

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.46	-2
5-yr UST	2.43	-1
10-yr UST	2.63	1
30-yr UST	3.05	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.44	0	3.55	0
5-yr	3.59	1	3.73	0
7-yr	3.79	0	3.89	-1
10-yr	3.74	-11	3.98	-1
15-yr	4.18	-1	4.29	-2
20-yr	4.39	-3	4.52	-6
30-yr	4.66	-6	4.77	-9

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.57	0
3-yr	3.58	0
5-yr	3.67	0
7-yr	3.80	0
10-yr	3.98	-1

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- US Treasuries closed weaker on the long-ends which lagged the belly causing the curve to steepen as the 5s30s spread touched a year-to-date-high. Overall benchmark yields ended mixed between -2 to +3bps. The 2Y note yield closed 2bps lower at 2.46% whilst the much-watched 10Y bond edged 1bps higher at 2.63%. The US government is deemed to be heavily borrowing against its deficits which are on track to hit \$1.0 trillion. Nevertheless this phenomenon has not pushed interest rates or even inflation up for now. Meanwhile filings for U.S. unemployment benefits rose to a four-week high, a sign the labor market may be softening somewhat even as it remains firm overall.

#### MGS/GII

- Local govvnies maintained decent trading momentum with volume at RM4.84b with 75% of transactions ending lower on yields. Interest was centred on the MGS off-the-run 19's, 24's and also the previous 10Y and 20Y benchmarks following a decent 20Y GII auction which notched a BTC ratio of 2.76x; at an average of 4.467%. We also note demand spilling over to the long-ends as overall benchmark yields ended mostly 1-9bps lower (save for the possible error-trade on the 10Y MGS). The 5Y benchmark MGS 4/23 however edged 1bps higher at 3.59% whilst the 10Y MGS 8/29 levels closed at awkward levels of 3.74% instead of an expected levels of 3.85%. Interestingly, GII bonds rose to form 62% of overall trades.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw demand taper slightly as volume notched RM407m with lesser transactions across the curve. Overall investor interest was seen along the GG-AAA part of the curve. Govt-guaranteed bonds continue to see yields drift lower with longer-end PRASA 9/42 closing a whopping 35bps lower at 4.73% whilst DANA 5/41 and 2/49 tranches closed 4-12bps lower between 4.86-86%% compared to previous-done levels. AAA-rated AMAN also closed sharply lower on yields at 4.22% whereas MANJUNG 11/23 edged 1bps lower at 4.18%. In the AA-space, GAMUDA 3/20 and 11/22 closed 2-4bps lowe at 4.19% and 4.51% respectively. The banking space was quite active with both Bank Islam 28NC23 and RHB 25NC20 edging 1bps lower at 4.66% and 4.28% each.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/19	3.314	20	3.333	11/03/2019	-2
MGS	10/19	3.341	30	3.371	13/03/2019	-3
MGS	11/19	3.357	280	3.380	13/03/2019	-2
MGS	03/20	3.343	89	3.392	13/03/2019	-5
MGS	10/20	3.415	132	3.429	13/03/2019	-1
MGS	04/23	3.592	24	3.582	13/03/2019	1
MGS	08/23	3.664	11	3.656	13/03/2019	1
MGS	07/24	3.758	15	3.767	13/03/2019	-1
MGS	09/24	3.766	200	3.786	13/03/2019	-2
MGS	09/25	3.799	12	3.797	13/03/2019	0
MGS	07/26	3.787	72	3.787	13/03/2019	0
MGS	09/26	3.925	50	3.903	12/03/2019	2
