y) that made investors believe that potential rate hikes were still possible for the year. The curve shifted higher as benchmark yields ended 1-3bps higher with the 2Y at 2.54% and the much-watched 10Y rising 2bps at 2.70% respectively. There were also substantial amounts of IG credit papers raised for the 2nd straight day that included issuances by Boeing, AT&T, Tyson Foods and Goldman Sachs. Meanwhile President Trump has appeared to move closer to averting another US government shutdown by accepting a border deal. There was also a possibility of extending another dealine to raise tariffs on Chinese goods. December's retail sales and PPI data for December are among a slew of economic data scheduled to be released tonight.

MGS/GII

- Local govvnies continued its robust run for almost a week amid higher volume of RM7.44b. Interest was seen mainly in the off-the-run 19-21s and also 10Y GII bonds. Overall benchmarks yields ended mostly lower between 1-4bps with the 5Y benchmark MGS 4/23 however edging 1bps higher at 3.70% whereas the 10Y MGS 11/28 dipped 1bps instead at 3.96%. GII trades rose to form 52% of overall trades. Overall interest was intact despite foreign holdings of MGS and overall MYR bonds dipping by RM1.7b and RM2.3b respectively whereas GII bonds showed a net increase of RM665m. Meanwhile the 4th quarter and annual GDP data for the nation will be released at noon today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk also saw solid demand with volume slightly lower at RM427m with interest focussed across the GG to AAA-part of the curve. Both DANA and PRASA bonds dominated the GG-segment with many tranches exchanging hands. DANA 24's ended 0-1bps lower between 4.04-08% compared to previous-done levels whilst the long-end 5/46 edged 1bps higher at 4.94. AAA-rated GENM Capital 7/23 and also the related GENTING Capital 6/27% ended 2-4bps lower at 4.52% and 4.82% respectively. In the AA-space, MMC Corp saw rare trades; closing 0-2bps lower at 5.38% and 5.11% 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	3.305	98	3.248	12/02/2019	6
MGS	07/19	3.342	2	3.323	11/02/2019	2
MGS	10/19	3.388	424	3.403	12/02/2019	-2
MGS	11/19	3.388	62	3.402	12/02/2019	-1
MGS	03/20	3.435	57	3.429	12/02/2019	1
MGS	07/20	3.457	173	3.464	11/02/2019	-1
MGS	10/20	3.470	320	3.489	11/02/2019	-2
MGS	07/21	3.549	33	3.572	11/02/2019	-2
MGS	09/21	3.594	222	3.603	12/02/2019	-1
MGS	11/21	3.531	370	3.547	12/02/2019	-2
MGS	09/22	3.693	33	3.705	12/02/2019	-1
MGS	04/23	3.695	218	3.694	12/02/2019	0
MGS	08/23	3.756	9	3.763	12/02/2019	-1
MGS	07/24	3.769	180	3.803	12/02/2019	-3
MGS	09/24	3.799	10	3.809	12/02/2019	-1
MGS	03/25	3.843	80	3.876	12/02/2019	-3
MGS	09/25	3.861	50	3.868	11/02/2019	-1
MGS	04/26	3.910	40	3.934	12/02/2019	-2
MGS	07/26	3.835	370	3.862	12/02/2019	-3
MGS	11/26	3.884	60	3.899	12/02/2019	-2
MGS	11/27	3.892	34	3.898	12/02/2019	-1
MGS	06/28	3.955	186	3.965	12/02/2019	-1
MGS	04/30	4.120	23	4.153	11/02/2019	-3
MGS	06/31	4.205	1	4.208	12/02/2019	0
MGS	11/33	4.238	331	4.250	12/02/2019	-1
MGS	04/37	4.438	1	4.450	12/02/2019	-1
MGS	06/38	4.457	110	4.465	12/02/2019	-1
MGS	09/43	4.694	10	4.731	12/02/2019	-4
MGS	03/46	4.749	50	4.762	12/02/2019	-1
GII	09/19	3.384	20	3.384	12/02/2019	0
GII	04/20	3.453	1	3.502	12/02/2019	-5
GII	03/22	3.649	30	3.660	12/02/2019	-1
GII	11/23	3.808	140	3.813	12/02/2019	-1
GII	08/24	3.917	60	3.933	12/02/2019	-2
GII	08/25	3.934	544	3.970	12/02/2019	-4
GII	10/25	3.970	120	4.015	12/02/2019	-4
GII	09/26	4.008	270	4.039	12/02/2019	-3
GII	07/27	4.060	374	4.066	11/02/2019	-1
GII	10/28	4.081	1250	4.123	12/02/2019	-4
GII	12/28	4.099	160	4.142	12/02/2019	-4
GII	07/29	4.023	390	4.052	12/02/2019	-3
GII	09/30	4.220	40	4.245	12/02/2019	-3
GII	06/33	4.364	150	4.397	12/02/2019	-3
GII	08/33	4.427	20	4.458	11/02/2019	-3
GII	10/35	4.592	30	4.655	04/02/2019	-6
GII	08/37	4.589	290	4.621	11/02/2019	-3
			<u>7444</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	08/21	GG	3.913	15	3.980	43482	-7	37
Prasarana Malaysia Berhad	02/23	GG	3.996	10	4.029	43482	-3	35
Khazanah Nasional Berhad	08/23	GG	4.013	10	4.049	43494	-4	32
DanaInfra Nasional Berhad	03/24	GG	4.040	50	4.049	43489	-1	35
Bank Pembangunan Malaysia Berhad	09/24	GG	4.130	50	4.248	43451	-12	33
DanaInfra Nasional Berhad	11/24	GG	4.081	40	4.079	43508	0	28
Prasarana Malaysia Berhad	08/26	GG	4.130	20	4.171	43507	-4	28
Prasarana Malaysia Berhad	12/27	GG	4.239	20	-	-	-	31
Sarawak Hidro Sdn Berhad	08/28	GG	4.278	20	4.340	43500	-6	33
DanaInfra Nasional Berhad	10/28	GG	4.241	10	4.261	43508	-2	29
DanaInfra Nasional Berhad	05/46	GG	4.940	10	4.930	43508	1	48
GB Services Berhad	11/19	AAA	4.193	10	4.202	43483	-1	78
Cagamas Berhad	10/21	AAA	4.070	15	4.070	43507	0	53
Mercedes-Benz Services Malaysia Sdn Berhad	06/22	AAA	4.326	10	4.454	43437	-13	78
GENM Capital Berhad	07/23	AAA	4.499	5	4.521	43490	-2	85
Genting Capital Berhad	06/27	AAA	4.778	10	4.821	43475	-4	88
GENM Capital Berhad	07/28	AAA	4.573	1	4.849	43487	-28	64
Danga Capital Berhad	01/33	AAA	4.669	10	4.703	43508	-3	42
Westports Malaysia Sdn Berhad	05/21	AA+	4.197	20	4.480	43174	-28	71
Tanjung Bin Power Sdn Berhad	08/19	AA2	4.090	30	4.138	43474	-5	68
Fortune Premiere Sdn Berhad	09/25	AA	4.768	10	4.784	43507	-2	92
Segi Astana Sdn Berhad	01/21	AA-	5.064	10	5.061	43406	0	157
MMC Corporation Berhad	11/25	AA-	5.382	10	5.398	43504	-2	153
MMC Corporation Berhad	03/28	AA-	5.551	10	5.548	43487	0	162
Eco World International berhad	10/21	-	5.108	1	5.112	43504	0	-
Drb-Hicom berhad	02/22	A+	5.800	20	-	-	-	-
				<u>427</u>				

