

**Global Markets Research**
**Fixed Income**
**Fixed Income Daily Market Snapshot**

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.56	2
5-yr UST	2.57	3
10-yr UST	2.75	3
30-yr UST	3.07	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.03	-52	3.65	0
5-yr	3.72	0	3.81	0
7-yr	3.88	0	4.02	-1
10-yr	4.06	0	4.09	0
15-yr	4.37	-2	4.45	-1
20-yr	4.56	0	4.67	-2
30-yr	4.79	0	4.89	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.66	0
3-yr	3.68	0
5-yr	3.79	1
7-yr	3.90	1
10-yr	4.07	0

Source : Bloomberg

**Upcoming Government Bond Tender**

Nil

**US Treasuries**

- US Treasury curve shifted higher yesterday on reports that the US is considering lifting tariffs on Chinese imports with only the long-bond relatively unchanged. UST's ended within mostly 2-3bps higher from prior day's close with the 2Y at 2.56% and the much-watched 10Y higher by 3bps at 2.75%. Meanwhile, despite concerns of a looming recession, bond traders choose to monitor the threat of inflation. Based on yesterday's \$13b auction of 10Y TIPS which garnered a solid BTC of 2.42x; in line with the past 10 averages. Dovish central bankers of late who are emphasizing a go-slow approach to tighter policy may result in a higher possibility of a pick-up in inflation.

**MGS/GII**

- Trading momentum in local govies maintained on high volume of RM5.51b with interest seen mainly up to 20Y tenures with focus in the off-the-run MGS 19's, 21's and also the GII 15Y and 20Y benchmark bonds. Overall benchmarks yields ended mostly 0-2bps lower save for the odd-lot trade on the the 3Y MGS that skewed the curve. Both the 5Y benchmark MGS 4/23 and 10Y MGS 6/28 ended unchanged at 3.72% and 4.06% respectively. GII trades rose to form 58% of overall trades.

**Corp Bonds/Sukuk**

- Corporate Bonds/Sukuk also saw steady volume at RM760m with investors transacting across the GG to AA-part of the curve. The shorter Govt-guaranteed (GG) PTPTN 21's ended 0-2bps higher between 3.94-98% levels compared to previous-done levels whilst other GG bonds like PASB and PRASA notched lower yields. AAA-rated CAGAMAS 7/19 and 10/19 saw demand resulting in lower yields as well between 3.71-80% TELEKOM 24's ended 6-11bps lower at 4.29% levels whilst DANGA 9/27 saw RM110nm nominal amounts traded; ceding 1bps lower at 4.46%. In the AA-space, highway operator KESTURI 28-31 also rallied to 4.75-85% area whilst EDRA energy 7/27 closed 5bps up at 5.68%. In the banking sector, AMbank 6/20 edged 1bps lower at 4.16%. Meanwhile Danainfra is said to plan up to RM3.0b ringgit Islamic bond soon for the Pan-Borneo highway funding.

