

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.54	0
5-yr UST	2.53	1
10-yr UST	2.71	1
30-yr UST	3.07	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.57	1	3.66	1
5-yr	3.73	0	3.82	0
7-yr	3.91	0	4.02	0
10-yr	4.06	-1	4.09	0
15-yr	4.40	1	4.45	0
20-yr	4.57	0	4.69	0
30-yr	4.78	0	4.89	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.67	0
3-yr	3.69	0
5-yr	3.79	0
7-yr	3.91	0
10-yr	4.08	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasury curve steepened yesterday amid comments by numerous Fed Presidents echoing Powell's stance that the Fed can be patient when it comes to policy changes; causing the 5s30s spread to yank higher at 57bps. UST's ended 0-2bps higher with the 2Y unchanged at 2.54% whilst the much-watched 10Y edged 1bps higher at 2.71%. Elsewhere the UK parliament rejected PM Theresa May's Brexit deal with 432-202 votes against. US rates strategists are now factoring in slightly dovish stance into their respective yield and curve forecasts. Some are predicting that markets are long duration with banks and domestic buyers being significant buyers. Meanwhile the upcoming retail sales data will be postponed due to the ongoing government shutdown.

MGS/GII

- Trading momentum in local govies improved on higher volume of RM6.16b with interest seen mainly in the off-the-run MGS/GII 19-20's and also the current and previous 10Y benchmark bonds. Overall benchmarks yields ended mostly within 1 bps of prior day's move. Both the 5Y benchmark MGS 4/23 and 10Y MGS 6/28 ended at 3.73% and 4.06% respectively. GII trades rose to form 47% of overall trades. Trades are expected to be robust as investors look for emerging values due to kinks within the curve.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk also saw solid volume at RM672m with investors nibbling across the curve i.e. GG to single-A part of the curve. Govt-guaranteed DANA 24-25's and the long-end 11/47 moved 0-16bps lower compared to previous-done levels between 4.09-16% and 4.28% levels respectively. AAA-rated CAGAMAS saw its 1Y new issuance debut at 3.89% whilst PLUS 1/26 and TELEKOM 9/27 ended 3-5bps lower at 4.48-49% levels. In the AA-space energy-related bond EDRA Energy 7/27 and 7/35 closed unchanged at 5.63% and 6.11% respectively whereas the 1/27 and 1/31 tranches ended 5-7bps higher. Meanwhile the banking space saw CIMB Group Holdings 2116NC2023 close unchanged at 4.87%.

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.302	359	3.263	10/01/2019	4
MGS	10/19	3.402	5	3.390	14/01/2019	1
MGS	11/19	3.383	104	3.406	14/01/2019	-2
MGS	03/20	3.463	580	3.489	14/01/2019	-3
MGS	10/20	3.502	131	3.514	14/01/2019	-1
MGS	02/21	3.541	150	3.515	14/01/2019	3
MGS	07/21	3.589	61	3.586	14/01/2019	0
MGS	09/21	3.629	10	3.607	11/01/2019	2
MGS	11/21	3.574	67	3.582	14/01/2019	-1
MGS	08/22	3.703	25	3.724	14/01/2019	-2
MGS	04/23	3.733	175	3.730	14/01/2019	0
MGS	08/23	3.823	48	3.819	14/01/2019	0
MGS	09/24	3.910	1	3.920	14/01/2019	-1
MGS	03/25	3.946	32	3.955	14/01/2019	-1
MGS	09/25	3.984	232	3.975	14/01/2019	1
MGS	07/26	3.905	383	-	-	-
MGS	11/26	4.049	52	4.072	11/01/2019	-2
MGS	11/27	4.089	142	4.110	14/01/2019	-2
MGS	06/28	4.055	381	4.061	14/01/2019	-1
MGS	04/33	4.455	6	4.465	14/01/2019	-1
MGS	11/33	4.395	100	4.382	11/01/2019	1
MGS	04/37	4.543	24	4.534	14/01/2019	1
MGS	06/38	4.565	175	4.569	14/01/2019	0
GII	08/19	3.299	400	3.306	14/01/2019	-1
GII	09/19	3.308	730	3.345	20/12/2018	-4
GII	04/20	3.493	306	3.480	14/01/2019	1
GII	05/20	3.495	450	3.496	11/01/2019	0
GII	03/22	3.661	70	3.651	14/01/2019	1
GII	07/23	3.869	20	3.865	11/01/2019	0
GII	08/25	4.023	60	4.023	14/01/2019	0
GII	09/26	4.060	60	4.056	11/01/2019	0
GII	07/27	4.112	30	4.118	14/01/2019	-1
GII	10/28	4.169	270	4.170	14/01/2019	0
GII	07/29	4.089	140	4.092	14/01/2019	0
GII	06/33	4.454	1	4.458	11/01/2019	0
GII	08/33	4.506	10	4.506	11/01/2019	0
GII	10/35	4.663	23	4.767	03/01/2019	-10
GII	08/37	4.694	350	4.694	14/01/2019	0
			<u>6162</u>			

