



















Global Markets Research






Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.21	 3
5-yr UST	2.18	 2
10-yr UST	2.40	 2
30-yr UST	2.83	 1

MGS			GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)	
3-yr	3.42	 0	3.47	 1	
5-yr	3.60	 0	3.65	 -3	
7-yr	3.77	 -4	3.79	 -3	
10-yr	3.81	 -2	3.88	 -2	
15-yr	4.12	 -5	4.16	 -2	
20-yr	4.31	 0	4.35	 0	
30-yr	4.59	 -1	4.61	 -4	

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.47	 0
3-yr	3.51	 -2
5-yr	3.58	 0
7-yr	3.66	 1
10-yr	3.85	 -1

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries was sold-off amid simmering background noise from trade and better-than-expected data on Philly Index, jobless claims and housing starts. The curve flattened and shifted higher as overall benchmark yields rose 1-3bps with the UST 2Y yields up at 2.21% whilst the much-watched 10Y bond closing at 2.40%. Meanwhile the inversion on the front-end of the yield curve signals bearishness of the future. Traders are pricing one (1) Fed interest rate cut this year despite officials maintaining their "patient stance" on policy. Since last week and after a dismal UST 10Y auction there has been renewed speculation whether China may sell US debt in retaliation for increased tariffs on US\$200b of its exports to US.

