

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.38	-2
5-yr UST	2.37	-3
10-yr UST	2.56	-3
30-yr UST	2.96	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.48	0	3.55	4
5-yr	3.74	4	3.77	1
7-yr	3.83	2	3.90	4
10-yr	3.94	7	4.00	4
15-yr	4.27	8	4.25	4
20-yr	4.42	6	4.39	-1
30-yr	4.68	2	4.67	-1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.55	1
3-yr	3.59	1
5-yr	3.67	1
7-yr	3.77	1
10-yr	3.97	2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

• US Treasuries rallied; assisted by weaker-than-expected forecast Markit PMI's despite a temporary setback from earlier release of strong March Retail Sales data. The curve shifted lower as overall benchmark yields closed 2-3bps lower with the UST 2Y at 2.38% whilst the much-watched 10Y closed 3bps lower at 2.56% (the recent low of 2.34% was recorded on 28th March). The risk appetite did not dampen demand possibly due to shor-covering and also pullback in other global DM markets. Meanwhile the Fed has already announced an end to balance sheet runoff and proposed a repo facility, which would help slow the pace of reserve decline. Upcoming issuances for next week include \$40b of 2Y, \$41b of 5Y and \$32b of 7Y notes. Separately, senior US and China officials are still in the midst of further trade discussions, expected to be resolved by May.

MGS/GII

• Local govies continued its slide subsequent to a series of published articles on purported bond holding adjustments by Norwegian sovereign fund, FTSE Russell Index and also Moody's assessment of government's injection of additional funds into Felda's GLC-linked entity. Secondary market volume was still strong at RM6.01b with trades focused on off-the-run 27-28's and benchmark 5Y and 10Y bonds. Overall benchmark yields ended 1-8bps higher save for the 20-30Y GII bonds. The benchmark 5Y MGS 4/23 rose 4bps at 3.74% whilst the 10Y MGS 8/29 spiked 7bps at 3.94%. GII bond trades rose to form 45% of overall trades. Meanwhile MYR which weakened of late has steadied whilst investors meantime are expected to be seen assessing values emerging due to the recent sell-down. To re-cap, foreign holdings as at end-March 2019 stood at RM169.4b; representing 22.8% of overall MYR govies.