Daily Trades: Corp Bonds / Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mmm/yyyy)	Chg (bp)	Spread Against MGS*
Pengurusan Air SPV Berhad	09/20	GG	3.871	10	3.877	21/09/2018	-1	36
Pengurusan Air SPV Berhad	02/21	GG	3.901	10	4.046	24/04/2018	-15	39
Pengurusan Air SPV Berhad	06/23	GG	4.049	10	4.083	07/12/2018	-3	37
Prasarana Malaysia Berhad	03/24	GG	4.100	5	4.129	08/01/2019	-3	37
DanaInfra Nasional Berhad	03/24	GG	4.092	50	4.092	20/12/2018	0	36
DanaInfra Nasional Berhad	05/24	GG	4.091	5	4.112	04/10/2018	-2	36
DanaInfra Nasional Berhad	07/24	GG	4.106	5	4.136	10/01/2019	-3	23
DanaInfra Nasional Berhad	11/25	GG	4.160	10	4.320	22/11/2018	-16	25
GovCo Holdings Berhad	02/27	GG	4.329	25	4.403	16/11/2018	-7	32
DanaInfra Nasional Berhad	07/27	GG	4.281	5	4.318	03/01/2019	-4	23
Perbadanan Tabung Pendidikan Tinggi Nasional	03/37	GG	4.779	10	4.890	16/11/2018	-11	21
DanaInfra Nasional Berhad	11/47	GG	5.029	50	5.030	14/01/2019	0	46
Cagamas Berhad	01/20	AAA	3.890	95	-	-	-	-
Mydin Mohamed Holdings Berhad	05/20	AAA	4.588	6	4.696	28/09/2017	-11	116
Cagamas Berhad	05/23	AAA	4.164	10	4.205	17/10/2018	-4	48
HSBC Amanah Malaysia Berhad	10/23	AAA	4.225	30	4.300	28/09/2018	-8	49
TNB Western Energy Berhad	07/24	AAA	4.377	10	4.469	22/10/2018	-9	50
Aman Sukuk Berhad	03/25	AAA	4.360	10	4.511	26/11/2018	-15	49
Putrajaya Holdings Sdn Berhad	05/25	AAA	4.357	30	4.471	11/10/2018	-11	48
Projek Lebuhraya Usahasama Berhad	01/26	AAA	4.478	10	4.527	26/12/2018	-5	57
Telekom Malaysia Berhad	09/27	AAA	4.493	10	4.527	26/12/2018	-3	44
GENM Capital Berhad	07/28	AAA	4.868	6	4.872	03/01/2019	0	82
Telekom Malaysia Berhad	10/28	AAA	4.551	10	4.615	14/12/2018	-6	49
Danga Capital Berhad	01/30	AAA	4.597	10	4.639	20/12/2018	-4	54
Tenaga Nasional Berhad	08/38	AAA	4.940	8	4.940	08/01/2019	0	37
Sarawak Energy Berhad	01/22	AA1	4.385	2	4.332	21/12/2018	5	82
YTL Power International Berhad	05/27	AA1	4.849	30	4.848	10/01/2019	0	84
Sarawak Energy Berhad	07/29	AA1	4.669	20	4.688	04/01/2019	-2	61
Imtiaz Sukuk II Berhad	11/21	AA2	4.328	10	4.548	22/02/2018	-22	76
CIMB Bank Berhad	08/26	AA2	4.489	20	4.515	09/01/2019	-3	48
Konsortium ProHAWK Sdn Berhad	06/33	AA2	4.928	1	4.974	22/11/2018	-5	54
Fortune Premiere Sdn Berhad	09/25	AA	4.828	4	4.894	02/01/2019	-7	92
Anih Berhad	11/26	AA	4.689	1	4.650	12/12/2018	4	68
Bumitama Agri Ltd	03/19	AA3	4.121	10	4.150	07/01/2019	-3	69
Perbadanan Kemajuan Negeri Selangor	05/20	AA3	4.548	10	4.572	06/12/2018	-2	112
Gamuda Berhad	03/23	AA3	4.618	20	4.704	06/09/2018	-9	94
BGSM Management Sdn Berhad	12/23	AA3	4.587	1	4.546	05/12/2018	4	86
AmBank Islamic Berhad	12/26	AA3	5.314	1	0.000	00/01/1900	531	130
Edra Energy Sdn Berhad	01/27	AA3	5.549	10	5.499	11/01/2019	5	154
Edra Energy Sdn Berhad	07/27	AA3	5.629	10	5.630	09/01/2019	0	162
Edra Energy Sdn Berhad	01/31	AA3	5.798	10	5.729	09/01/2019	7	174
Edra Energy Sdn Berhad	07/35	AA3	6.110	2	6.110	14/01/2019	0	172
UEM Sunrise Berhad	06/21	AA-	4.598	10	4.607	11/01/2019	-1	109
Jimah East Power Sdn Berhad	12/23	AA-	4.549	5	4.607	28/08/2018	-6	82
Jimah East Power Sdn Berhad	12/24	AA-	4.596	5	4.669	26/09/2018	-7	72
Tan Chong Motor Holdings Berhad	11/21	A1	5.914	10	5.989	11/12/2018	-8	235
Affin Bank Berhad	02/27	A1	4.755	10	4.780	27/12/2018	-3	74
CIMB Group Holdings Berhad	05/16	A1	4.874	30	4.876	11/01/2019	0	31
				<u>672</u>				

