

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.39	0
5-yr UST	2.37	-1
10-yr UST	2.56	-1
30-yr UST	2.97	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.39	0	3.48	1
5-yr	3.57	1	3.68	1
7-yr	3.66	-1	3.80	0
10-yr	3.78	0	3.85	0
15-yr	4.08	2	4.11	0
20-yr	4.29	1	4.36	1
30-yr	4.59	1	4.62	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.53	1
3-yr	3.53	0
5-yr	3.62	1
7-yr	3.71	2
10-yr	3.90	2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries were little changed on Monday amid lack of catalysts as attention was centred on the reporting season in Wall Street. Overall benchmark yields closed between 0-1bps lower with the UST 2Y unchanged at 2.39% whilst the much-watched 10Y edged a mere 1bps lower at 2.56%. Meanwhile foreign net buying of UST's in February were up at \$19.9b. China's holdings rose for a 3rd straight month by \$4.2b to \$1.13 trillion whilst Japan followed suit by topping \$2.2b to \$1.07 trillion in February. Separately, efforts to end a global trade war are expanding to multiple fronts as the EU and Japan begin talks soon with the Trump administration just as the U.S. looks to seal a deal with China.

MGS/GII

- Local govvnies saw momentum maintain yesterday on similar volume of ~RM2.59b on selective buying interest mainly seen in the front-end off-the-run 19-20's and 5Y MGS bonds. Overall benchmark yields however ended mostly higher between within 0-2bps; a reversal of prior day's close save for the 7Y MGS. The benchmark 5Y MGS 4/23 edged 1bps higher at 3.57% whilst the 10Y MGS 8/29 closed within 1bps at 3.78%. GII bond trades formed 37% of overall trades. Meanwhile investors continue to monitor the MYR which has advanced for the 1st time in 4 days after Chinese data revealed exports rose more than consensus in March. Separately, Malaysia's fund management industry's assets grew 4.12% through the first two months of 2019 as improved investor sentiment drove gains in equity and bond funds. The industry had RM774.28b of assets under management (AUM) as at 28th February, up from RM743.58b at the end of 2018, according to latest data posted on Securities Commission Malaysia's (SC) website

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw secondary volume drop to RM669m with interest mainly across the GG-segment. JCORP and PRASA 22's which were only last traded more than a year ago saw trades done 34bps lower compared to previous-done levels between 4.03-085 levels on RM175m in nominal amounts. Both the long-end DANA 4/48 and 2/49 closed 2bps lower at 4.63% and 4.66% respectively. AAA-rated TNB Northern 21-22's also closed sharply lower on yields between 3.92-97%. Likewise, AAA-rated MANJUNG 11/31 also closed 2bps lower at 4.26%. The AA-space saw energy-related EDRA dominate trades again with the 2025-2032 tranches closing unchanged instead save for the 27's and the 31's. The banking space saw RHB Bank 39NC19 close 12bps lower at 4.33%.

