








## Global Markets Research






### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.51	 -3
5-yr UST	2.48	 -5
10-yr UST	2.66	 -5
30-yr UST	2.99	 -3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.55	2	3.66	 1
5-yr	3.70	1	3.81	 1
7-yr	3.83	-1	3.94	 1
10-yr	3.88	0	4.03	 0
15-yr	4.23	-1	4.36	 0
20-yr	5.02	56	4.60	 1
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	 2
7-yr	3.89	 1
10-yr	4.05	 1

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- US Treasuries rallied yesterday for the first time this week following weak December retail sales, causing the curve to shift lower. Benchmark yields ended 3-5bps lower with the 2Y at 2.51% and the much-watched 10Y moving 5bps lower at 2.66%. Meanwhile a recent poll by Reuters reveals that there is a 25% chance of a US recession within the next 12 months; a scenario that may keep the Fed from raising interest rates next month. President Trump has said that trade talks with China are going on well as both countries work to resolve their tariff war ahead of 1<sup>st</sup> March deadline, which in any case could potentially be extended for another 60 days if a deal were not struck by 1<sup>st</sup> March.

#### MGS/GII

- Local govies saw momentum step down a notch on lower volume of RM5.97b with interest seen mainly in the off-the-run 21's and 28's (previous 10Y benchmarks) and also the 5Y, 7Y benchmark bonds. Overall benchmarks yields ended mostly mixed between -1 to +2bps (save for the 20Y) with the 5Y benchmark MGS 4/23 edging 1bps higher at 3.70% whilst the 10Y MGS 6/28 that was replaced by the new issuance was unchanged at 3.88%. The new issuance of 10Y benchmark MGS 8/29 saw solid BTC ratio of 2.54x; averaging 3.885% GII trades maintained at ~ 49% of overall trades. Meanwhile the 4<sup>th</sup> quarter and annual GDP data for the nation surprised slightly on the upside at 4.7%, reducing expectations of a rate cut in the near term.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk also solid demand with volume higher at RM734m with interest focussed across the curve. DANA, PTPTN and PRASA bonds dominated the GG-segment with several tranches exchanging hands. DANA 26-27's ended 8-9bps lower between 4.10-19% compared to previous-done levels. Both AAA-rated PLUS 22 and DANGA 30 closed sharply lower on yields at 4.16% and 4.54% respectively. In the AA-space, a slew of energy-related bonds i.e. EDRA 2024-2037 tranches dominated trades; closing 2-18bps higher instead between 5.40-6.28%. The banking space saw CIMB 29nc24 trend 12bps lower at 4.64% whilst Affin Islamic 28NC23 edged 1bps lower at 4.87% levels.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.328	127	3.305	13/02/2019	2
MGS	10/19	3.395	69	3.395	13/02/2019	0
MGS	11/19	3.385	5	3.395	13/02/2019	-1
MGS	03/20	3.434	3	3.429	12/02/2019	1
MGS	10/20	3.486	21	3.470	13/02/2019	2
MGS	02/21	3.501	12	3.503	11/02/2019	0
MGS	07/21	3.560	62	3.549	13/02/2019	1
MGS	09/21	3.589	246	3.594	13/02/2019	0
MGS	11/21	3.548	51	3.531	13/02/2019	2
MGS	03/22	3.582	50	3.566	12/02/2019	2
MGS	03/23	3.720	96	3.785	04/02/2019	-6
MGS	04/23	3.701	164	3.696	13/02/2019	0
MGS	07/24	3.778	55	3.769	13/02/2019	1
MGS	09/24	3.795	96	3.795	12/02/2019	0
MGS	09/25	3.845	2	3.861	13/02/2019	-2
MGS	07/26	3.827	494	3.812	13/02/2019	2
MGS	11/26	3.890	45	3.884	13/02/2019	1
MGS	03/27	3.935	10	3.972	12/02/2019	-4
MGS	11/27	3.885	11	3.892	13/02/2019	-1
MGS	06/28	3.926	642	3.959	13/02/2019	-3
MGS	08/29	3.876	609	-	-	-
MGS	04/30	4.121	81	4.110	13/02/2019	1
MGS	06/31	4.190	20	4.208	12/02/2019	-2
MGS	04/33	4.310	2	4.314	12/02/2019	0
MGS	11/33	4.229	61	4.230	13/02/2019	0
MGS	05/35	4.388	10	4.383	13/02/2019	0
MGS	06/38	4.457	20	4.457	13/02/2019	0
GII	08/20	3.540	110	3.532	11/02/2019	1
GII	03/22	3.656	100	3.649	13/02/2019	1
GII	04/22	3.701	65	3.677	08/02/2019	2
GII	07/22	3.705	120	3.695	07/02/2019	1
GII	11/23	3.815	592	3.808	13/02/2019	1
GII	08/24	3.911	30	3.913	13/02/2019	0
GII	08/25	3.943	590	3.943	13/02/2019	0