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

Market/Corporate News: What's Brewing

The world's debt pile is hovering near a record at \$244 trillion, which is more than three times the size of the global economy, according to an analysis by the Institute of International Finance. The global debt-to-GDP ratio exceeded 318 percent in the third quarter of last year, despite a stronger pace of economic growth, according to a report by the Washington-based IIF released on Tuesday. That's slightly below a record 320 percent of GDP in the same quarter of 2016. With interest rates rising globally, the International Monetary Fund has warned governments to rein in soaring levels of debt and rebuild buffers against future risks. Key Insights-Total government debt exceeded \$65 trillion in 2018, up from \$37 trillion a decade ago, and rose faster in mature markets Non-financial corporate debt rose to over \$72 trillion last year, now near an all-time high of 92 percent of GDP Household debt grew by over 30 percent to \$46 trillion helped by strong growth in emerging markets, notably from China; though Czech Republic, India,

Mexico, Korea, Malaysia and Chile all recorded more than 20 percent increases since 2016. Financial sector indebtedness rose to about \$60 trillion, up 10 percent from a decade earlier. (Source: *The EdgeMarkets/Bloomberg*)

The Ministry of Housing and Local Government (KPKT) will impose new fees on local plastic importers, namely, licence fee, verification fee and charges on each tonne of imported plastic within a month from now. Speaking to reporters after a public briefing on import of plastic held today, its Minister Zuraida Kamaruddin said the fees to be imposed would contribute to the country's income. "The plastic industry has huge potentials, but all this while, the companies have been importing plastic into the country without paying any fees or taxes. The companies are only required to pay when applying for a licence from local authorities (PBTs). They don't even have to pay any import taxes," she said. Apart from paying fees, the KPKT through the PBT and the state governments would ensure that the plastic importing companies did not bring in dirty and unauthorised plastic waste that would give negative perception that the government approved the import of dirty plastic, she said. "Only quality plastic are allowed for import, but there are irresponsible parties who make false declarations when filling out the Royal Malaysian Customs form, stating the dirty plastic as clean, so enforcement and inspection will be improved," she said. Zuraida said the state governments and local authorities would also impose higher fines against the illegal plastic factories, as well as the landowners for allowing such plants to use their land as dumping sites. "The KPKT will ensure that higher fines will be imposed after this," she said. Commenting on a public briefing session held earlier, she said it was aimed at correcting the perception that KPKT approved the import of dirty plastic. "What KPKT has approved is the import of clean plastic that can be processed and then exported overseas to companies producing various consumer goods," she said. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
TRIpIc Medical Sdn Bhd	RM639.0 million Senior Sukuk Murabahah (2017/2035).	AA1/stable	Reaffirmed

Source: RAM, MARC

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