MGS/GII

- Trading in local govies saw momentum improve as secondary market volumes jumped to RM4.60b on weaker 1Q2019 GDP of 4.5% (4Q2018 : 4.7%). Benchmark yields ended 0-4bps lower with interest seen in the off-the-run 24's, 26's and also benchmark 7Y, 10Y bonds. The benchmark 5Y MGS 4/23 was unchanged at 3.60% whilst the 10Y MGS 8/29 rallied 2bps to 3.81%. GII bond trades rose to form 50% of overall trades. Despite the recent pullback in foreign holdings of MYR govies by 4.2% to RM162.3b; local institutions followed by some offshore investors were seen bidding up bonds as values were seen emerging.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw decent secondary volume of RM550m with interest mainly across the AAA-part of the curve. The long-end PRASA 9/47 and DANA 2/49 moved 1-8bps lower compared to previous-done levels at 4.68% levels each whilst KHAZANAH 23-24's edged 0-3bps lower between 3.80-87% levels. AAA-rated AMAN saw 4 tranches traded lower on yields with the 4/22 and 5/26 closing at 3.91% and 4.06% whilst the 2029-2030 tranches closed between 4.11-15% levels. moved sharply lower with RMRM190m in nominal amounts with the 2022, 2026 and 2030-2031 tranches edging 1-2bps higher at between 4.01-4.35% whilst the PLUS 33 ended 11bps lower at 4.41%. PLUS 20 and 22 saw RM135m in nominal amounts exchange hands about 1bps lower at 3.77% and 4.00% respectively. The AA-space saw a mixture of bonds traded with CERAH Sama 1/21 closing 40bps lower at 4.10% whilst both YTL Corp 4/23 and YYTL Power 8/28 also ended lower yield-wise at 4.35% and 4.60% each. The banking space saw AmBank 39NC19 close at 4.07%.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.167	2	3.157	15/05/2019	1
MGS	11/19	3.147	5	3.160	15/05/2019	-1
MGS	03/20	3.239	126	3.256	14/05/2019	-2
MGS	07/20	3.284	8	3.291	14/05/2019	-1
MGS	10/20	3.310	35	3.318	15/05/2019	-1
MGS	09/21	3.397	52	3.409	15/05/2019	-1
MGS	11/21	3.412	13	3.412	15/05/2019	0
MGS	03/22	3.421	22	3.423	14/05/2019	0
MGS	08/22	3.508	1	3.515	15/05/2019	-1
MGS	09/22	3.508	10	3.509	13/05/2019	0
MGS	03/23	3.598	66	3.620	15/05/2019	-2
MGS	08/23	3.638	10	3.651	14/05/2019	-1
MGS	07/24	3.697	41	3.719	14/05/2019	-2
MGS	09/24	3.704	353	3.716	15/05/2019	-1
MGS	09/25	3.814	28	3.833	15/05/2019	-2
MGS	04/26	3.843	10	3.892	14/05/2019	-5
MGS	07/26	3.768	280	3.812	15/05/2019	-4
MGS	11/26	3.884	90	3.900	15/05/2019	-2
MGS	11/27	3.885	281	3.948	14/05/2019	-6
MGS	06/28	3.900	95	3.931	15/05/2019	-3
MGS	08/29	3.807	343	3.813	15/05/2019	-1
MGS	04/30	3.990	85	4.031	14/05/2019	-4
MGS	06/31	4.100	60	4.104	13/05/2019	0
MGS	04/32	4.137	37	4.168	15/05/2019	-3
MGS	04/33	4.135	10	4.183	14/05/2019	-5
MGS	11/33	4.124	110	4.174	14/05/2019	-5
MGS	03/46	4.599	43	4.612	15/05/2019	-1
MGS	07/48	4.589	100	4.595	15/05/2019	-1
GII	05/20	3.290	380	3.291	09/05/2019	0
GII	06/20	3.289	40	3.238	09/05/2019	5
GII	08/20	3.300	20	3.316	13/05/2019	-2
GII	03/21	3.431	10	3.381	08/05/2019	5
GII	03/22	3.469	160	3.462	15/05/2019	1
GII	07/22	3.539	130	3.536	14/05/2019	0
GII	07/23	3.652	3	3.658	15/05/2019	-1
GII	10/23	3.690	20	3.689	15/05/2019	0
GII	08/24	3.686	50	3.706	10/05/2019	-2
GII	10/24	3.655	195	3.685	14/05/2019	-3
GII	08/25	3.782	150	3.806	15/05/2019	-2
GII	10/25	3.812	160	3.830	10/05/2019	-2
GII	03/26	3.792	70	3.826	15/05/2019	-3
GII	09/26	3.865	40	3.867	15/05/2019	0
GII	10/28	3.874	370	3.897	15/05/2019	-2
GII	12/28	3.905	10	3.920	07/05/2019	-2
GII	07/29	3.881	220	3.902	14/05/2019	-2