GII	10/25	3.977	100	3.972	13/02/2019	0
GII	09/26	4.003	21	4.008	13/02/2019	0
GII	07/27	4.032	20	4.039	13/02/2019	-1
GII	08/28	4.128	10	4.185	18/01/2019	-6
GII	10/28	4.074	540	4.079	13/02/2019	0
GII	12/28	4.111	40	4.099	13/02/2019	1
GII	07/29	4.026	191	4.023	13/02/2019	0
GII	09/30	4.201	120	4.239	13/02/2019	-4
GII	06/33	4.364	20	4.355	13/02/2019	1
GII	08/33	4.394	164	4.427	13/02/2019	-3
GII	08/37	4.601	72	4.608	13/02/2019	-1
GII	05/47	4.849	1	4.849	08/02/2019	0
			<u>5970</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	4.049	10	4.200	16/11/2018	-15	35
Prasarana Malaysia Berhad	03/25	GG	4.090	20	4.100	07/02/2019	-1	29
DanaInfra Nasional Berhad	04/26	GG	4.098	50	4.191	16/01/2019	-9	27
DanaInfra Nasional Berhad	03/27	GG	4.192	20	4.267	24/01/2019	-8	30
Perbadanan Tabung Pendidikan Tinggi Nasional	02/28	GG	4.220	10	4.448	13/12/2018	-23	30
DanaInfra Nasional Berhad	11/28	GG	4.250	25	4.280	11/02/2019	-3	35
GovCo Holdings Berhad	06/31	GG	4.459	20	4.609	03/10/2018	-15	56
DanaInfra Nasional Berhad	02/49	GG	4.999	5	5.050	12/02/2019	-5	55
Projek Lebuhraya Usahasama Berhad	01/22	AAA	4.158	10	4.294	23/10/2018	-14	61
CIMB Group Holdings Berhad	09/29	AAA	4.641	10	4.758	17/12/2018	-12	74
Danga Capital Berhad	01/30	AAA	4.538	10	4.584	17/01/2019	-5	64
Malayan Banking Berhad	11/31	AAA	4.008	30	4.005	30/01/2019	0	-23
Sarawak Energy Berhad	07/24	AA1	4.394	10	4.393	12/02/2019	0	69
Sarawak Energy Berhad	08/25	AA1	4.446	10	4.549	03/10/2018	-10	62
Northern Gateway Infrastructure Sdn Berhad	08/26	AA1	4.472	5	4.770	28/09/2017	-30	58
Northern Gateway Infrastructure Sdn Berhad	08/30	AA1	4.650	5	4.773	04/09/2018	-12	75
CIMB Bank Berhad	08/26	AA+	4.535	1	5.299	17/01/2019	-76	71
First Resources Limited	06/20	AA2	4.242	20	4.250	12/02/2019	-1	82
Imtiaz Sukuk II Berhad	05/22	AA2	4.336	10	4.388	17/01/2019	-5	79
Fortune Premiere Sdn Berhad	09/25	AA	4.748	10	4.768	13/02/2019	-2	92
Bumitama Agri Ltd	09/19	AA3	4.292	30	4.420	05/12/2018	-13	87
Edra Energy Sdn Berhad	01/24	AA3	5.403	10	5.320	11/01/2019	8	170
Edra Energy Sdn Berhad	07/24	AA3	5.442	30	5.352	11/01/2019	9	174
Edra Energy Sdn Berhad	01/25	AA3	5.472	20	5.368	11/01/2019	10	167
Edra Energy Sdn Berhad	07/25	AA3	5.512	50	5.397	11/01/2019	11	171
Edra Energy Sdn Berhad	01/26	AA3	5.541	40	5.444	24/01/2019	10	171
Edra Energy Sdn Berhad	07/26	AA3	5.591	30	5.529	25/01/2019	6	176
IJM Corporation Berhad	08/28	AA3	4.758	20	4.839	03/01/2019	-8	86
Edra Energy Sdn Berhad	07/29	AA3	5.860	10	5.680	09/01/2019	18	196
Edra Energy Sdn Berhad	01/33	AA3	6.030	10	6.009	11/02/2019	2	180
Edra Energy Sdn Berhad	01/34	AA3	6.110	10	5.980	28/01/2019	13	188
Edra Energy Sdn Berhad	01/35	AA3	6.160	5	6.128	11/02/2019	3	193
Edra Energy Sdn Berhad	01/36	AA3	6.210	5	6.099	14/01/2019	11	198
Edra Energy Sdn Berhad	07/36	AA3	6.220	5	6.109	14/01/2019	11	199
Edra Energy Sdn Berhad	07/37	AA3	6.280	15	6.178	06/12/2018	10	183
Jimah East Power Sdn Berhad	06/21	AA-	4.384	3	4.885	09/08/2018	-50	89
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	12/25	AA-	4.583	5	4.774	14/08/2018	-19	75
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	12/26	AA-	4.613	10	4.814	07/08/2018	-20	72
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	12/27	AA-	4.648	20	4.738	02/10/2018	-9	73
MMC Corporation Berhad	03/28	AA-	5.549	15	5.551	13/02/2019	0	163
Serba Dinamik Holdings Berhad	10/28	AA-	5.157	10	5.229	10/01/2019	-7	125
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/35	AA-	5.219	15	5.278	30/01/2019	-6	99
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/37	AA-	5.347	10	5.459	17/10/2018	-11	89
TF Varlik Kiralama A. S	06/19	A1	5.912	2	5.929	30/01/2019	-2	249
Tan Chong Motor Holdings Berhad	11/19	A1	5.512	10	5.577	25/01/2019	-7	209
Tan Chong Motor Holdings Berhad	11/21	A1	5.832	30	5.898	08/02/2019	-7	229
Affin Islamic Bank Berhad	10/28	A1	4.872	20	4.878	31/01/2019	-1	97
Bright Focus Berhad	01/30	A1	6.989	2	5.178	18/07/2018	181	309
DRB-Hicom Berhad	02/22	A+	6.037	2	-	-	-	249
				734				