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

Market/Corporate News: What's Brewing

RHB Bank Bhd's recently-launched US\$300 million senior unsecured notes, which is the third issuance under its US\$5 billion Euro Medium Term Note (EMTN) programme, has been oversubscribed by six times. "The order book at the final price guidance stood at over US\$1.8 billion," RHB said in a statement today. This has allowed the bank to tighten the credit spread for the notes to offer a yield of 3.766% per annum, which is 128 basis (This) represents the tightest credit spread for Southeast Asia and South Asia issuances year to date," RHB said. The bank expects to complete the issuance of the senior notes by Feb 19. They will be listed on the Singaporean stock exchange and and Labuan International Financial Exchange Inc. The senior notes are rated A3 by Moody's Investors Service Inc, RHB noted. The bank said that it would use the net proceeds from the issuance for general working capital purposes. RHB had earlier issued US\$300 million worth of senior notes in September 2014 as the first issuance under the EMTN programme. It later completed its second issuance of US\$500 million senior notes in October 2016. (Source: *The EdgeMarkets*)

Scomi Group Bhd said that it has received a notice of demand for RM113.96mil from Malayan Banking Berhad (Maybank) after its wholly owned rail unit failed to pay RM201.9mil owed to the bank. "Scomi Rail Bhd and Scomi Group are presently in the process of negotiating a resolution with Maybank," it said in a filing with Bursa Malaysia today. The company said its 100%-owned Scomi Rail, on Feb 8, had received a notice of demand dated Jan 25 from Maybank for a sum of RM201.9mil. This is under bank facilities granted by Maybank to Scomi Rail. On the same day, Scomi Group also received a notice of demand from Maybank, dated Jan 31, for the sum of RM113.96mil. This is after Scomi Rail failed to repay its debt, Scomi Group warned that Maybank now had the right to dispose shares in one of the group's subsidiaries that had been secured

against the bank facilities in the event the amount demanded was not paid. Scomi Group also said that the failure to settle the loan would give rise to an event of default by virtue of the cross-default provision under the financing documents on a leasing facility amounting to RM1.29mil granted to a subsidiary. (Source: *The Star*)

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

Source: RAM, MARC

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