MGS	11/26	3.872	40	3.872	13/03/2019	0
MGS	05/27	3.987	50	3.998	13/03/2019	-1
MGS	11/27	3.919	138	3.933	13/03/2019	-1
MGS	06/28	3.947	52	3.956	13/03/2019	-1
MGS	08/29	3.844	150	3.850	13/03/2019	-1
MGS	04/30	4.101	51	4.097	13/03/2019	0
MGS	06/31	4.158	6	4.148	13/03/2019	1
MGS	04/33	4.292	20	4.255	13/03/2019	4
MGS	11/33	4.177	54	4.240	13/03/2019	-6
MGS	04/37	4.438	60	4.453	12/03/2019	-2
MGS	06/38	4.389	13	4.418	13/03/2019	-3
MGS	09/43	4.674	220	4.710	07/03/2019	-4
MGS	07/48	4.657	64	4.715	11/03/2019	-6
GII	08/19	3.402	2	3.425	13/03/2019	-2
GII	04/20	3.444	4	3.451	13/03/2019	-1
GII	04/21	3.541	10	3.543	13/03/2019	0
GII	08/21	3.557	30	3.593	07/03/2019	-4
GII	03/22	3.553	100	3.549	13/03/2019	0
GII	04/22	3.628	60	3.615	13/03/2019	1
GII	11/23	3.732	190	3.733	13/03/2019	0
GII	08/24	3.853	50	3.857	13/03/2019	0
GII	08/25	3.891	170	3.897	13/03/2019	-1
GII	07/27	3.988	100	4.016	13/03/2019	-3
GII	10/28	4.050	440	4.062	13/03/2019	-1
GII	12/28	4.057	40	4.090	08/03/2019	-3
GII	07/29	3.981	230	3.987	13/03/2019	-1
GII	06/33	4.289	130	4.330	13/03/2019	-4
GII	08/33	4.315	70	4.350	13/03/2019	-3
GII	10/35	4.451	120	4.557	13/03/2019	-11
GII	08/37	4.521	957	4.588	13/03/2019	-7
GII	09/39	4.463	264	-	-	-
GII	05/47	4.765	20	4.855	05/03/2019	-9
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## 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	03/32	GG	4.450	50	4.459	13/03/2019	-1	26
Lembaga Pembiayaan Perumahan Sektor Awam	10/38	GG	4.629	80	4.700	04/03/2019	-7	21
DanaInfra Nasional Berhad	05/41	GG	4.679	10	4.796	26/02/2019	-12	26
Prasarana Malaysia Berhad	09/42	GG	4.730	10	5.080	06/12/2018	-35	31
DanaInfra Nasional Berhad	02/49	GG	4.860	10	4.901	12/03/2019	-4	44
Public Bank Berhad	04/19	AAA	3.849	60	3.784	24/01/2019	7	46
Danga Capital Berhad	04/20	AAA	3.962	12	3.953	12/03/2019	1	58
Manjung Island Energy Berhad	11/23	AAA	4.177	10	4.182	12/03/2019	-1	60
Aman Sukuk Berhad	07/24	AAA	4.222	40	4.462	29/11/2018	-24	65
Hong Leong Bank Berhad	06/24	AA1	3.972	5	3.997	05/03/2019	-2	40
Hong Leong Bank Berhad	06/24	AA1	4.151	5	4.175	04/03/2019	-2	58
United Overseas Bank (Malaysia) Berhad	05/25	AA1	4.201	5	4.355	03/12/2018	-15	47
YTL Corporation Berhad	11/36	AA1	5.149	10	5.485	24/11/2017	-34	73
Kesas Sdn Berhad	10/19	AA2	3.941	5	3.952	22/02/2019	-1	55
Gamuda Berhad	03/20	AA3	4.194	10	4.239	13/03/2019	-4	81
Gamuda Berhad	11/22	AA3	4.505	5	4.526	04/03/2019	-2	97
RHB Bank Berhad	05/25	AA3	4.275	20	4.290	03/01/2019	-1	54
MMC Corporation Berhad	11/25	AA-	5.351	3	5.368	21/02/2019	-2	157
Edra Energy Sdn Berhad	07/29	AA3	5.780	1	5.780	12/03/2019	0	194
Southern Power Generation Sdn Berhad	10/31	AA-	4.570	10	4.751	30/11/2018	-18	38
CIMB Group Holdings Berhad	04/60	AA3	4.830	1	5.528	05/12/2018	-70	41
Affin Bank Berhad	02/27	A1	4.960	4	5.051	12/03/2019	-9	112
Bank Islam Malaysia Berhad	11/28	A1	4.662	40	4.677	12/03/2019	-1	82
CIMB Group Holdings Berhad	05/16	A1	4.346	1	4.650	04/03/2019	-30	-7
Hong Leong Financial Group Berhad	11/17	A1	4.796	1	4.715	11/03/2019	8	38
Bank Muamalat Malaysia Berhad	11/21	A	4.620	0	5.199	13/03/2019	-58	117
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\*spread against nearest indicative tenured MGS (Source : BPAM)

