

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.90	0
5-yr UST	1.84	-2
10-yr UST	2.06	-4
30-yr UST	2.55	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.35	0	3.40	-1
5-yr	3.45	-1	3.51	-1
7-yr	3.62	0	3.67	17
10-yr	3.70	-1	3.72	-1
15-yr	4.00	-3	4.02	0
20-yr	4.16	0	4.21	0
30-yr	4.46	1	4.49	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.40	-1
3-yr	3.41	-1
5-yr	3.47	-2
7-yr	3.56	-2
10-yr	3.74	-1

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- The US Treasuries ended stronger led by the mid-longer ends as the curve bull-flattened on Tuesday amid trend set by European bonds following dovish comments from ECB on potential additional stimulus for the region. Overall benchmark yields ended between 0-4bps lower with the UST 2Y unchanged at 1.90% and the much-watched 10Y settling at a YTD low of 2.06%. Markets are expecting a turbulent week around the Fed's decision on interest rates as all eyes will be on Thursday's FOMC meeting and the Friday's release of PMI data for June. If the Fed sticks to its "patient" pledge, then riskier assets like equities are expected to bear the brunt whilst bond yields dive lower. Either way, the Fed's interest rate projection via dot-plot is expected to see changes.

#### MGS/GII

- Trading momentum in local govvnies remained solid with secondary market volume at RM5.26b. Benchmark yields were mostly lower between 0-3bps save for the "readjustment" of an error trade on the 7Y GII. Interest was mainly seen in both the shorter off-the-run 19's and 21's and also the benchmark 10Y, 15Y bonds. Both the benchmark 5Y MGS 4/23 and 10Y MGS 8/29 edged 1bps lower at 3.45% and 3.70% respectively. GII bond trades formed about 32% of overall trades. Meanwhile BNM said it is maintaining its trading ban on offshore ringgit derivatives; mainly NDF's to prevent disruption and vulnerability for its open economy. Meanwhile the Governor stated that it is in continuing discussions with FTSE Russell as index providers on bond allocation matters.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space continued to see solid interest with secondary volume notching RM692bm with interest seen mainly along the GG-part the curve followed by AAA-rated papers. Govt-guaranteed DANAINFRA bonds dominated the space with rallying between 4-51bps compared to previous-done levels except for the 10/31 and 5/32 tranches which closed unchanged at 3.99% and 4.06% each. whilst the 2028 tranche closed unchanged at 4.10%. moved 3-7bps lower at 3.97% and 4.18% respectively. AAA-rated PLUS 26 and 29 moved 1-5bps lower at 3.95% and 4.12% respectively. The AA-space saw DUKE3 bonds grind trades for both the 2027 and 2031 tranches at 4.46% and 4.60% each whilst WCT holdings 4/26 closed 8bps sharply lower on RM45m in nominal amounts. lower. The banking space saw Bank Pembangunan 11/35 close 6bps lower at 4.61%.

## Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.115	140	3.111	17/06/2019	0
MGS	11/19	3.124	150	3.125	17/06/2019	0
MGS	07/20	3.223	12	3.215	17/06/2019	1
MGS	10/20	3.226	165	3.236	17/06/2019	-1
MGS	02/21	3.308	3	3.295	17/06/2019	1
MGS	07/21	3.327	22	3.333	17/06/2019	-1
MGS	09/21	3.334	282	3.339	17/06/2019	0
MGS	11/21	3.345	102	3.343	17/06/2019	0
MGS	03/22	3.354	291	3.352	17/06/2019	0
MGS	08/22	3.407	2	3.417	17/06/2019	-1
MGS	09/22	3.423	25	3.421	17/06/2019	0
MGS	04/23	3.447	217	3.438	17/06/2019	1
MGS	08/23	3.471	21	3.480	14/06/2019	-1
MGS	06/24	3.452	280	3.463	14/06/2019	-1
MGS	07/24	3.517	5	3.518	17/06/2019	0
MGS	09/24	3.516	14	3.535	17/06/2019	-2
MGS	09/25	3.638	14	3.649	17/06/2019	-1
MGS	04/26	3.689	11	3.685	14/06/2019	0
MGS	07/26	3.620	57	3.617	17/06/2019	0
MGS	11/26	3.675	236	3.686	17/06/2019	-1
MGS	11/27	3.759	166	3.780	17/06/2019	-2
MGS	06/28	3.757	170	3.766	17/06/2019	-1
MGS	09/28	3.804	21	3.813	11/06/2019	-1
MGS	08/29	3.700	261	3.707	17/06/2019	-1
MGS	04/30	3.837	271	3.877	11/06/2019	-4
MGS	06/31	3.889	3	3.896	17/06/2019	-1
MGS	04/33	4.005	130	4.035	14/06/2019	-3
MGS	11/33	3.997	406	4.028	17/06/2019	-3
MGS	05/35	4.117	4	4.132	11/06/2019	-1
MGS	04/37	4.140	20	4.164	17/06/2019	-2
MGS	07/48	4.459	70	4.464	17/06/2019	-1
GII	04/20	3.210	1	3.204	13/06/2019	1
GII	03/21	3.318	110	3.331	14/06/2019	-1
GII	04/21	3.337	10	3.353	07/06/2019	-2
GII	03/22	3.397	257	3.409	13/06/2019	-1
GII	04/22	3.402	200	3.407	17/06/2019	0
GII	07/22	3.417	201	3.424	13/06/2019	-1
GII	11/22	3.447	20	3.450	17/06/2019	0
GII	03/23	3.490	60	3.500	17/06/2019	-1
GII	10/24	3.513	100	3.515	17/06/2019	0
GII	03/26	3.667	30	3.658	14/06/2019	1
GII	09/26	3.704	80	3.706	17/06/2019	0
GII	06/27	3.731	10	3.746	14/06/2019	-2
GII	10/28	3.749	170	3.768	17/06/2019	-2
GII	07/29	3.722	325	3.733	17/06/2019	-1
GII	09/30	3.843	60	3.849	17/06/2019	-1
GII	08/33	4.032	40	4.033	14/06/2019	0
GII	11/34	4.005	10	4.010	14/06/2019	0
			<u>5257</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*
Pengurusan Air SPV Berhad	06/22	GG	3.423	2	3.548	21/05/2019	-13	6
DanaInfra Nasional Berhad	11/25	GG	3.698	20	3.878	18/04/2019	-18	12
DanaInfra Nasional Berhad	02/26	GG	3.718	30	3.959	25/03/2019	-24	10
Jambatan Kedua Sdn Berhad	07/26	GG	3.878	60	3.970	04/04/2019	-9	26
DanaInfra Nasional Berhad	03/27	GG	3.758	10	3.802	17/06/2019	-4	7
DanaInfra Nasional Berhad	10/31	GG	3.990	15	3.991	14/06/2019	0	28
GovCo Holdings Berhad	02/32	GG	4.148	100	4.150	14/06/2019	0	15
DanaInfra Nasional Berhad	05/32	GG	4.060	20	4.060	13/06/2019	0	6
Perbadanan Tabung Pendidikan Tinggi Nasional	03/37	GG	4.200	10	4.230	17/06/2019	-3	2
Projek Lebuhraya Usahasama Berhad	01/38	GG	4.240	50	4.250	12/06/2019	-1	6
Perbadanan Tabung Pendidikan Tinggi Nasional	03/39	GG	4.250	10	4.378	03/06/2019	-13	7
DanaInfra Nasional Berhad	07/39	GG	4.229	10	4.739	26/02/2019	-51	5
Pengurusan Air SPV Berhad	11/19	AAA	3.511	10	3.540	30/05/2019	-3	32
Telekom Malaysia Berhad	09/21	AAA	3.806	10	3.953	16/05/2019	-15	49
Pengurusan Air SPV Berhad	02/24	AAA	3.885	10	4.063	15/04/2019	-18	42
Pengurusan Air SPV Berhad	02/24	AAA	3.885	15	4.110	26/03/2019	-23	42
Projek Lebuhraya Usahasama Berhad	01/26	AAA	3.945	50	3.959	12/06/2019	-1	32
Pengurusan Air SPV Berhad	02/26	AAA	3.957	10	-	-	-	34
TNB Northern Energy Berhad	05/26	AAA	3.988	10	4.511	12/04/2016	-52	37
Projek Lebuhraya Usahasama Berhad	01/29	AAA	4.120	5	4.171	10/06/2019	-5	41
Pengurusan Air SPV Berhad	02/29	AAA	4.078	5	4.362	15/03/2019	-28	37
Rantau Abang Capital Berhad	03/29	AAA	3.989	10	4.169	02/04/2019	-18	28
Danum Capital Berhad	02/34	AAA	4.229	10	4.265	13/06/2019	-4	23
Bank Pembangunan Malaysia Berhad	11/35	AAA	4.610	20	4.669	17/05/2019	-6	61
Sabah Development Bank Berhad	08/19	AA1	3.966	30	4.028	13/06/2019	-6	77
Kuala Lumpur Kepong Berhad	09/22	AA1	3.878	50	3.925	17/06/2019	-5	52
Malayan Banking Berhad	01/31	AA1	4.239	2	4.239	14/06/2019	0	53
Malaysia Airport Holdings Berhad	12/14	AA2	4.470	2	4.652	09/04/2019	-18	29
Fortune Premiere Sdn Berhad	09/25	AA	4.367	4	4.378	11/06/2019	-1	79
Edra Energy Sdn Berhad	07/33	AA3	5.136	4	5.136	10/06/2019	0	114
UEM Sunrise Berhad	10/21	AA-	4.100	20	4.360	10/05/2019	-26	78
Segi Astana Sdn Berhad	01/23	AA-	5.009	1	5.009	17/06/2019	0	158
WCT Holdings Berhad	04/26	AA-	5.301	45	5.379	06/03/2019	-8	168
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/27	AA-	4.464	10	4.729	15/03/2019	-27	78
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/31	AA-	4.600	10	4.602	14/06/2019	0	89
MEX II Sdn Berhad	04/34	AA-	5.698	1	5.317	13/06/2019	38	170
Tan Chong Motor Holdings Berhad	11/21	A1	4.330	1	4.379	13/06/2019	-5	101
CIMB Group Holdings Berhad	05/16	A1	3.892	6	4.374	17/06/2019	-48	-29
IJM Land Berhad	03/19	A2	4.884	5	5.006	09/05/2019	-12	71
				<u>692</u>				

