

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.84	-4
5-yr UST	1.84	-3
10-yr UST	2.10	-2
30-yr UST	2.60	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.37	1	3.41	0
5-yr	3.47	0	3.53	1
7-yr	3.62	0	3.67	1
10-yr	3.73	0	3.76	-1
15-yr	4.02	0	4.04	1
20-yr	4.16	0	4.23	1
30-yr	4.46	-1	4.55	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.40	-2
3-yr	3.42	-2
5-yr	3.50	0
7-yr	3.56	-1
10-yr	3.74	0

Source: Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- The US Treasuries continued its advance with the curve bull-steepening further yesterday amid rising Fed rate cut expectations. The front end 2Y note yields fell 4bps to 1.84% while the 10s ended 2bps down at 2.10%, pushing the 2/10 spread higher by 2bps to 26bps. The 30Y bond yield also closed 2bps down at 2.60% as yesterday's reopening of US\$16bn 30Y bonds attracted healthy demand with a BTC of 2.32x (prior 2.20x) at 2.607% (prior 2.892%). Expect bull steepening in the curve to prevail ahead of next week's much anticipated FOMC meeting. Although a rate cut is not expected next week, investors will be looking up for hints and guidance on the next policy move, which market is very much pricing in for a cut in July. In addition, market is also awaiting details on the Fed balance sheet run-off. Before that, we have retail sales and industrial production data tonight to offer more insights on the US economic health after recent slew of data showed a slowing job market and softening inflation.

#### MGS/GII

- Trading momentum in local govvnies gained traction with secondary market volume rising to RM4.99bn yesterday, up 37% from a day ago. Benchmark yields were largely unchanged moving within a bp in both direction. Benchmark 5Y MGS 4/23 closed within 1bp higher at 3.47% whilst the 10Y MGS 8/29 were flat at 3.73%. Yesterday's auction of 5Y MGS 6/24 was well-received with a solid BTC of 2.49x yielded an average 3.478%. The BTC was higher compared to its last issuance in November last year when it garnered a BTC of 2.32x at 3.874% back then. GII bond trades maintained at about 41% of overall trades. With little fresh catalyst locally, we expect trading in local govvnies to continue take cue from trade headlines and Fed rate cut expectations.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space continued to see solid interest with secondary volume sustaining above the RM1.0bn mark, at RM1.11bn on Thursday. The GG and AA-space continued to see dominating interests, accounting for about 38% of total volume each. Various tenors of DANA made it to the list notably DANA '11/24 that traded 14bps inner at 3.660% with RM90m dealt. LPPSA '4/27 and PTPTN '2/34 also topped the list with RM50m changed hands each, at 3.870% and 4.129% respectively. In the AA-rated segment, SDB '8/19 traded 10bps lower at 4.028% (RM95m) while YTLP '5/27 and '6/28 saw a combined volume of RM70m, last dealt at 4.397% and 4.498% respectively. EDRA papers spanning 7-20Y also garnered substantial trading interest with yields traded between 0 to -62bps lower.

## Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/19	3.089	190	3.123	11/06/2019	-3
MGS	10/19	3.114	203	3.120	12/06/2019	-1
MGS	07/20	3.209	7	3.261	12/06/2019	-5
MGS	10/20	3.230	2	3.249	12/06/2019	-2
MGS	07/21	3.354	12	3.358	12/06/2019	0
MGS	09/21	3.359	284	3.379	12/06/2019	-2
MGS	11/21	3.371	88	3.384	12/06/2019	-1
MGS	03/22	3.365	132	3.358	12/06/2019	1
MGS	04/23	3.462	16	3.471	12/06/2019	-1
MGS	08/23	3.500	2	3.493	11/06/2019	1
MGS	06/24	3.474	979	3.478	-	-
MGS	07/24	3.519	1	3.552	12/06/2019	-3
MGS	09/24	3.556	25	3.569	12/06/2019	-1
MGS	03/25	3.580	120	3.609	12/06/2019	-3
MGS	09/25	3.660	21	3.666	12/06/2019	-1
MGS	07/26	3.623	161	3.623	11/06/2019	0
MGS	09/26	3.732	1	3.843	06/05/2019	-11
MGS	11/26	3.722	35	3.714	12/06/2019	1
MGS	11/27	3.787	44	3.806	12/06/2019	-2
MGS	06/28	3.769	2	3.756	12/06/2019	1
MGS	08/29	3.730	164	3.730	12/06/2019	0
MGS	06/31	3.948	2	3.948	11/06/2019	0
MGS	04/33	4.019	44	4.024	12/06/2019	0
MGS	11/33	4.015	332	4.020	12/06/2019	0
MGS	04/37	4.169	4	4.177	11/06/2019	-1
MGS	07/48	4.464	90	0.000	12/06/2019	-
GII	04/20	3.204	7	3.186	12/06/2019	2
GII	05/20	3.174	10	3.223	12/06/2019	-5
GII	06/20	3.218	2	3.195	07/06/2019	2
GII	03/21	3.334	10	3.329	10/06/2019	0
GII	03/22	3.409	107	-	-	-
GII	04/22	3.408	156	3.431	12/06/2019	-2
GII	07/22	3.424	620	3.437	10/06/2019	-1
GII	11/22	3.454	50	3.470	12/06/2019	-2
GII	07/23	3.509	265	3.565	04/06/2019	-6
GII	11/23	3.458	2	3.476	11/06/2019	-2
GII	08/24	3.589	10	3.580	04/06/2019	1
GII	10/24	3.530	60	3.520	11/06/2019	1
GII	08/25	3.643	185	3.653	11/06/2019	-1
GII	10/25	3.666	117	3.667	10/06/2019	0
GII	09/26	3.691	1	3.707	11/06/2019	-2
GII	10/28	3.774	61	3.775	12/06/2019	0
GII	07/29	3.755	97	3.763	12/06/2019	-1
GII	06/33	4.038	20	4.028	11/06/2019	1
GII	08/33	4.047	190	4.059	11/06/2019	-1
GII	11/34	4.027	10	4.026	12/06/2019	0
GII	09/39	4.208	50	4.219	12/06/2019	-1
			<u>4991</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*
DanalFra Nasional Berhad	07/22	GG	3.468	10	3.618	15/05/2019	-15	11
DanalFra Nasional Berhad	10/23	GG	3.600	30	3.710	24/05/2019	-11	16
DanalFra Nasional Berhad	11/24	GG	3.660	90	3.800	24/05/2019	-14	19
Lembaga Pembiayaan Perumahan Sektor Awam	04/27	GG	3.870	50	4.000	02/04/2019	-13	17
Lembaga Pembiayaan Perumahan Sektor Awam	10/28	GG	3.930	30	4.080	25/04/2019	-15	21
DanalFra Nasional Berhad	02/29	GG	3.900	10	3.947	12/06/2019	-5	17
DanalFra Nasional Berhad	03/29	GG	3.910	10	3.949	10/06/2019	-4	18
Prasarana Malaysia Berhad	03/30	GG	3.930	10	4.019	29/05/2019	-9	20
DanalFra Nasional Berhad	04/30	GG	3.966	10	4.019	29/05/2019	-5	24
Prasarana Malaysia Berhad	02/31	GG	3.966	5	4.069	29/05/2019	-10	24
Prasarana Malaysia Berhad	03/31	GG	3.980	10	3.990	10/06/2019	-1	25
DanalFra Nasional Berhad	05/31	GG	3.965	5	4.084	29/05/2019	-12	24
DanalFra Nasional Berhad	03/32	GG	4.050	20	4.240	24/04/2019	-19	4
DanalFra Nasional Berhad	05/32	GG	4.060	10	4.189	13/05/2019	-13	5
DanalFra Nasional Berhad	04/33	GG	4.101	30	4.109	10/06/2019	-1	9