**Daily Trades : Government Bonds**

	Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	43539	3.295	190	3.302	16/01/2019	-1
MGS	43676	3.300	110	3.280	16/01/2019	2
MGS	43769	3.375	47	3.375	16/01/2019	0
MGS	43798	3.376	19	3.388	16/01/2019	-1
MGS	43921	3.454	30	3.463	15/01/2019	-1
MGS	44119	3.494	83	3.489	16/01/2019	1
MGS	44242	3.536	70	3.531	16/01/2019	0
MGS	44392	3.571	155	3.580	16/01/2019	-1
MGS	44469	3.596	120	3.598	16/01/2019	0
MGS	44530	3.030	31	3.574	15/01/2019	-54
MGS	44630	3.574	132	3.569	16/01/2019	0
MGS	44788	3.707	30	3.703	15/01/2019	0
MGS	44834	3.706	104	3.706	16/01/2019	0
MGS	45000	3.755	51	3.768	16/01/2019	-1
MGS	45036	3.720	11	3.725	16/01/2019	0
MGS	45155	3.812	293	3.811	16/01/2019	0
MGS	45488	3.844	14	3.875	16/01/2019	-3
MGS	45730	3.946	20	3.946	15/01/2019	0
MGS	45915	3.980	92	3.980	16/01/2019	0
MGS	46127	4.048	38	4.041	16/01/2019	1
MGS	46218	3.878	120	3.878	16/01/2019	0
MGS	46356	4.049	28	4.027	16/01/2019	2
MGS	46707	4.111	68	4.078	16/01/2019	3
MGS	46919	4.055	112	4.058	16/01/2019	0
MGS	47588	4.246	32	4.294	16/01/2019	-5
MGS	48029	4.313	80	4.331	16/01/2019	-2
MGS	48684	4.437	120	4.455	15/01/2019	-2
MGS	48890	4.371	1	4.387	16/01/2019	-2
MGS	49460	4.496	78	4.542	16/01/2019	-5
MGS	50137	4.551	1	4.543	15/01/2019	1
MGS	50564	4.558	11	4.564	16/01/2019	-1
GII	43936	3.483	1	3.489	16/01/2019	-1
GII	44278	3.593	50	3.568	31/12/2018	2
GII	44651	3.654	300	3.658	16/01/2019	0
GII	45519	3.958	140	3.970	11/01/2019	-1
GII	45884	4.016	180	4.023	16/01/2019	-1
GII	45945	4.032	60	4.040	14/01/2019	-1
GII	46295	4.054	80	4.054	16/01/2019	0
GII	46594	4.101	361	4.106	16/01/2019	0
GII	47057	4.164	473	4.168	16/01/2019	0
GII	47308	4.088	170	4.089	16/01/2019	0
GII	47756	4.298	20	4.343	16/01/2019	-4
GII	48745	4.453	630	4.463	16/01/2019	-1
GII	48821	4.484	310	4.502	16/01/2019	-2
GII	49613	4.673	7	4.663	15/01/2019	1
GII	50256	4.669	440	4.691	16/01/2019	-2
			<u>5509</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*
Perbadanan Tabung Pendidikan Tinggi Nasional	03/21	GG	3.935	10	3.932	12/18	0	42
Perbadanan Tabung Pendidikan Tinggi Nasional	08/21	GG	3.980	5	3.963	12/18	2	42
Pengurusan Air SPV Berhad	02/23	GG	4.031	5	4.039	10/18	-1	35
Prasarana Malaysia Berhad	02/23	GG	4.029	5	4.045	10/18	-2	35
DanaInfra Nasional Berhad	05/23	GG	4.029	5	4.039	10/18	-1	35
Pengurusan Air SPV Berhad	06/23	GG	4.019	10	4.049	01/19	-3	34
Pengurusan Air SPV Berhad	02/26	GG	4.170	5	4.280	10/18	-11	28
GovCo Holdings Berhad	02/27	GG	4.331	45	4.329	01/19	0	34
Bank Pembangunan Malaysia Berhad	09/29	GG	4.449	5	4.462	01/19	-1	39
Prasarana Malaysia Berhad	12/33	GG	4.651	5	4.660	01/19	-1	26
Cagamas Berhad	07/19	AAA	3.711	10	4.229	06/14	-52	28
Cagamas Berhad	10/19	AAA	3.799	30	3.863	10/18	-6	37
Manjung Island Energy Berhad	11/20	AAA	4.026	5	4.167	10/18	-14	51
Cagamas Berhad	11/22	AAA	4.116	20	4.175	12/18	-6	44
Aman Sukuk Berhad	02/23	AAA	4.242	5	4.356	12/18	-11	56
HSBC Amanah Malaysia Berhad	10/23	AAA	4.221	10	4.225	01/19	0	50
Aman Sukuk Berhad	10/23	AAA	4.272	5	4.409	10/18	-14	55
Telekom Malaysia Berhad	06/24	AAA	4.281	10	4.388	11/18	-11	56
Telekom Malaysia Berhad	10/24	AAA	4.299	40	4.363	10/18	-6	44
Manjung Island Energy Berhad	11/25	AAA	4.371	10	4.458	06/17	-9	48
Aman Sukuk Berhad	05/27	AAA	4.472	10	4.620	04/18	-15	48
Danga Capital Berhad	09/27	AAA	4.457	110	4.522	12/18	-7	41
EKVE Sdn Berhad	01/28	AAA	4.561	30	4.782	03/18	-22	52
Danga Capital Berhad	01/30	AAA	4.584	10	4.597	01/19	-1	52
Aman Sukuk Berhad	05/30	AAA	4.591	5	4.678	10/18	-9	53
Bank Pembangunan Malaysia Berhad	03/32	AAA	4.797	15	4.821	01/19	-2	41
Danga Capital Berhad	01/33	AAA	4.727	20	4.735	01/19	-1	34
Sarawak Energy Berhad	01/27	AA1	4.565	30	4.775	08/18	-21	58
Celcom Networks Sdn Berhad	08/19	AA+	4.002	10	4.052	12/18	-5	57
AmBank (M) Berhad	06/20	AA2	4.162	20	4.172	01/19	-1	73
Imtiaz Sukuk II Berhad	05/22	AA2	4.388	40	4.506	10/18	-12	83
Sime Darby Plantation Sdn Bhd	03/16	AA	4.803	20	4.940	11/18	-14	24
BGSM Management Sdn Berhad	12/19	AA3	4.156	15	4.195	12/18	-4	72
Edra Energy Sdn Berhad	07/27	AA3	5.679	20	5.629	01/19	5	169
Tanjung Bin Energy Issuer Berhad	09/31	AA3	4.759	20	4.869	12/18	-11	37
Serba Dinamik Holdings Berhad	10/23	AA-	4.898	20	4.898	01/19	0	117
MMC Corporation Berhad	11/27	AA-	5.528	10	5.599	08/18	-7	148
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	12/30	AA-	4.801	10	4.815	01/19	-1	74
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	12/31	AA-	4.851	10	5.059	08/18	-21	46
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/32	AA-	5.080	10	5.139	09/18	-6	69
Affin Bank Berhad	09/27	A1	5.001	1	4.773	01/19	23	96
AEON Credit Service Bhd	11/13	-	6.341	6	6.340	12/18	0	-
AEON Credit Service Bhd	12/14	-	6.226	13	7.000	01/19	-77	-
Mah Sing Perpetual	-	-	6.457	1	5.789	01/19	67	-
Mah Sing Perpetual	-	-	6.328	1	5.781	01/19	55	-
Projek Lintasan Sungai Besi-Ulu Klang Sdn Berhad	11/27	A+	6.410	30	6.499	09/18	-9	237
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	12/28	AA-	4.749	30	4.868	04/18	-12	69
				<u>760</u>				

