

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.45	1
5-yr UST	2.41	2
10-yr UST	2.61	2
30-yr UST	3.02	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.44	-1	3.55	-1
5-yr	3.58	0	3.73	0
7-yr	3.80	1	3.90	1
10-yr	3.82	-1	3.97	0
15-yr	4.17	0	4.29	0
20-yr	4.39	0	4.52	0
30-yr	4.61	-5	4.75	-1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.58	1
3-yr	3.59	0
5-yr	3.68	0
7-yr	3.80	0
10-yr	3.98	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries were slightly bearish as yields drifted higher with overall benchmark yields ending 1-2bps higher. The UST 2Y ended at 2.45% and the much-watched 10Y bond moved 2bps higher at 2.61% ahead of the FOMC rate decision on Thursday. The Fed recently said it's planning to be patient on further rate hikes after getting some mixed data on the strength of the global economy, particularly in Europe and China. According to CME Group, the bond market is pricing in a 72% chance the Fed's target rate range of 2.25-2.50% will remain in place through the end of the year. The bond market instead is pricing in a 28% chance of an interest rate cut sometime in 2019.

MGS/GII

- Local govvnies saw trading momentum similar to prior day with volume at a mere RM2.48b with transactions ending mostly mixed on yields. Interest was mainly focused on the MGS off-the-run 20's and also 3Y MGS/GII bonds. Demand which spilled over briefly to the long-ends tapered off as well as overall benchmark yields ended mostly lower though save for the 7Y benchmark bonds. The 5Y benchmark MGS 4/23 was unchanged at 3.58% whilst the 10Y MGS 8/29 edged 1bps lower at 3.82%. GII bonds dropped slightly to form 41% of overall trades. Portfolio outflows have abated recently somewhat by the dovish tones of both the Fed and BNM. Nevertheless flight to safety is still possible due to the ongoing US-China trade spat.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk maintained traction as volume notched RM542m with overall investor interest seen along the GG-AA part of the curve. Long-end govt-guaranteed bond PTPTN 3/39 saw its maiden trade at 4.65%; about 15bps below its recently issued coupon of 4.80% whilst both DANA and PRASA 21's ended sharply lower on yields at 3.81% levels compared to previous-done levels. Both AAA-rated PLUS 27 and TNB 12/21 ended 3bps lower at 4.00% and 4.34% respectively. In the AA-space, the shorter-end i.e KESAS 10/19 and BUMITAMA 8/19 closed slightly mixed on yields at 3.92% and 4.30% each whereas IJM 6/22 edged 1bps higher at 4.44%. Both the newly-issued A2-rated IJM Land Perps made its entry at 5.35% and 4.46% respectively. The banking space was quite active with both Hong Leong Islamic Bank 24NC19's and Sabah Dev Bank 7/20 closing 3-4bps lower at 4.07% and 4.62% respectively.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/19	3.312	3	3.299	15/03/2019	1
MGS	10/19	3.384	96	3.363	15/03/2019	2
MGS	03/20	3.382	202	3.402	15/03/2019	-2
MGS	07/20	3.402	2	3.401	13/03/2019	0
MGS	10/20	3.420	3	3.428	15/03/2019	-1
MGS	02/21	3.440	1	3.467	13/03/2019	-3
MGS	07/21	3.452	5	3.446	15/03/2019	1
MGS	09/21	3.468	5	3.457	15/03/2019	1
MGS	11/21	3.446	2	3.451	15/03/2019	0
MGS	03/22	3.436	445	3.453	15/03/2019	-2
MGS	08/22	3.529	1	3.526	15/03/2019	0
MGS	04/23	3.584	11	3.588	15/03/2019	0
MGS	08/23	3.661	4	3.656	15/03/2019	0
MGS	07/24	3.733	16	3.742	15/03/2019	-1
MGS	03/25	3.807	20	3.816	13/03/2019	-1
MGS	09/25	3.783	70	3.815	15/03/2019	-3
MGS	04/26	3.902	20	3.894	15/03/2019	1
MGS	07/26	3.797	1	3.790	15/03/2019	1
MGS	11/26	3.866	6	3.881	15/03/2019	-1
MGS	05/27	3.984	10	3.992	15/03/2019	-1
MGS	11/27	3.898	46	3.940	15/03/2019	-4
MGS	06/28	3.924	219	3.934	15/03/2019	-1
MGS	08/29	3.824	1		15/03/2019	
MGS	04/30	4.101	210	4.101	14/03/2019	0
MGS	04/33	4.214	7	4.292	14/03/2019	-8
MGS	03/46	4.733	20	4.739	12/03/2019	-1
MGS	07/48	4.608	29	4.657	14/03/2019	-5
GII	03/21	3.518	3	3.493	15/03/2019	2
GII	03/22	3.546	350	3.557	15/03/2019	-1
GII	11/23	3.729	133	3.733	15/03/2019	0
GII	08/24	3.838	140	3.853	14/03/2019	-2
GII	08/25	3.902	41	3.896	15/03/2019	1
GII	10/25	3.937	20	3.936	15/03/2019	0
GII	09/26	3.968	45	3.958	15/03/2019	1
GII	07/27	3.988	20	4.002	15/03/2019	-1
GII	10/28	4.051	120	4.050	14/03/2019	0
GII	06/33	4.288	60	4.292	15/03/2019	0
GII	08/33	4.315	25	4.315	14/03/2019	0
GII	08/37	4.521	20	4.522	15/03/2019	0
GII	09/39	4.452	30	4.459	15/03/2019	-1
GII	05/47	4.750	20	4.765	14/03/2019	-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*
DanaInfra Nasional Berhad	07/21	GG	3.810	30	3.900	22/01/2019	-9	39