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	4.129	50	4.220	03/06/2019	-9	11
DanalFra Nasional Berhad	04/34	GG	4.119	40	4.209	05/04/2019	-9	11
Manjung Island Energy Berhad	11/20	AAA	3.787	20	3.926	26/04/2019	-14	59
Cagamas Berhad	10/21	AAA	3.543	5	3.635	12/06/2019	-9	24
Danum Capital Berhad	05/23	AAA	3.850	15	3.878	11/06/2019	-3	41
Cagamas Berhad	05/23	AAA	3.744	15	3.914	15/04/2019	-17	31
Cagamas Berhad	11/23	AAA	3.756	60	4.150	28/02/2019	-39	32
N.U.R Power Sdn Berhad	06/24	AAA	4.099	10	4.598	20/07/2017	-50	62
N.U.R Power Sdn Berhad	06/25	AAA	4.149	10	4.550	23/06/2014	-40	56
GENM Capital Berhad	08/25	AAA	4.239	30	4.290	12/06/2019	-5	65
Aman Sukuk Berhad	05/26	AAA	3.958	5	4.062	16/05/2019	-10	33
Pengurusan Air SPV Berhad	06/26	AAA	4.020	10	0.000	00/01/1900	402	39
GENM Capital Berhad	07/28	AAA	4.389	60	4.232	30/05/2019	16	67
Rantau Abang Capital Berhad	05/31	AAA	4.100	10	4.159	11/06/2019	-6	37
Danum Capital Berhad	02/34	AAA	4.265	5	4.300	12/06/2019	-4	25
Tenaga Nasional Berhad	08/38	AAA	4.520	3	4.520	10/06/2019	0	33
Sabah Development Bank Berhad	08/19	AA1	4.028	95	4.131	12/06/2019	-10	83
YTL Corporation Berhad	04/23	AA1	4.265	10	4.268	11/06/2019	0	83
YTL Power International Berhad	05/27	AA1	4.397	20	4.419	10/06/2019	-2	69
YTL Power International Berhad	06/28	AA1	4.498	50	4.979	15/01/2016	-48	78
Bandar Serai Development Sdn Berhad	11/19	AA3	3.838	10	4.044	09/04/2019	-21	64
Country Garden Real Estate Sdn Berhad	02/23	AA3	6.795	44	6.590	12/06/2019	21	336
AmBank Islamic Berhad	12/25	AA3	4.158	6	4.306	15/05/2019	-15	53
Edra Energy Sdn Berhad	07/26	AA3	4.888	10	5.116	15/05/2019	-23	126
Edra Energy Sdn Berhad	01/27	AA3	4.918	10	5.390	26/04/2019	-47	121
Tanjung Bin Energy Issuer Berhad	09/27	AA3	4.239	10	4.339	13/05/2019	-10	54
Edra Energy Sdn Berhad	01/28	AA3	4.968	10	5.438	30/04/2019	-47	125
Tanjung Bin Energy Issuer Berhad	09/28	AA3	4.268	10	4.609	13/03/2019	-34	55
Edra Energy Sdn Berhad	01/29	AA3	5.018	10	5.640	09/04/2019	-62	129
Tanjung Bin Energy Issuer Berhad	03/29	AA3	4.279	10	4.449	25/04/2019	-17	55
Tanjung Bin Energy Issuer Berhad	03/30	AA3	4.309	10	4.308	11/06/2019	0	58
Edra Energy Sdn Berhad	01/31	AA3	5.068	10	5.178	24/05/2019	-11	134
Edra Energy Sdn Berhad	07/31	AA3	5.081	10	5.077	12/06/2019	0	135
Edra Energy Sdn Berhad	07/32	AA3	5.098	10	5.099	10/06/2019	0	108
Edra Energy Sdn Berhad	01/35	AA3	5.191	20	5.529	21/05/2019	-34	118
Edra Energy Sdn Berhad	07/35	AA3	5.210	20	5.289	28/05/2019	-8	120
Edra Energy Sdn Berhad	01/38	AA3	5.369	10	5.909	14/05/2019	-54	118
Konsortium Lebuhraya Utara-Timur (KL) Sdn Bert	12/25	AA-	4.417	10	4.583	14/02/2019	-17	83
Konsortium Lebuhraya Utara-Timur (KL) Sdn Bert	11/29	AA-	4.494	10	4.519	12/06/2019	-3	77
MEX II Sdn Berhad	04/34	AA-	5.317	2	4.988	12/06/2019	33	130
Konsortium Lebuhraya Utara-Timur (KL) Sdn Bert	12/28	AA-	4.498	10	4.577	25/04/2019	-8	78
Affin Islamic Bank Berhad	10/17	A3	4.695	1	4.717	23/05/2019	-2	51
				<u>1105</u>				