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

## Market/Corporate News: What's Brewing

The new contract for the light rail transit 3 (LRT3) project is expected to be sealed before Chinese New Year. According to the project's main contractor, MRCB-George Kent Sdn Bhd (MRCBGK), unpaid contractors are also slated to receive their outstanding payments by the month's end. In an e-mail reply, LRT3 project director Patrick Hwang Chee Leong said MRCBGK and the work package contractors (WPC) had a discussion with Prasarana Malaysia Bhd this month on the payments owed to them. "We were informed by Prasarana that our WPCs would be getting paid this month," he said. The funds should help ease outstanding payments to the contractors, he added. Prasarana, which is the project owner of LRT3, has not paid the sub-contractors for work done since February last year. The cumulative amount owed is believed to be over RM1bil if claims up to December last year are taken into account, sources said. As to when the new contract between Prasarana and MRCBGK will be signed, Hwang said he is "hoping to finalise and sign a new agreement by the end of this month". The agreement, to be restructured from a project-delivery-partner (PDP) model to a "fixed-price contract", was supposed to be executed by Dec 12, 2018, based on a Bursa Malaysia filing. Hwang explained that the signing was extended to this month since December was a festive season and many employees were not available. Work on LRT3,

which runs from Bandar Utama to Klang, slowed down in October last year, pending the signing of a new contract following a review of the project by the Pakatan Harapan government. Sources said MRCBGK and the WPCs had collectively wrote to Prasarana last week to raise their concerns on the arrears of payment due. The impasse has bogged down players in the industry, especially the smaller ones, some of whom are said to be on the verge of folding up. It is understood that the certified payments outstanding to WPCs amounted to about RM800mil up to September 2018. Sources said there is approximately another RM300mil of uncertified payment claims for the three-month period of October to December last year. This brings the total amount owed to contractors to about RM1.1bil. However, it is uncertain whether Prasarana will pay out this total amount. Moving forward, industry players reckon that it would take another two to three months before work on the 37km LRT3 resumes. "Once a new contract is inked, the sub-contractors will then go to the banks for financing. For now, the credit lines have stopped," said an industry source. Prasarana, when contacted, said it was not able to provide updates at this point. "We will, however, share with you details on the LRT3 project at the end of the month," a spokesperson for the government agency said. In July last year, the government approved the continuation of the 36km-long track at a final cost that was reduced by 47% to RM16.63bil. The government said it would do away with the PDP model and revert to the turnkey model, while the completion date was extended from 2020 to 2024. Besides the joint venture of MRCB and George Kent as the main contractor, other listed companies that were involved in the project include Mudajaya Group Bhd, WCT Holdings Bhd, IJM Corp Bhd and Sunway Construction Group Bhd. (Source: The Star)

**Senai-Desaru Expressway Bhd (SDEB) is currently able to repay all its debts as the company's financial position continues to be stable, said chief executive officer Jamal Abd Nasir Taharim.** SDEB, the concession holder of a 77km tolled highway in Johor (E22), was refuting reports that it would go bankrupt as there was a perception that its debt level was so high compared with its revenue that the Government would need to come in and take over its operations. "Our financial position is still stable. We are able to service debt obligations to all creditors and can cover all expenses for operating and managing the expressway," Jamal told a media conference after attending an E22 vendor seminar here today. He said SDEB recorded RM89 million in revenue last year as a result of encouraging traffic growth supported by the Refinery and Petrochemical Integrated Development (RAPID) project in Pengerang. "Nonetheless, from the end of December to this year, we have seen a decline (in traffic). This may be due to the near completion of works related to the project so fewer people are using the expressway," Jamal said. Therefore, SDEB is expecting revenue of only RM79 million for this year. "We hope the attractions developed by Khazanah Nasional Bhd in Desaru such as Desaru Coast Adventure Waterpark, Hard Rock Hotel Desaru Coast and The Westin Desaru Coast Resort will be promoted better by the company, as it has yet to make a significant impact (on traffic). "At the same time, we are promoting Desaru and its surroundings by showcasing the unique local cuisine on the company's Twitter and Instagram accounts. Through this, we hope to attract more Malaysians to visit the area and improve traffic flow," he added. (Source: The EdgeMarkets)

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

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.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.