GII	06/33	4.156	60	4.179	14/05/2019	-2
GII	10/35	4.295	20	4.308	15/05/2019	-1
GII	05/47	4.608	140	4.651	15/05/2019	-4
GII	11/49	4.620	40	-	-	-
			<u>4603</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*
Prasarana Malaysia Berhad	08/21	GG	3.545	4	3.674	29/03/2019	-13	18
Pengurusan Air SPV Berhad	06/22	GG	3.577	2	4.002	07/01/2019	-43	15
Pengurusan Air SPV Berhad	02/23	GG	3.658	2	3.726	29/04/2019	-7	10
Khazanah Nasional Berhad	08/23	GG	3.797	5	3.831	12/04/2019	-3	24
DanaInfra Nasional Berhad	05/24	GG	3.775	10	3.800	17/04/2019	-2	17
Khazanah Nasional Berhad	08/24	GG	3.873	5	3.870	12/04/2019	0	27
DanaInfra Nasional Berhad	02/29	GG	4.023	10	4.021	13/05/2019	0	22
Perbadanan Tabung Pendidikan Tinggi Nasional	03/29	GG	4.050	5	4.049	09/05/2019	0	25
DanaInfra Nasional Berhad	11/29	GG	4.028	10	4.033	26/04/2019	-1	23
Jambatan Kedua Sdn Berhad	07/31	GG	4.176	20	4.732	19/07/2018	-56	38
Perbadanan Tabung Pendidikan Tinggi Nasional	08/32	GG	4.240	5	4.400	21/03/2019	-16	11
Perbadanan Tabung Pendidikan Tinggi Nasional	07/41	GG	4.559	20	4.570	15/05/2019	-1	23
Lembaga Pembiayaan Perumahan Sektor Awam	09/46	GG	4.649	20	4.660	15/05/2019	-1	32
Prasarana Malaysia Berhad	09/47	GG	4.678	20	4.759	29/04/2019	-8	35
DanaInfra Nasional Berhad	02/49	GG	4.679	10	4.689	13/05/2019	-1	35
Projek Lebuh raya Usahasama Berhad	01/20	AAA	3.768	75	3.774	09/05/2019	-1	52
Telekom Malaysia Berhad	06/21	AAA	3.952	10	4.188	15/03/2018	-24	59
Telekom Malaysia Berhad	09/21	AAA	3.953	40	4.146	28/08/2018	-19	59
Projek Lebuh raya Usahasama Berhad	01/22	AAA	4.000	60	4.006	15/05/2019	-1	58
Aman Sukuk Berhad	04/22	AAA	3.907	10	4.048	22/03/2019	-14	48
Aman Sukuk Berhad	05/26	AAA	4.062	10	4.171	12/04/2019	-11	30
Telekom Malaysia Berhad	10/28	AAA	4.209	5	4.259	08/05/2019	-5	37
Putrajaya Bina Sdn Berhad	05/29	AAA	4.119	10	-	-	-	32
Aman Sukuk Berhad	05/29	AAA	4.110	10	4.139	13/05/2019	-3	31
Aman Sukuk Berhad	05/30	AAA	4.148	10	4.591	17/01/2019	-44	35
Sabah Development Bank Berhad	09/20	AA1	4.297	0	4.721	10/05/2019	-42	104
YTL Corporation Berhad	04/23	AA1	4.351	10	4.523	06/03/2019	-17	80
Sarawak Energy Berhad	01/27	AA1	4.183	20	4.196	15/05/2019	-1	37
YTL Power International Berhad	08/28	AA1	4.598	2	4.600	08/05/2019	0	76
Cerah Sama Sdn Berhad	01/21	AA-	4.104	10	4.504	21/07/2017	-40	74
Perbadanan Kemajuan Negeri Selangor	01/22	AA3	4.401	10	4.700	16/01/2019	-30	98
Edra Energy Sdn Berhad	01/25	AA3	5.009	10	5.209	15/04/2019	-20	128
CIMB Thai Bank Public Company Limited	07/26	AA3	4.493	3	4.303	15/05/2019	19	73
AmBank (M) Berhad	02/28	AA3	4.268	0	0.000	00/01/1900	427	43
Edra Energy Sdn Berhad	07/33	AA3	5.500	10	5.649	08/05/2019	-15	137
Malakoff Power Berhad	12/19	AA-	3.912	2	3.934	07/05/2019	-2	66
UEM Sunrise Berhad	04/22	AA-	4.332	10	4.597	04/03/2019	-27	91
Jimah East Power Sdn Berhad	06/31	AA-	4.499	10	4.649	27/03/2019	-15	70
Southern Power Generation Sdn Berhad	10/32	AA-	4.409	10	4.449	08/05/2019	-4	28
Jimah East Power Sdn Berhad	12/32	AA-	4.599	10	4.963	26/12/2018	-36	47
Southern Power Generation Sdn Berhad	04/33	AA-	4.471	10	4.469	15/05/2019	0	34
Lafarge Cement Sdn Berhad	12/20	A1	4.528	2	4.618	14/05/2019	-9	117
Tan Chong Motor Holdings Berhad	11/21	A1	4.670	11	5.008	06/05/2019	-34	125
AmBank (M) Berhad	08/39	A1	4.070	20	4.269	12/03/2019	-20	-26
CIMB Group Holdings Berhad	05/16	A1	4.447	3	4.526	09/05/2019	-8	12
CIMB Group Holdings Berhad	05/16	A1	4.300	1	4.300	15/05/2019	0	-3
				<u>550</u>				

