

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.39	4
5-yr UST	2.38	7
10-yr UST	2.57	7
30-yr UST	2.98	5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.39	-2	3.47	0
5-yr	3.56	-1	3.67	1
7-yr	3.67	0	3.80	0
10-yr	3.78	0	3.85	0
15-yr	4.06	-1	4.11	0
20-yr	4.28	-1	4.35	0
30-yr	4.58	0	4.62	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.53	0
3-yr	3.53	0
5-yr	3.61	0
7-yr	3.69	0
10-yr	3.88	-1

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries ended weak last Friday with curve shifting higher due to risk-on mode as markets were lifted by upbeat banks' earnings and the improvement in Chinese export data. Overall benchmark yields closed between 4-7bps sharply higher with both the UST 2Y up 4bps at 2.39% and the much-watched 10Y spiking 7bps at 2.57% respectively. There are no new UST supply for this week. Volatility is seen to have subsided from the late-March spike; as recent economic data eased fears of a recession in the US. Also, the sheer amount of ultra-low yielding debt means investors have almost no buffer in the event prices drop. That's compounded by the worry that liquidity could suddenly evaporate in a selloff.

MGS/GII

- Local govies saw momentum ease on lower volume of RM2.28b on selective buying with interest mainly seen on the front-end off-the-run 19-20's and 10Y MGS bonds. Overall benchmark yields however ended mostly lower within 0-2bps of prior day's close save for the GII belly. The benchmark 5Y MGS 4/23 edged 1bps lower at 3.56% whilst the 10Y MGS 8/29 closed within 1bps higher instead at 3.78%. GII bond trades jumped to form 49% of overall trades; mainly due to the recording of trades done on the new issuance of 5Y GII 10/24. The auction of RM3.5b for these bonds averaged 3.655% whilst recording a decent BTC ratio of 2.31x. Meanwhile investors continue to monitor the MYR which has weakened of late. Separately, markets are abuzz with Malaysia-China striking a deal to lower the cost of massive ECRL project from RM65.5b to RM44.0b which should augur well for construction and engineering sectors.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw strong secondary volume of RM977m with interest across the GG-AA. KHAZANAH bonds which were untraded for awhile saw several tranches i.e. 2022-24's close 2-40bps lower compared to previous-done levels between 3.76-87% levels whilst the long-end DANA 4/48 and 2/49 edged 1-2bps between 4.65-68% area. AAA-rated TNB Northern 21-22's also closed sharply lower on yields between 3.92-97%. AA-rated space saw energy-related EDRA dominate this space with the 2028-2038 tranches recording huge gains; totaling ~RM120m in nominal trades. and also Southern Power 29-31's close lower on yields between 4.37-44% and 4.35-42% levels respectively. The banking space was relatively quiet.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/19	3.330	41	3.329	11/04/2019	0
MGS	10/19	3.331	168	3.300	11/04/2019	3
MGS	11/19	3.331	39	3.289	11/04/2019	4
MGS	03/20	3.373	131	3.352	11/04/2019	2
MGS	07/20	3.374	10	3.330	09/04/2019	4
MGS	10/20	3.390	51	3.385	11/04/2019	1
MGS	02/21	3.422	3	3.405	11/04/2019	2
MGS	09/21	3.404	4	3.423	09/04/2019	-2
MGS	11/21	3.438	63	3.431	11/04/2019	1
MGS	03/22	3.385	20	3.399	11/04/2019	-1
MGS	08/22	3.504	9	3.503	11/04/2019	0
MGS	08/23	3.631	10	3.623	11/04/2019	1
MGS	07/24	3.663	23	3.674	11/04/2019	-1
MGS	03/25	3.741	3	3.739	09/04/2019	0
MGS	07/25	3.750	20	3.752	10/04/2019	0
MGS	09/25	3.725	1	3.694	11/04/2019	3
MGS	07/26	3.668	5	3.660	11/04/2019	1
MGS	05/27	3.856	40	3.848	11/04/2019	1
MGS	11/27	3.816	20	3.809	11/04/2019	1
MGS	06/28	3.785	21	3.791	11/04/2019	-1
MGS	08/29	3.776	280	3.773	11/04/2019	0
MGS	06/31	3.982	2	3.997	11/04/2019	-1
MGS	04/33	4.099	4	4.080	11/04/2019	2
MGS	11/33	4.060	130	4.069	11/04/2019	-1
MGS	04/37	4.249	42	4.280	10/04/2019	-3
MGS	03/46	4.561	2	4.561	11/04/2019	0
MGS	07/48	4.578	30	4.583	11/04/2019	0
GII	11/20	3.448	20	3.473	03/04/2019	-2
GII	03/22	3.465	91	3.478	11/04/2019	-1
GII	04/22	3.536	2	3.545	10/04/2019	-1