Prasarana Malaysia Berhad	08/21	GG	3.811	30	3.995	13/04/2018	-18	39
Lembaga Pembiayaan Perumahan Sektor Awam	04/28	GG	4.160	5	0.000	00/01/1900	416	29
Prasarana Malaysia Berhad	12/30	GG	4.270	15	4.460	14/01/2019	-19	42
DanaInfra Nasional Berhad	10/31	GG	4.330	15	4.448	15/02/2019	-12	15
Perbadanan Tabung Pendidikan Tinggi Nasional	03/39	GG	4.650	60	0.000	00/01/1900	465	24
Putrajaya Holdings Sdn Berhad	10/19	AAA	3.751	10	3.964	29/06/2016	-21	37
Ara Bintang Berhad	03/21	AAA	4.191	2	4.205	13/03/2019	-1	77
Tenaga Nasional Berhad	12/21	AAA	3.995	10	4.026	22/02/2019	-3	55
Projek Lebuhraya Usahasama Berhad	01/27	AAA	4.338	10	4.369	12/03/2019	-3	50
Manjung Island Energy Berhad	11/31	AAA	4.439	60	4.659	18/12/2018	-22	26
Sabah Development Bank Berhad	07/20	AA1	4.617	10	4.651	08/03/2019	-3	124
Hong Leong Islamic Bank Berhad	06/24	AA1	4.071	10	4.115	05/03/2019	-4	49
Kesas Sdn Berhad	10/19	AA2	3.918	5	3.941	14/03/2019	-2	54
AmBank Islamic Berhad	03/20	AA2	4.011	10	4.184	27/11/2018	-17	63
PBFIN Berhad	06/59	AA2	3.980	12	4.580	12/03/2019	-60	-43
BEWG (M) Sdn Berhad	07/20	AA	4.377	10	4.386	11/03/2019	-1	100
Bumitama Agri Ltd	08/19	AA3	4.299	50	4.293	12/03/2019	1	92
Jimah Energy Ventures Sdn Berhad	11/19	AA3	3.997	2	4.081	24/01/2019	-8	62
Jimah Energy Ventures Sdn Berhad	05/20	AA3	4.081	2	4.425	07/06/2018	-34	70
IJM Corporation Berhad	06/22	AA3	4.441	20	4.427	12/03/2019	1	99
CIMB Thai Bank Public Company Limited	07/26	AA3	4.565	0	4.992	04/03/2019	-43	78
Edra Energy Sdn Berhad	07/29	AA3	5.780	1	5.780	14/03/2019	0	193
WCT Holdings Berhad	01/25	AA-	5.219	5	5.247	29/01/2019	-3	148
MMC Corporation Berhad	11/25	AA-	5.349	3	5.351	14/03/2019	0	156
Lafarge Cement Sdn Berhad	01/20	A1	4.997	5	5.282	10/08/2018	-29	162
Alliance Bank Malaysia Berhad	10/25	A2	4.681	10	4.656	27/02/2019	3	90
IJM Land Berhad	-	A2	5.347	95	-	-	-	-
IJM Land Berhad	-	A2	5.457	45	-	-	-	-
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Malaysia is willing to consider issuing another Samurai bond if it can obtain rates similar to the 0.63 per cent per annum achieved in the earlier issuance of the 200 billion yen (approximately RM7.3 billion) last week, says Finance Minister Lim Guan Eng. "If the Japan Bank for International Cooperation (JBIC) is willing to give a similar low rate, we will definitely consider it very seriously," he told reporters after the commemoration on the successful completion of the Samurai bond issuance here today. Lim said strong interest from Japanese investors had enabled the samurai bond to be competitively priced at a full cost of 0.63 per cent per annum, lower than the initial projection of 0.65 per cent. "This is a testament to confidence of Japanese investors in the Malaysian economy and the government's fiscal reforms," he said. Lim said the government was firmly committed to fiscal sustainability in order to strengthen Malaysia's economic resilience and achieve sustainable, as well as equitable growth. He said proceeds from the Samurai Bond issuance would provide a breathing space for the government to honour its debt obligations. "The proceeds will be used to finance infrastructure development and not for debt repayment. This will free up the government revenue sources that can be used to pay its debts," he said. Japanese Ambassador to Malaysia Makio Miyagawa said Japan is willing to provide the assistance should Malaysia decide to issue another Samurai Bond in the future. "Japan is ready to assist Malaysia to issue other bond with similar terms," he said. Miyagawa said the assistance with the bond issuance would hopefully help Malaysia reduce its debt obligations and grow its economy. "The Malaysian government is now moving towards the right direction in reducing debts and cleaning up all the dust. For this purpose, we are very happy to help Malaysia," he said. A samurai bond is a yen-denominated bond issued in Tokyo and subject to Japanese regulations. The government has successfully issued its Samurai Bond last week with an oversubscription of more than 1.6 times at 324.7 billion yen against 200 billion yen offered. The bond was guaranteed by JBIC with a maturity tenure of 10 years with a full cost to the government at 0.63 per cent per annum. Proceeds from the bond issuance would be used to fund infrastructure developments, including the construction of schools, hospitals, roads and utilities. (Source: *The Star/Bernama*)

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

Source: RAM, MARC

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