Daily Trades : Government Bonds

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date	(bp)
					(dd/mm/yyyy)	
MGS	07/19	3.190	63	3.330	12/04/2019	-14
MGS	10/19	3.311	208	3.331	12/04/2019	-2
MGS	11/19	3.324	78	3.331	12/04/2019	-1
MGS	03/20	3.351	351	3.373	12/04/2019	-2
MGS	10/20	3.366	55	3.383	11/04/2019	-2
MGS	07/21	3.398	156	3.400	11/04/2019	0
MGS	11/21	3.410	89	3.426	12/04/2019	-2
MGS	03/22	3.388	6	3.385	12/04/2019	0
MGS	08/22	3.497	45	3.504	12/04/2019	-1
MGS	09/22	3.513	35	3.517	10/04/2019	0
MGS	03/23	3.557	1	3.561	11/04/2019	0
MGS	04/23	3.573	204	3.559	12/04/2019	1
MGS	08/23	3.623	3	3.631	12/04/2019	-1
MGS	07/24	3.663	7	3.663	12/04/2019	0
MGS	03/25	3.733	20	3.741	12/04/2019	-1
MGS	07/26	3.660	65	3.668	12/04/2019	-1
MGS	11/26	3.755	1	3.743	11/04/2019	1
MGS	11/27	3.823	20	3.816	12/04/2019	1
MGS	06/28	3.785	3	3.785	12/04/2019	0
MGS	08/29	3.779	144	3.774	12/04/2019	0
MGS	06/31	4.002	20	3.982	12/04/2019	2
MGS	04/32	4.047	2	4.037	09/04/2019	1
MGS	04/33	4.095	13	4.099	12/04/2019	0
MGS	11/33	4.076	1	4.069	12/04/2019	1
MGS	05/35	4.244	20	4.224	11/04/2019	2
MGS	04/37	4.257	10	4.249	12/04/2019	1
MGS	06/38	4.291	31	4.284	12/04/2019	1
MGS	03/46	4.554	1	4.561	12/04/2019	-1
GII	04/19	3.307	150	3.358	08/04/2019	-5
GII	04/20	3.391	212	3.390	11/04/2019	0
GII	05/20	3.402	63	3.405	09/04/2019	0
GII	06/20	3.404	220	3.410	08/04/2019	-1
GII	08/20	3.419	6	3.481	01/04/2019	-6
GII	03/21	3.451	13	3.449	04/04/2019	0
GII	08/21	3.502	10	3.497	11/04/2019	0
GII	03/22	3.477	11	3.465	12/04/2019	1
GII	04/22	3.887	12	3.536	12/04/2019	35
GII	07/22	3.567	10	3.568	12/04/2019	0
GII	07/23	3.665	1	3.691	11/04/2019	-3
GII	11/23	3.685	32	3.673	12/04/2019	1
GII	08/24	3.717	4	3.713	12/04/2019	0
GII	08/25	3.801	2	3.799	12/04/2019	0
GII	10/25	3.815	1	3.796	11/04/2019	2
GII	09/26	3.829	70	3.822	08/04/2019	1
GII	07/27	3.872	2	3.866	10/04/2019	1
GII	10/28	3.901	23	3.894	12/04/2019	1
GII	07/29	3.849	80	3.855	12/04/2019	-1
GII	09/30	3.959	3	3.982	09/04/2019	-2
GII	08/37	4.355	20	4.348	11/04/2019	1
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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*
Malaysia Debt Ventures Berhad	01/22	GG	3.689	80	4.108	07/03/2018	-42	30
Johor Corporation	06/22	GG	3.741	55	4.081	29/08/2017	-34	35
Prasarana Malaysia Berhad	09/22	GG	3.680	120	4.020	13/09/2017	-34	29
Pengurusan Air SPV Berhad	02/26	GG	3.882	60	3.882	10/04/2019	0	21
Pengurusan Air SPV Berhad	06/26	GG	3.898	25	3.950	27/03/2019	-5	22
Pengurusan Air SPV Berhad	02/29	GG	3.978	10	4.051	26/03/2019	-7	21
Prasarana Malaysia Berhad	02/36	GG	4.307	10	4.929	05/12/2018	-62	22
Prasarana Malaysia Berhad	09/37	GG	4.364	10	4.390	08/04/2019	-3	7
Prasarana Malaysia Berhad	09/42	GG	4.499	30	4.510	11/04/2019	-1	20