GII	07/22	3.568	10	3.570	09/04/2019	0
GII	11/23	3.673	20	3.664	11/04/2019	1
GII	08/24	3.713	20	3.711	10/04/2019	0
GII	10/24	3.668	747	-	-	-
GII	08/25	3.799	40	3.796	11/04/2019	0
GII	07/27	3.866	50	3.866	10/04/2019	0
GII	10/28	3.894	2	3.891	11/04/2019	0
GII	07/29	3.853	59	3.849	11/04/2019	0
GII	10/35	4.256	40	4.264	11/04/2019	-1
GII	09/39	4.340	10	4.338	11/04/2019	0
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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*
Khazanah Nasional Berhad	06/22	GG	3.759	20	3.992	25/02/2019	-23	36
Khazanah Nasional Berhad	09/22	GG	3.757	60	4.153	01/08/2017	-40	36
Khazanah Nasional Berhad	08/23	GG	3.831	140	3.849	09/04/2019	-2	34
Khazanah Nasional Berhad	03/24	GG	3.851	55	4.152	04/09/2018	-30	29
Danainfra Nasional Berhad	03/24	GG	3.780	50	3.969	11/03/2019	-19	22
Khazanah Nasional Berhad	08/24	GG	3.870	55	4.050	18/02/2019	-18	31
Prasarana Malaysia Berhad	09/25	GG	3.872	5	3.954	21/03/2019	-8	21
Perbadanan Tabung Pendidikan Tinggi Nasional	07/26	GG	3.965	25	3.948	04/04/2019	2	30
Danainfra Nasional Berhad	05/28	GG	3.948	15	3.950	08/04/2019	0	19
Danainfra Nasional Berhad	10/28	GG	4.002	5	3.981	03/04/2019	2	23
Turus Pesawat Sdn Berhad	03/31	GG	4.120	15	4.770	09/03/2017	-65	35
Prasarana Malaysia Berhad	03/31	GG	4.051	35	-	-	-	28
Perbadanan Tabung Pendidikan Tinggi Nasional	03/32	GG	4.201	45	4.200	09/04/2019	0	13
Projek Lebuh raya Usahasama Berhad	12/38	GG	4.469	60	5.109	26/04/2018	-64	18
Danainfra Nasional Berhad	04/48	GG	4.650	5	4.669	04/04/2019	-2	37
Danainfra Nasional Berhad	02/49	GG	4.679	25	4.690	11/04/2019	-1	39
TNB Northern Energy Berhad	05/20	AAA	3.815	10	4.097	28/04/2015	-28	46
AI Dzahab Assets Berhad	09/20	AAA	4.332	2	4.520	21/09/2018	-19	98
TNB Northern Energy Berhad	11/21	AAA	3.929	30	4.600	28/11/2016	-67	53
TNB Northern Energy Berhad	05/22	AAA	3.939	10	3.963	11/04/2019	-2	54
TNB Northern Energy Berhad	11/22	AAA	3.968	10	4.284	28/09/2017	-32	48
Aman Sukuk Berhad	05/26	AAA	4.171	5	4.598	30/03/2018	-43	50
Genting Capital Berhad	06/27	AAA	4.520	20	4.718	15/03/2019	-20	79
Sabah Credit Corporation	06/23	AA1	4.387	7	4.439	05/04/2019	-5	89
Sepangar Bay Power Corporation Sdn Berhad	07/25	AA1	4.238	8	4.799	30/04/2018	-56	57
TRIpIc Medical Sdn Berhad	10/31	AA1	4.499	10	4.828	23/10/2018	-33	42
Tanjung Bin Power Sdn Berhad	08/20	AA2	4.119	10	4.185	25/03/2019	-7	77
Tanjung Bin Power Sdn Berhad	08/22	AA2	4.257	10	4.372	06/03/2019	-12	86
PBFIN Berhad	06/59	AA2	5.176	0	4.548	10/04/2019	63	89
Fortune Premiere Sdn Berhad	11/23	AA	4.408	20	4.542	06/03/2019	-13	85
Fortune Premiere Sdn Berhad	09/25	AA	4.518	10	4.630	27/03/2019	-11	85
Anih Berhad	11/28	AA	4.499	10	4.539	03/04/2019	-4	72
Edra Energy Sdn Berhad	01/25	AA3	5.212	10	5.336	27/03/2019	-12	155
Edra Energy Sdn Berhad	01/26	AA3	5.293	20	5.488	19/03/2019	-20	162
BGSM Management Sdn Berhad	03/26	AA3	4.509	5	4.610	26/02/2019	-10	84
Edra Energy Sdn Berhad	07/28	AA3	5.523	5	5.648	02/04/2019	-13	177
Edra Energy Sdn Berhad	07/29	AA3	5.620	1	5.689	08/04/2019	-7	185
Edra Energy Sdn Berhad	01/30	AA3	5.632	5	5.727	08/04/2019	-10	186
Edra Energy Sdn Berhad	07/30	AA3	5.652	5	5.700	09/04/2019	-5	188
Lebuh raya DUKE Fasa 3 Sdn Berhad	08/30	AA-	4.759	15	5.019	26/09/2018	-26	98
Edra Energy Sdn Berhad	01/31	AA3	5.683	10	5.749	08/04/2019	-7	191
Edra Energy Sdn Berhad	07/31	AA3	5.712	10	5.819	28/03/2019	-11	194
Edra Energy Sdn Berhad	01/32	AA3	5.739	20	5.809	08/04/2019	-7	166
Edra Energy Sdn Berhad	07/32	AA3	5.779	20	5.889	28/03/2019	-11	170
Edra Energy Sdn Berhad	01/33	AA3	5.809	20	5.879	08/04/2019	-7	173
Edra Energy Sdn Berhad	07/33	AA3	5.849	20	6.069	08/03/2019	-22	177
Edra Energy Sdn Berhad	01/38	AA3	6.159	6	6.169	09/04/2019	-1	187
MMC Corporation Berhad	11/27	AA-	5.369	2	5.401	10/04/2019	-3	162
Lebuh raya DUKE Fasa 3 Sdn Berhad	08/31	AA-	4.778	5	4.948	07/03/2019	-17	100
Bank Islam Malaysia Berhad	12/25	A1	4.236	6	4.242	10/04/2019	-1	57
IJM Land Berhad	03/19	A2	5.381	5	5.582	02/04/2019	-20	110
				<u>977</u>				