Corp Bonds/Sukuk

• Corporate Bonds/Sukuk space saw secondary volume trickle lower at RM334m with interest mainly across the GG followed by the AA-part of the curve. A slew of DANA bonds dominated the GG-segment with 2026-2029 tranches closing mixed between -1 and +3bps compared to previous-done levels at 3.92-4.05% levels. AAA-rated AMAN 21's closed sharply lower on yields between 3.97-99% area whilst the 4/24 tranche closed unchanged at 4.11%. Both TNB 8/33 and DANUM 2/34 edged 1bps lower at 3.39% and 3.37% respectively. The banking space saw Bank Islam 27NC22 close at 4.43%.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/19	3.329	4	3.318	17/04/2019	1
MGS	11/19	3.338	10	3.335	17/04/2019	0
MGS	03/20	3.436	91	3.383	17/04/2019	5
MGS	07/20	3.441	10	3.367	15/04/2019	7
MGS	10/20	3.435	89	3.430	17/04/2019	0
MGS	02/21	3.473	3	3.422	12/04/2019	5
MGS	09/21	3.508	12	3.404	12/04/2019	10
MGS	11/21	3.461	1	3.489	17/04/2019	-3
MGS	03/22	3.483	28	3.481	17/04/2019	0
MGS	09/22	3.673	9	3.531	16/04/2019	14
MGS	03/23	3.749	90	3.587	16/04/2019	16
MGS	04/23	3.743	220	3.703	17/04/2019	4
MGS	08/23	3.761	6	3.673	17/04/2019	9
MGS	07/24	3.766	54	3.798	17/04/2019	-3
MGS	09/24	3.785	172	3.823	17/04/2019	-4
MGS	03/25	3.815	40	3.832	17/04/2019	-2
MGS	09/25	3.919	61	3.809	17/04/2019	11
MGS	04/26	3.954	45	3.757	11/04/2019	20
MGS	07/26	3.826	182	3.810	17/04/2019	2
MGS	11/26	3.913	2	3.793	17/04/2019	12
MGS	05/27	4.050	40	4.011	17/04/2019	4
MGS	11/27	4.073	210	3.996	17/04/2019	8
MGS	06/28	4.036	639	3.929	17/04/2019	11
MGS	08/29	3.944	60	3.849	17/04/2019	9
MGS	04/30	4.054	40	4.002	17/04/2019	5
MGS	06/31	4.105	10	4.064	17/04/2019	4
MGS	04/33	4.275	30	4.090	17/04/2019	19
MGS	11/33	4.270	831	4.215	17/04/2019	5
MGS	05/35	4.321	60	4.310	17/04/2019	1
MGS	04/37	4.349	41	4.383	17/04/2019	-3
MGS	06/38	4.424	65	4.383	17/04/2019	4
MGS	09/43	4.592	5	4.612	17/04/2019	-2
MGS	07/48	4.681	180	4.644	17/04/2019	4
GII	08/20	3.567	5	3.419	15/04/2019	15
GII	03/22	3.548	54	3.513	16/04/2019	4
GII	07/22	3.630	60	3.567	15/04/2019	6
GII	11/23	3.773	592	3.767	17/04/2019	1
GII	10/24	3.767	270	3.706	17/04/2019	6
GII	08/25	3.897	163	3.858	17/04/2019	4
GII	10/25	3.919	50	3.815	16/04/2019	10
GII	09/26	3.960	160	3.829	15/04/2019	13
GII	10/28	4.017	390	3.981	17/04/2019	4
GII	12/28	4.020	10	4.009	17/04/2019	1
GII	07/29	4.003	456	3.962	17/04/2019	4
GII	09/30	4.079	50	4.057	17/04/2019	2
GII	06/33	4.249	140	4.195	17/04/2019	5
GII	08/37	4.394	70	4.402	17/04/2019	-1
GII	09/39	4.414	190	4.437	17/04/2019	-2
GII	05/47	4.670	13	4.714	17/04/2019	-4
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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	07/24	GG	3.807	45	4.030	06/03/2019	-22	8
Danainfra Nasional Berhad	11/25	GG	3.878	25	3.910	27/03/2019	-3	2
Pengurusan Air SPV Berhad	02/26	GG	3.891	30	3.882	15/04/2019	1	4
Danainfra Nasional Berhad	10/26	GG	3.916	45	3.927	05/04/2019	-1	3
Danainfra Nasional Berhad	05/27	GG	3.931	5	3.930	08/04/2019	0	4
Danainfra Nasional Berhad	07/27	GG	3.939	15	3.928	05/04/2019	1	5
Danainfra Nasional Berhad	04/29	GG	4.050	5	4.018	28/03/2019	3	16
Bank Pembangunan Malaysia Berhad	09/29	GG	4.150	20	4.128	28/03/2019	2	26
Prasarana Malaysia Berhad	03/30	GG	4.110	5	4.010	08/04/2019	10	22
Prasarana Malaysia Berhad	02/31	GG	4.130	5	4.284	15/03/2019	-15	24
Berjaya Land Berhad	12/19	AAA	4.330	7	4.498	17/12/2018	-17	96
Aman Sukuk Berhad	05/21	AAA	3.978	10	4.097	12/02/2019	-12	56
Aman Sukuk Berhad	10/21	AAA	3.990	5	4.324	04/04/2018	-33	51
Aman Sukuk Berhad	04/24	AAA	4.108	20	4.111	17/04/2019	0	38
Tenaga Nasional Berhad	08/33	AAA	4.389	20	4.398	03/04/2019	-1	14
Danum Capital Berhad	02/34	AAA	4.371	20	4.380	17/04/2019	-1	13
Sabah Development Bank Berhad	08/20	AA1	4.555	10	4.625	25/03/2019	-7	118
UMW Holdings Berhad	06/20	AA2	4.059	5	4.225	18/02/2019	-17	69
Edra Energy Sdn Berhad	07/29	AA3	5.570	2	5.590	17/04/2019	-2	168
Edra Energy Sdn Berhad	01/38	AA3	6.139	10	6.159	12/04/2019	-2	172
MMC Corporation Berhad	11/27	AA-	5.368	1	5.368	17/04/2019	0	146
Affin Bank Berhad	02/27	A1	4.668	1	4.675	16/04/2019	-1	78
Bank Islam Malaysia Berhad	11/27	A1	4.427	20	4.740	09/01/2019	-31	52
CIMB Group Holdings Berhad	05/16	A1	4.584	1	4.573	17/04/2019	1	17
Hong Leong Financial Group Berhad	11/17	A1	4.699	1	4.914	28/03/2019	-22	28
Alliance Bank Malaysia Berhad	10/25	A2	4.772	3	4.630	16/04/2019	14	92
				334				

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

Market/Corporate News: What's Brewing

The resumption of the East Coast Rail Link (ECRL) project will boost Chinese investors' confidence and trust in the Malaysian market. Chinese Ambassador to Malaysia Bai Tian said the project, which is expected to resume construction as soon as next month, will aid in attracting more Chinese businesses here. "Apparently this is a country which welcomes China's participation in economic and infrastructure development. "I'm so happy that both sides have goodwill negotiations. A win-win solution was achieved," he said at a roundtable with Malaysian media at the Chinese Embassy here today. Once completed, the ECRL will become the main artery for transportation and information that links the east and west coast of peninsular Malaysia, he said. For three years in a row, China was the biggest foreign direct investor in the manufacturing sector for Malaysia. Some 33 percent of foreign direct investments to Malaysia is from China. Bilateral trade between Malaysia and China hit an all-new high in 2018, growing 13 percent to US\$108.6 billion (RM443 billion) from US\$96 billion in 2017. It marked the 10th year of China being the largest trading partner in Malaysia. The ambassador said the two countries' bilateral relations would also benefit from the project's resumption. On April 12, Malaysia Rail Link Sdn Bhd and China Communications Construction Company Ltd signed the Supplementary Agreement (SA) to pave the way for the resumption of the suspended project. Under the new deal, the construction cost for Phases 1 and 2 of the ECRL would resume at a price of RM44 billion, a reduction of RM21.5 billion from its original cost of RM65.5 billion. (Source: *The EdgeMarkets*)

British American Tobacco (M) Bhd will consider reopening its factory again in Malaysia depending on the market situation for legal cigarettes in the country. "Not all our products consumed here are imported but a majority are or about 98%. We have opened a factory in Johor Baru so that we can maintain our manufacturing license. We would like to retain our manufacturing license," its managing director Erik Stoel said at a press briefing after its AGM yesterday. "Depending on the evolution of the market then we can consider whether or not in the longer term: whether we can produce and

manufacture our products in Malaysia once again. We are very committed into investing in Malaysia. While we know the market has a big illegal trade problem but we have become a big company in this market and we also treasure this," he added. (Source: *The Star*)

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 Damansara
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my

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