Danainfra Nasional Berhad	04/48	GG	4.629	10	4.650	12/04/2019	-2	33
Danainfra Nasional Berhad	02/49	GG	4.659	5	4.680	12/04/2019	-2	36
GB Services Berhad	11/19	AAA	3.950	5	4.100	11/03/2019	-15	60
GB Services Berhad	11/19	AAA	3.950	4	4.215	18/02/2019	-27	60
Mydin Mohamed Holdings Berhad	05/20	AAA	4.427	10	4.588	15/01/2019	-16	107
CJ Capital Sdn Berhad	07/20	AAA	4.115	3	4.243	27/02/2019	-13	76
Gulf Investment Corporation G.S.C	06/22	AAA	4.684	2	4.688	10/04/2019	0	129
Cagamas Berhad	05/23	AAA	3.914	3	4.100	05/03/2019	-19	42
Pengurusan Air SPV Berhad	02/24	AAA	4.063	5	4.067	05/04/2019	0	49
Manjung Island Energy Berhad	11/31	AAA	4.259	15	4.279	10/04/2019	-2	18
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	05/19	AA1	3.863	2	3.948	22/01/2019	-9	51
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/22	AA1	4.448	2	-	-	-	95
CIMB Islamic Bank Berhad	09/24	AA+	4.003	12	4.100	22/02/2019	-10	43
Westports Malaysia Sdn Berhad	04/25	AA+	4.259	4	4.458	19/02/2019	-20	59
Sepangar Bay Power Corporation Sdn Berhad	07/25	AA1	4.229	2	4.238	12/04/2019	-1	56
Tanjung Bin Power Sdn Berhad	08/20	AA2	4.119	5	4.185	25/03/2019	-7	77
Tanjung Bin Power Sdn Berhad	08/22	AA2	4.257	5	4.372	06/03/2019	-12	86
Krung Thai Bank Public Company Limited	07/25	AA2	4.426	3	4.340	25/03/2019	9	76
Fortune Premiere Sdn Berhad	09/25	AA	4.517	10	4.518	12/04/2019	0	85
Fortune Premiere Sdn Berhad	03/23	AA	4.366	2	4.488	12/03/2019	-12	87
Country Garden Real Estate Sdn Berhad	03/22	AA3	6.151	5	6.231	26/03/2019	-8	276
Edra Energy Sdn Berhad	01/25	AA3	5.209	13	5.212	12/04/2019	0	154
UEM Sunrise Berhad	10/25	AA-	4.588	16	4.607	04/04/2019	-2	91
Edra Energy Sdn Berhad	01/26	AA3	5.279	20	5.293	12/04/2019	-1	160
Edra Energy Sdn Berhad	01/27	AA3	5.388	4	5.658	06/03/2019	-27	166
Edra Energy Sdn Berhad	07/27	AA3	5.439	5	5.728	08/03/2019	-29	171
Edra Energy Sdn Berhad	07/28	AA3	5.519	5	5.523	12/04/2019	0	176
Dynasty Harmony Sdn Berhad	12/29	AA3	5.957	4	5.979	28/03/2019	-2	218
Edra Energy Sdn Berhad	01/30	AA3	5.628	5	5.632	12/04/2019	0	186
Edra Energy Sdn Berhad	07/30	AA3	5.648	5	5.652	12/04/2019	0	188
Edra Energy Sdn Berhad	01/31	AA3	5.679	10	5.749	08/04/2019	-7	191
Edra Energy Sdn Berhad	07/31	AA3	5.709	10	5.712	12/04/2019	0	194
Edra Energy Sdn Berhad	07/32	AA3	5.780	5	5.782	12/04/2019	0	170
WCT Holdings Berhad	10/23	AA-	5.075	1	5.077	03/04/2019	0	150
MMC Corporation Berhad	11/27	AA-	5.368	2	5.401	10/04/2019	-3	161
RHB Bank Berhad	12/39	A1	4.330	30	4.454	10/01/2019	-12	4
CIMB Group Holdings Berhad	05/16	A1	4.574	2	4.829	10/04/2019	-26	28
Bank Muamalat Malaysia Berhad	06/26	A3	5.252	5	5.443	04/01/2019	-19	158
IJM Land Berhad	03/19	A2	5.203	15	5.381	12/04/2019	-18	91
				<u>669</u>				