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

Market/Corporate News: What's Brewing

Sapura Energy Bhd's second largest shareholder Tan Sri Shahril Shamsuddin and family sold 600 million shares, or 3.76%, in the oil & gas group, which recently completed its massive RM4 billion cash call. Sapura Technology Sdn Bhd, the investment vehicle of the Shamsuddin family, sold 360 million shares on April 9 and an additional 240 million shares the following day, the group announced to Bursa Malaysia this evening. The shares changed hands through several off-market deals at 31 sen per share, according to Bloomberg data. The transaction price is one sen above the group's rights issue price of 30 sen, but it was below the closing price of 34 sen for both days. The number of shares sold was equivalent to a 3.76% stake based on the issued share

capital of 15.93 billion shares. The shares were held in Maybank Nominees (Tempatan) Sdn Bhd pledged securities account for Sapura Technology. After the share sale, Sapura Technology's shareholding stands at 12.81%, or 2.217 billion shares, in Sapura Energy. In a separate filing with Bursa, Sapura Energy announced that the board has made a further offer of 366.49 million shares under the group's executive share option scheme (ESOS) to its group president and chief executive officer Shahril. The exercise price for the ESOS is at 39 sen per share. Furthermore, Shahril is also granted an additional 132.85 million shares as a result of the adjustment for the rights issue. The rights issue has enlarged Sapura Energy's share capital to 15.9 billion from 5.99 billion. The adjustment, according to the filing, will result in an additional 212.5 million shares being granted to eligible employees and the exercise price will be revised to 22 sen. All in, Shahril currently has the call option to buy 798.95 million shares, which is equivalent to a 5.01% stake in Sapura Energy. (Source: *The EdgeMarkets*)

There is expected to be more local participation in the revived East Coast Rail Link project from the supply of material to awarding work to local beneficiaries, say analysts. maintaining neutral call on the construction sector with SunCON, HSS and AQRS as top buys. In a note, it said potential immediate beneficiaries if the suspension on contracts are lifted include Lafarge Malaysia Bhd and HSS Engineers Bhd which previously won contracts worth RM270m and RM130m respectively. Other potential beneficiaries are local contractors to be appointed subcontractors. "In their view, they believe AQRS, IJM Corp, WCT, WZ Satu, Econpile, Advancecon, Sunway Construction (SunCon) are in a good position to bid for subcontract works for the ECRL," it said. The revival of the ECRL augurs well for the local construction industry and will have a potential positive multiplier effect on the local economy with the increase in local participation, said analysts. "Newspaper reports quoted Tun Daim Zainuddin saying local participation in ECRL will increase to 50% of all works from 30% of civil works. "This indicates RM22b worth of contracts could be up for grabs for local players." Construction stocks, which have run up recently on expectations of the project's revival, is expected to see some consolidation over the short-term. "We believe it will take some time to finalise the detailed designs for the new alignment and undertake land acquisitions before construction contracts can be awarded," it said. (Source: *The Star*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Tenaga Nasional Berhad (TNB)	RM2.0 billion Al-Bai' Bithaman Ajil Bonds at AAA-IS	AAA	Affirmed
Kinabalu Capital Sdn Bhd	Issue 2 Medium-Term Notes (MTN) of RM130 million Class A	AAA	Affirmed
	RM25 million Class B	AA	Affirmed
	RM15 million Class C.	A	Affirmed

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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