

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.22	1
5-yr UST	2.20	0
10-yr UST	2.41	1
30-yr UST	2.85	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.42	4	3.42	0
5-yr	3.61	1	3.69	1
7-yr	3.82	4	3.78	0
10-yr	3.77	0	3.90	5
15-yr	4.17	0	4.18	5
20-yr	4.31	0	4.35	0
30-yr	4.63	3	4.64	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.47	-1
3-yr	3.52	0
5-yr	3.58	-1
7-yr	3.66	0
10-yr	3.86	-1

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries drifted lower as the curve shifted mildly higher following Trump's positive comments about trade talks with China despite the recent imposition of higher tariffs on \$200b of Chinese goods. Overall benchmark yields moved between 0-1bps higher with both the UST 2Y and the much-watched 10Y bond closing at 2.22% and 2.41% respectively. Meanwhile M&A-related bond sales led the primary market with Waste Management & Fidelity National Services, NSTAR Electric and Avangrid. Traders are pricing one (1) Fed interest rate cut this year despite officials maintaining their "patient stance" on policy. April retail-sales data which is scheduled for release tonight will be closely watched. Meanwhile fears abound as Chinese scholars discuss the possibility of "dumping" UST's.

MGS/GII

- Trading in local govies saw slight improvement in momentum on secondary market volumes of ~RM3.27b as the nation along with China, Hong Kong, Indonesia and Philippines continued to see both bond and equity outflows from the Asia Pacific region. Benchmark yields ended mostly higher between 0-5bps again with interest mainly seen in the off-the-run 22's, 25's and also benchmark 5-10Y MGS/GII bonds. The benchmark 5Y MGS 4/23 edged 1bps higher at 3.61% whilst the 10Y MGS 8/29 was untraded at 3.77%. GII bond trades rose to form 31% of overall trades. Yesterday's auction involving new issuance of 30Y GII 11/49 saw solid demand averaging 4.638% on a high BTC ratio of 3.3x. The recent pullback in foreign holdings of MYR govies by 4.2% to RM162.3b is expected to dampen sentiment temporarily. Up next on the data front is the release of 1Q GDP data tomorrow.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw secondary volume drop to RM299m with interest mainly in the GG-segment. The long-end Govt-guaranteed PLUS 1/38, and DANA 4/48 rallied 5bps compared to previous-done level at 4.43% and 4.67% respectively. However PRASA 11/28 and PTPTN 2/34 saw sellers emerge as yields ended 5-6bps instead. AAA-rated Bakun 21-22's closed sharply lower on yields between 3.93-99% levels whilst TELEKOM 12/24 and 11/25 closed 0-6bps lower at 4.05% and 4.09% respectively. The AA-space saw energy-related bonds SEB 12/32 and EDRA Energy 1/38 close lower on yields at 4.36% and 5.91% each whilst highway operator KESTURI 22 closed unchanged at 4.40% levels.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/19	3.150	25	3.150	07/05/2019	0
MGS	10/19	3.160	109	3.181	13/05/2019	-2
MGS	11/19	3.162	4	3.155	13/05/2019	1
MGS	03/20	3.256	95	3.239	10/05/2019	2
MGS	07/20	3.291	12	3.285	10/05/2019	1
MGS	10/20	3.322	32	3.308	13/05/2019	1
MGS	07/21	3.862	103	3.372	10/05/2019	49
MGS	09/21	3.413	12	3.403	10/05/2019	1
MGS	03/22	3.423	90	3.383	10/05/2019	4
MGS	08/22	3.499	225	3.492	10/05/2019	1
MGS	04/23	3.610	484	3.605	13/05/2019	0
MGS	08/23	3.651	1	3.646	13/05/2019	0
MGS	07/24	3.719	5	3.708	13/05/2019	1
MGS	09/24	3.731	363	3.737	13/05/2019	-1
MGS	03/25	3.794	44	3.785	13/05/2019	1
MGS	07/25	3.836	20	3.830	13/05/2019	1
MGS	09/25	3.838	246	3.838	13/05/2019	0
MGS	04/26	3.892	2	3.819	09/05/2019	7
MGS	07/26	3.817	209	3.782	13/05/2019	4
MGS	11/27	3.948	2	3.920	13/05/2019	3
MGS	06/28	3.944	59	3.897	13/05/2019	5
MGS	04/30	4.031	2	3.991	10/05/2019	4
MGS	11/33	4.174	70	4.178	13/05/2019	0
MGS	09/43	4.559	2	4.571	13/05/2019	-1
MGS	03/46	4.618	43	4.605	10/05/2019	1
MGS	07/48	4.628	5	4.601	10/05/2019	3
GII	04/20	3.263	1	3.257	10/05/2019	1
GII	08/21	3.400	3	3.496	03/05/2019	-10
GII	07/22	3.536	60	3.521	10/05/2019	2
GII	11/23	3.638	70	3.650	13/05/2019	-1
GII	05/24	3.706	1	3.674	10/05/2019	3
GII	10/24	3.685	275	3.675	13/05/2019	1
GII	08/25	3.822	10	3.815	13/05/2019	1
GII	09/26	3.873	40	3.854	13/05/2019	2
GII	10/28	3.897	81	3.861	10/05/2019	4
GII	07/29	3.902	300	3.854	13/05/2019	5
GII	06/33	4.179	169	4.130	10/05/2019	5
GII	10/35	4.316	2	4.336	09/05/2019	-2
			<u>3273</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*
GovCo Holdings Berhad	06/26	GG	3.980	20	4.402	29/03/2017	-42	16
GovCo Holdings Berhad	02/27	GG	4.010	20	4.010	13/05/2019	0	16
Prasarana Malaysia Berhad	11/28	GG	4.010	5	3.960	04/04/2019	5	17
DanaInfra Nasional Berhad	10/31	GG	4.159	50	4.261	25/03/2019	-10	32
Perbadanan Tabung Pendidikan Tinggi Nasional	02/34	GG	4.329	10	4.270	10/04/2019	6	15
Projek Lebuhraya Usahasama Berhad	01/38	GG	4.434	50	4.489	22/04/2019	-5	8
DanaInfra Nasional Berhad	05/41	GG	4.470	10	4.480	08/05/2019	-1	12
DanaInfra Nasional Berhad	04/48	GG	4.669	20	4.719	19/04/2019	-5	32
Malaysia Steel Works (KL) Berhad	11/23	AAA	4.631	10	4.878	12/03/2019	-25	100
Kuala Lumpur Kepong Berhad	08/25	AA1	4.098	20	4.322	06/03/2019	-22	36
YTL Power International Berhad	05/27	AA1	4.498	25	4.508	13/05/2019	-1	65
Sarawak Energy Berhad	11/28	AA1	4.249	2	4.498	28/02/2019	-25	41
Sarawak Energy Berhad	12/32	AA1	4.359	15	4.388	09/05/2019	-3	18
Edra Energy Sdn Berhad	01/38	AA3	5.909	10	6.139	18/04/2019	-23	156
WCT Holdings Berhad	08/20	AA-	4.720	20	4.740	13/05/2019	-2	147
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	12/22	AA-	4.397	10	4.400	10/05/2019	0	84
MMC Corporation Berhad	11/27	AA-	5.282	1	5.369	03/05/2019	-9	141
Lafarge Cement Sdn Berhad	12/20	A1	4.618	1	4.651	13/05/2019	-3	126
Affin Bank Berhad	02/27	A1	4.639	1	4.934	24/04/2019	-30	79
CIMB Group Holdings Berhad	05/16	A1	4.755	1	4.826	06/05/2019	-7	40
				<u>299</u>				