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

Market/Corporate News: What's Brewing

Foreigners purchased the most US Treasury securities in six months in February, suggesting some overseas appetite for low-risk government debt due to worries about a slowing US economy, the US Treasury Department released on Monday showed. They bought \$19.91 billion in Treasuries in February, marking their first net purchase in four months. In January, they sold \$11.99 billion, the latest Treasury data showed. Treasury yields fell most of February on uneasiness about U.S.-China trade friction and disappointing economic data. But they rose later that month on selling linked to \$168 billion of government debt supply and a reading on fourth-quarter gross domestic product that turned out to be not as dismal as some traders feared. Benchmark 10-year Treasury yields fell over 0.07 percentage point to 2.71% at the end of February. In late Monday trading, they were 2.554%. "At first pass, this indicates ongoing interest despite lower outright rate levels. It's also notable that, outside the Treasury market, overseas demand for U.S. fixed income was evident in agency and corporate debt, as well," BMO Capital Markets interest rates strategist Jon Hill wrote in a research note. Overseas accounts acquired \$22.48 billion in agency debt and \$10.68 billion in corporate bonds in February. Foreigners, on the other hand, shunned U.S. stocks for 10 straight months,

selling \$10.67 billion in February following \$31.21 billion in sales the month before. Chinese holdings of Treasuries, meanwhile, increased in January for a third straight month to \$1.131 trillion, the highest level since October. The world's second-largest economy remained the largest foreign holder of U.S. government debt. Japan also raised its stakes in Treasuries to \$1.072 trillion in February, its highest level since November 2017. U.S. Treasuries holdings in the United Kingdom rose to \$283.8 billion, up from \$273.5 billion the prior month. Hill attributed the increase to London's importance as a financial center as well as potentially some positioning amid uncertainty over Brexit. (Source: *The EdgeMarkets/Reuters*)

The people should welcome and give their full support to the government's efforts to save RM21.5 billion on the East Coast Rail Link (ECRL) project. The prime minister's political secretary Abu Bakar Yahya said the savings are proof that the federal government, under the leadership of Tun Dr Mahathir Mohamad, is responsible and practised transparency. "Under the previous administration, it would have cost RM65.5 billion to build the ECRL. But with the signing of the supplementary agreement between CCCC (China Communications Construction Co Ltd) and Malaysia Rail Link Sdn Bhd on April 12, the cost was reduced to RM44 billion, which is 32.8% less than the original cost, with the alignment length covering 640km," he said in a statement today. Abu Bakar, who is also Parti Pribumi Bersatu Malaysia (Bersatu) Supreme Council member, said the project will have spillover benefits for local industries as the government targets a 40% involvement of local contractors in the project, which is expected to be completed in December 2026. Meanwhile, in Kuala Terengganu, Menteri Besar Dr Ahmad Samsuri Mokhtar wrote on his Facebook page that the people of Terengganu not only welcomed Dr Mahathir's announcement but he (Ahmad Samsuri) is confident it will spur economic growth and positively impact the population. The ECRL involves a new alignment from Kota Baru-Mentakab-Jelebu-Kuala Kelawang-Bangi/Kajang-Putrajaya and finally Port Klang. Meanwhile, state Tourism, Culture and Information Technology Committee chairman Ariffin Deraman said the latest report will have a direct and positive impact on the tourism sector in Terengganu. He expects the total number of visitors to the state to rise to above 5% once the ECRL is completed as they will have another alternative other than using the East Coast Expressway and air route. "The ECRL is expected to reduce by more than half the travelling time and cost for tourists from the west coast to the east coast," he said when contacted by Bernama today, adding that the tourist arrival recorded last year was about 4.8 million people. Pengkalan Berangan State Assemblyman Sulaiman Sulong said that since the ECRL would pass through his area, it will give traders there a chance to open small kiosks selling various items at the stations and raise their economic standard. Meanwhile, Universiti Kebangsaan Malaysia (UKM) Bangi student Nurul Syazwani Mohd Noor said that as a traveller, the construction of the ECRL should be viewed as a new alternative to return to her hometown during an emergency. "I'm confident that the industries managed by local entrepreneurs in the east coast will be more robust while traditional Terengganu products, like exclusive batik and songket, will be an attraction with the expected tourist influx," she said. (Source: *The Star*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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