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

Market/Corporate News: What's Brewing

The Norwegian sovereign wealth fund's decision to drop emerging market bonds from the benchmark index it tracks will not have a significant impact on Malaysia, says Bank Negara Malaysia (BNM) Governor Datuk Nor Shamsiah Mohd Yunus. She said the impact would not be significant to Malaysia as the country has a big pool of domestic institutional investors. "If you look at the annual report and all that, we have shown that even (if) there were periods of significant outflows, our bond yields did not move as much as what other countries might experience when they suffered the same kind of outflows. "That is because we have a strong pool of domestic institutional investors," she told a press conference after announcing Malaysia's first-quarter gross domestic product (GDP) performance here, today. Nor Shamsiah said despite the Norwegian sovereign wealth fund's decision, Malaysia bond yield had sustained at the same level as at the beginning of this year. "Bond yields did increase due to the outflow but recently, it had declined again to the level that we saw at the beginning of the year. "This is the feature of the bond market, it would have inflows and outflows. More importantly, we are here to ensure any flows and any movement on the ringgit exchange rate is orderly and do not disrupt financial market or economic activities," she added.

Earlier during her presentation, the governor said that the outflows in April amounted to RM7.1 billion, resulting from a number of external developments being at the forefront and the announcement by the Norwegian sovereign wealth fund, among others. "This is a normal feature of investing in financial assets. There are investors that are taking the shorter-term position, and the rest that takes a longer-term position," she said. (Source: *The Star/Bernama*)

AirAsia X Bhd said its first quarter net profit rose 4.42% to RM43.33 million from RM41.5 million a year earlier, helped by an unrealised foreign exchange gain as a result of the ringgit strengthening against the US dollar. Revenue for the quarter ended March 31, 2019 decreased 8.11% to RM1.17 billion from RM1.27 billion previously, on the back of a 5% drop in the number of passengers carried to 1.51 million from 1.59 million previously. This follows a 5% fall in available seat kilometres (ASK) due to shorter stage routes in operation following the airline's termination of its Tehran, Kathmandu, Male and Auckland routes, the group said in a statement. "The drop in passengers and ASK is a result of the company's ongoing capacity management, which saw realignment of flights which leads to softer aircraft utilisation. "The available capacity has since been redeployed to core markets in Greater China, Japan, South Korea and India," it added. Moving forward, AirAsia X said booking trends are within expectations. "Demand is expected to pick up in June from the festive season and in conjunction with midterm school holidays in the region. Improving overall cost performance remains one of the company's main priorities in 2019," the group said. It added that its Thai carrier AirAsia X Thailand will add five aircraft through operating leases in 2019, while AirAsia X Malaysia will maintain its current fleet of 24 aircraft as it focuses on maximising aircraft utilisation and leverage on its strategy to launch new routes and increase core route frequency. Shares in AirAsia X closed unchanged at 22.5 sen, giving the group a market capitalisation of RM933.33 million. (Source: *The EdgeMarkets*)

Sunway Construction Group Bhd (SunCon) has reported a slightly lower net profit by 8% for the first quarter ended March 31, 2019 (1QFY19) at RM40.13 million, compared with RM43.62 million a year ago, on lower revenue. Its quarterly revenue declined by 17% to RM440.04 million from RM529.23 million in 1QFY18, due to its construction and precast segments. In a filing with Bursa Malaysia today, SunCon said the lower revenue contribution from the construction segment was due to Parcel F, Putrajaya which was physically substantially completed this quarter, as well as a delay in both LRT 3 and MRT2, owing to cost optimisation of station works in both packages by the client. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
China Construction Bank (Malaysia) Berhad (CCBM)	Financial Institution (FI) rating	AA+/MARC-1	Assigned
UMW Holdings Berhad	RM2 billion Islamic MTN Programme (2013/2028) M2 billion Perpetual Sukuk Programme	AA2/Stable A1/Stable	Reaffirmed Reaffirmed
Tenaga Nasional Berhad	RM5 billion Islamic MTN Sukuk Wakalah Programme (2017/2067) (Sukuk Wakalah)	AAA/Stable	Reaffirmed
Lafarge Cement Sdn Bhd	RM500 million Sukuk Wakalah Programme (2017/2024)	A1/from Negative to Stable	Revised

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.