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

Market/Corporate News: What's Brewing

Tan Chong Motor Holdings Bhd, the distributor of Nissan cars, said earnings jumped in the first quarter boosted by higher volume and better sales mix arising from new models launched in Malaysia and overseas markets. Net profit in the three months ended March 31 rose to RM15.98mil compared with RM4.25mil a year ago. Revenue improved to RM1.08bil from RM1.03bil previously, the company said in a filing today. The group's automotive division, which includes assembly, manufacturing and distribution businesses, recorded a revenue of RM1.05bil and a 43% jump in Ebitda to RM69.2mil. Tan Chong said the automotive industry is expected to face a challenging market due to the lingering economic factors and uncertainties that continue to impact consumer sentiments. "The business landscape is also seen to be highly competitive as automotive players intensify activities to maintain market share," it said. "The group will continue to emphasise on its customer care and satisfaction via its extensive network of sales and after-sales services outlets throughout Malaysia and the Indo-China markets, focusing on building a sustainable approach to deliver satisfaction to our customers and in meeting market challenges." (Source: *The Star*)

Media Chinese International Ltd (MCIL), which is listed on both Bursa Malaysia and Hong Kong stock exchange (HKEx), has issued a profit warning today, warning shareholders that it may record a net loss for the financial year ended March 31, 2019 (FY19). In a notice filed with HKEx, which was also announced on Bursa, MCIL blamed the weak results to a provision for the impairment of goodwill of approximately US\$15 million in relation to a business unit of the group. "The information contained in this announcement is only based on preliminary assessment by the board of directors on the currently available information. "The above information may be subject to further adjustment based on further updated information and following the completion of the audit by the company's independent auditor. Detailed financial information and performance of the group will be disclosed in the company's final results announcement for FY19, which is expected to be published in late May," it added. For the cumulative nine months ended Dec 31, 2018 (9MFY19), the group's net profit fell 8.6% to RM32.03 million from RM35.05 million a year ago, while revenue rose 4.4% to RM956.53 million from RM915.8 million in 9MFY18. For FY18, MCIL reported a net loss of RM44.37 million compared with a net profit of RM58.55 million in the previous year, as revenue fell 5.8% to RM1.1 billion from RM1.17 billion in FY17, also due to a provision on impairment.. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Tanjung Bin Power Sdn Bhd	Sukuk Ijarah Programme of up to RM4.5 bil in nominal value (2012/2029)	AA2/Stable	Reaffirmed
Public Islamic Bank Berhad	Financial Institution Rating RM5 billion Sukuk Murabahah Programme (2014/2044)	AAA/Stable/P1 AAA/Stable/P1	Reaffirmed Reaffirmed
Public Bank Berhad	Financial Institution Rating	AAA/Stable/P1	Reaffirmed

Source: RAM, MARC

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