### Market/Corporate News: What's Brewing

**Battersea Power Station Development Company (BPSDC) has completed the re-organisation of the ownership of commercial assets within the Grade II listed Power Station.** The shareholders of the commercial assets in the new structure Permodalan Nasional Bhd (PNB), one of the largest asset management companies in Malaysia and the Employees Provident Fund of Malaysia (EPF). "They have acquired the commercial assets in the Power Station through a joint venture, of which they own 65% and 35% respectively, for a total purchase price of £1,583 million (equivalent to RM8.512bil)," SP Setia said in a statement. PNB and EPF already own 70% of the entire Battersea Power Station development through their holdings in the original developers and in the case of EPF through a direct 20% holding. "The transaction does not affect the shareholdings in Battersea Project Holding Co Ltd, which remain unchanged between SP Setia (40%), Sime Darby Property (40%) and EPF (20%). UK-based BPSDC and its subsidiaries will continue as the development, estate and asset manager for all phases of the overall development," it said. Commenting on the completion, Battersea Project Holding chairman Datuk Ahmad Pardas Senin said: "We are delighted that this reorganisation has concluded, giving this iconic landmark a sound footing for the future and ensuring it is expertly curated and managed in the longer term." BPSDC chairman Datuk Wong Tuck Wai said the closure of this transaction marked a significant milestone for all parties involved as it allows the parties to focus on what they do best respectively and specifically enhance the roles each plays in the overall Battersea project. "Significant headway has already been made this year in terms of the restoration works which we would not have achieved without the support and guidance from our shareholders and stakeholders," BPSDC chief executive Simon Murphy said. "We are excited by the prospect of the Power Station and surrounding area becoming a new, thriving London destination for future generations to enjoy," he added. (Source: *The Star*)

**Given the challenging economic conditions before us, the Ministry of International Trade and Industry (Miti) has set a "realistic" target of RM200 billion for approved investments in 2019.** Malaysia's approved investments only increased 0.55% to RM201.7 billion last year compared with from RM200.6 billion in 2017. The target may well imply that the country's private investment will remain stagnant at near RM200 billion-level for the third consecutive year. Miti minister Datuk Darell Leiking attributed the minimal growth to a 17% decline in domestic direct investments (DDIs). Notably, the overall foreign direct investments (FDIs) surged 48% to RM80.5 billion last year, from RM54.4 billion in 2017, to account for nearly 40% of the pie. The DDIs, meanwhile, fell 17% to RM121.2 billion, from RM146.2 billion in 2017, shrinking the DDIs' share of the pie to 60.1%, from 72.9% previously. However, he did not elaborate on the cause of the lacklustre private investments in the country. Speaking at the Malaysian Investment Development Authority's (Mida) annual media conference yesterday, Leiking said more investments were approved during the second half of 2018, at RM115.6 billion, compared with the period of January to June 2018 valued at RM86.1 billion. "We will continue focusing on the manufacturing of electrical and electronics, which is something that has contributed a lot to our investments, aerospace, chemical and chemical-related manufacturing, and many more. "But we should not forget about agriculture as well. I know some may not think that it is still viable, (but) we need to ensure that agriculture, which was our expertise at one time, continues," said Leiking. The approved RM201.7 billion worth of investments came from 4,887 projects which are expected to create over 129,700 job opportunities. Of the total RM201.7 billion, the manufacturing sector contributed RM87.4 billion, up 37.2% from RM63.7 billion in 2017, as new projects attracted higher levels of foreign investments. Leiking said foreign investments in

approved manufacturing projects have more than doubled to RM58 billion in 2018, from 2017's RM21.6 billion. Foreign investments constituted 66.4% of the total approved investments in the manufacturing sector. China was the largest investor at RM19.7 billion, followed by Indonesia (RM9 billion), the Netherlands (RM8.3 billion), Japan (RM4.1 billion) and the US (RM3.2 billion). The services sector, meanwhile, was the largest contributor to the total approved investments, amounting to RM103.4 billion from 4,103 projects, mostly from domestic investments. The balance of RM10.9 billion was invested in the primary sector last year. This amount stood 12.2% lower compared with RM12.4 billion in 2017, largely due to lower investments in oil and gas exploration activities under the mining sub-sector.. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Projek Smart Holdings Sdn Bhd	IMTN Facility of up to RM330 mil in nominal value (2015/2032)	A1/Negative	Reaffirmed

Source: RAM, MARC

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