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

## Market/Corporate News: What's Brewing

Works on the light rail transit 3 (LRT3) project are expected to resume in the second half of this year, according to Malaysian Resources Corp. "The LRT 3 project is already 10% completed and we are at the redesigning stage," MRCB chief operating officer Kwan Joon Hoe told reporters after the group EGM on Thursday. The LRT 3 project has been stalled for almost a year pending a review in light of the revelation by the Finance Ministry (MoF) that the total cost of the line had ballooned to RM31.65bil. The government then approved the continuation of the 36km-long track at a reduced final cost of RM16.63bil, less 47% of the original cost. This resulted in a series of negotiations between the MoF, Prasarana Malaysia Bhd and the project's main contractors MRCB and George Kent (Malaysia) Bhd. On Jan 25, MRCB-George Kent Sdn Bhd entered into

a fixed-price contract with Prasarana, the project owner, instead of adopting a project-delivery-partner (PDP) model. Kwan said the overall LRT 3 project is now valued at RM11.8bil and is expected to be completed in 2024. (Source: *The Star*)

**Yinson Holdings Bhd said its wholly-owned subsidiary has been awarded a contract worth US\$578 million or RM2.357 billion from JX Nippon Oil & Gas Exploration (Malaysia) Ltd.** The contract, awarded to Yinson Energy Sdn Bhd on Tuesday (Feb 12), is for the provision of operations and maintenance (O&M) services for JX Nippon's floating production storage and offloading (FPSO) facilities, the group said in a stock exchange filing today. "The tenure of the O&M Contract is effective from 12 February 2019 and shall remain in full force until termination of the contract for the provision of EPCIC (engineering, procurement, construction, installation & commissioning) and leasing for the Layang FPSO facilities. The charter contract is for a firm period of eight years and comes with options for 10 extension periods of one year each," Yinson said. As such, it said this O&M contract is expected to contribute positively to the group's earnings for the financial year ending Jan 31, 2020 (FY20) onwards, until the charter contract is terminated. The value of the O&M contract assumes the extension options would be fully exercised. The Nippon FPSO Facilities is expected to commence operations at the Layang field by the fourth quarter of this year. ): Sunway Real Estate Investment Trust (REIT) announced a net property income (NPI) of RM104.23 million for its second quarter ended Dec 31, 2018 (2QFY19), up a marginal 0.8% from RM103.37 million a year ago. The REIT attributed the minimum growth on NPI to lower revenue but lower advertising and promotional (A&P) expense of RM1.6 million and maintenance expenses of RM1.8 million helped to sustain it. It proposed an income distribution per unit (DPU) for 2QFY19 of 2.25 sen, taking its annualised distribution yield to 5.4% based on the price of RM1.73 as at Dec 31, 2018. This was lower compared with DPU of 2.38 sen a year earlier. Quarterly revenue fell 1.39% to RM139.5 million from RM141.47 million mainly attributable to lower contribution from the hotel segment mitigated by better performance of the other segments. Cumulatively, Sunway REIT's six months ended Dec 31, 2018 (6MFY18) recorded an NPI of RM214.74 million, up 0.2% from RM214.35 million in the previous corresponding period as revenue inched up 0.21% to RM283.24 million from RM282.64 million. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
MISC Berhad	RM2.5 billion Islamic Medium-Term Notes (IMTN) programme	AAA-IS	Affirmed

Source: RAM, MARC

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