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

## Market/Corporate News: What's Brewing

**The Securities Commission Malaysia (SC) and Bursa Malaysia Bhd intend to “proportionately” scale down the regulatory discipline intensity in the domestic capital market, provided market discipline continues to strengthen.** This suggests the two regulators, with new chieftains, are looking at loosening their grip when market discipline prevails. The SC appointed prominent lawyer Datuk Syed Zaid Albar as its chairman in November last year. Datuk Muhamad Umar Swift became Bursa Malaysia Bhd's chief executive officer in mid-February. Such a move is perceived by market players, for instance corporate advisers and investment banks, as a step in the right direction as some quarters view the Malaysian capital market as being overly regulated, which in turn affects market efficiency. In a joint statement yesterday, the capital market regulators said moving forward, they will adopt a facilitative and dynamic surveillance and supervisory approach in tandem with the market's maturity and the level of market discipline achieved. “[The] market and self-discipline will be prioritised as the regulatory discipline is liberalised. The pursuit of industry best practices will be driven by disclosures, self-reporting and engagement with intermediaries,” they said. The SC and Bursa said their ongoing reviews indicate financial intermediaries have increased their

investments in people and systems to improve the compliance culture and enhance self-discipline when managing businesses and regulatory risks. “A majority of brokers also implemented trade surveillance systems, enabling them to detect suspicious transactions early, leading to an increase in self-reporting and collaborations with regulators in mitigating the breaches detected,” the statement said. Over the last decade, the SC and Bursa have applied various intervention tools to instil a greater market discipline in the most efficient and effective manner. “To enable the Malaysian capital market to compete regionally and remain attractive, investors need to be assured, among others, that the market operates in a fair and orderly manner; companies’ financial statements are reliable; and intermediaries are competent with strong governance and internal systems, and always act in their clients’ best interest,” said the regulators. While the regulators said they will still provide guidance for intermediaries to strengthen governance processes, they urged these financial intermediaries to put more efforts in invigorating the market by increasing their customer base, enhancing efficiency and improving investors’ experience when trading on the market or consuming capital market products and services. The SC and Bursa will also be engaging all stakeholders to seek ideas and feedback on measures to drive and support a market-friendly and vibrant capital market, the statement said. The regulators said they remain committed to ensuring the Malaysian capital market continues to grow and support domestic economic needs as well. The SC and Bursa said promoting good governance and ensuring fair outcomes for investors are at the core of their regulatory priorities. “Intermediaries are expected to uphold the highest level of professionalism and ethical conduct when dealing with investors,” said the regulators.. (Source: *The EdgeMarkets*)

**Berjaya Sports Toto Bhd said earnings in the three-month ended April 30, doubled from a year ago on higher revenue and lower prize payouts by Sports Toto Malaysia Sdn Bhd.** The company has proposed a fourth interim dividend payout of 4.5 sen a share. The company, in a filing with Bursa Malaysia today, anticipate that the performance of Sports Toto will be satisfactory for the rest of the year. It is confident that the group will continue to maintain its market share in the NFO business for the remaining two-month period of the financial period ending June 30, 2019. (Source: *The Star*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
NUR Power Sdn Bhd	RM650 million Guaranteed Sukuk Mudharabah (2012/2027) (the Sukuk)		
	Tranche 1	AAA(BG)/Stable	Reaffirmed
	Tranche 2	AAA(FG)/Stable	Reaffirmed
MBSB Bank Berhad	RM2,295 million Structured Covered Sukuk Murabahah Programme		
	Tranche 1-Tranche 4	AA1/Stable	Reaffirmed
	Financial Institution Ratings	A2/Stable/P1	Reaffirmed
Malaysia Building Society Berhad (MBSB)	Corporate Credit Rating	To A2/Stable/P1 from A3/Stable/P2	Upgraded
TIME dotcom Berhad	RM1 billion Islamic MTN Programme (2015/2035)	AA3/Positive	Reaffirmed.Outlook upgraded

Source: RAM, MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; 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

**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.