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

## Market/Corporate News: What's Brewing

YTL Corp Bhd has proposed to delist its property development arm via a share swap deal. Under the plan, YTL Corp has offered to acquire all remaining shares it did not own in YTL Land & Development Bhd (YTL Land) at 36 sen each, to be settled via the

issuance of new YTL Corp shares. The conglomerate told the exchange in a filing today that the new YTL Corp shares will be issued at RM1.14 each. The offer price translates to an exchange ratio of about 0.32 YTL Corp share for every YTL Land share. It has also offered to exchange outstanding YTL Land irredeemable convertible unsecured loan stocks (ICULS) at 32 sen each for new YTL Corp shares to be issued at RM1.14 each. This translates to an exchange ratio of 0.28 new YTL Corp shares for every one YTL Land ICULS. As at June 7, 2019, YTL Corp holds about 65.26% of the voting shares of YTL Land, and 78.95% of the total outstanding ICULS. YTL Corp said the offer provides an opportunity for investors in YTL Land to reduce their exposure to a single industry in exchange for an investment in the more diversified range of businesses the YTL Corp Group. (Source: *The Star Online*)

The tug-of-war in the choice of who would head Telekom Malaysia Bhd (TM) has ended with the appointment of Datuk Noor Kamarul Anuar Nuruddin as its new managing director and group chief executive officer (CEO). Imri Mokhtar, the acting CEO who was said to be the 'CEO-in-waiting', will now resume his post as the chief operating officer (COO) of TM, the telecommunications giant said. StarBizWeek had named Noor Kamarul as a possible new CEO for TM in an article on June 1 entitled "Who stays and who leaves at TM". Over the past few weeks, an obvious tussle had erupted over the choice of the new CEO of TM. The appointment of the new CEO became a protracted matter following conflicting suggestions from the chairman of TM, namely, Rosli Man and the Ministry of Finance. In yesterday's statement, Rosli said: "We look forward to working with him and I am confident that with his wealth of experience, expertise and industry know-how. Noor Kamarul is fully capable to take TM forward into the future and explore new frontiers of growth." TM has been without a permanent group CEO for the last one year after Datuk Seri Mohammed Shazalli Ramly left the company in June last year. The post was held by former acting group CEO Datuk Bazlan Osman for three months before his abrupt departure in November. Bazlan was replaced by COO Imri, who also assumed the role of acting group CEO. "Imri will resume his role as the COO to drive the business operations of unifi, TM One, TM Global and information technology and network technology (IT&NT) to better serve our customers. "I would like to take this opportunity to thank Imri for stepping up to helm the leadership in transition, especially during the critical period amid the challenging environment, competitive landscape and industry dynamics," Rosli said. Noor Kamarul, 60, has 34 years experience in managing telecommunications networks and services in Malaysia and Indonesia focusing on fixed networks, mobile networks and mobile broadband services. Previously, he had several roles in Celcom driving its turnaround, achieving 31 quarters of growth from 2003 to March 2018. Noor Kamarul joined Celcom in 2003 as chief technology officer responsible for its network strategic plan. He was then promoted to chief information technology and transformation officer responsible for developing a transformational IT infrastructure, processes and billing improvement, rationalisation and optimisation plan. Meanwhile, Noor Kamarul was also assigned as the chief carrier collaboration officer in charge of managing the celco's collaborations with domestic network facilities providers, telcos and celcos, foreign cellular operators, as well as international carriers for roaming and traffic services. "We will continue with our ongoing transformation journey and execute the strategic initiatives planned to assist TM in navigating through the current challenges and position us in a more resilient, competitive and sustainable footing," Rosli said. (Source: *The Star Online*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Telekom Malaysia Berhad	RM2 billion Islamic Medium-Term Notes Programme and Islamic Commercial Papers Programme (2011/2026)	AAA/Stable/P1	Reaffirmed
	RM3 billion Islamic Medium-Term Notes Programme (2013/2033) and Islamic Commercial Papers Programme (2013/2020)	AAA/Stable/P1	Reaffirmed
	RM4 billion Islamic Medium-Term Notes Programme and Islamic Commercial Papers Programme (2018/2048)	AAA/Stable/P1	Reaffirmed
HSBC Bank Malaysia Berhad	Financial institution ratings	AAA/Stable/P1	Reaffirmed
	RM500 million Tier-2 Subordinated Bonds (2007/2027)	AA1/Stable	Reaffirmed
HSBC Amanah Malaysia Berhad	Financial institution ratings	AAA/Stable/P1	Reaffirmed
	RM3 bil Multi-Currency Sukuk Programme (2012/2032)	AAA/Stable	Reaffirmed

Source: RAM, MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis of a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

\*^

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.