

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.50	1
5-yr UST	2.47	1
10-yr UST	2.65	1
30-yr UST	3.00	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.54	-1	3.65	-1
5-yr	3.70	-2	4.05	23
7-yr	3.85	0	3.96	0
10-yr	3.89	0	4.02	-2
15-yr	4.29	-1	4.37	-1
20-yr	4.48	0	4.61	0
30-yr	4.74	0	4.85	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.66	0
3-yr	3.69	0
5-yr	3.77	0
7-yr	3.89	0
10-yr	4.05	0

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- US Treasury yield curve edged slightly higher yesterday as the Fed's release of January FOMC minutes revealed a patient approach to future policy action with a high possibility of halting its balance sheet run-off operations. Benchmark yields ended 2-4bps cheaper with the 2Y at 2.50% and the much-watched 10Y similarly edging 1bps higher at 2.65%. It is believed that the steepening-bias of the yield curve would reverse as the Fed is expected to turn net buyer with interest especially on the front-end. The Fed's expected pause on rates for now and potential balance-sheet normalization plans has driven the 10Y UST term premium to even more negative levels.

#### MGS/GII

- Local govies saw momentum pick-up further with volume at RM4.98b. Interest was mainly focused in the off-the-run 19's and the 5Y benchmark bonds with some spilling over to the 29-30's as well. Overall benchmarks yields ended mostly mixed between 0-2bps lower save for the standard-lot closing trade on the 5Y GII 11/23. The 5Y benchmark MGS 4/23 edged 2bps lower at 3.70% whilst the new 10Y MGS 8/29 closed within 1bps higherr at 3.89%. GII trades dropped to form 44% of overall trades. Financial conditions across Asia are seen getting easier; helped by a dovish shift from the Fed, stock market rally, and attractive bond yields.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk continued to see solid secondary demand with volume at RM678m as interest was intact along the GG and AA-part of the curve. Govt-guaranteed PRASA 3/30 saw RM130m nominal amounts traded 10bps lower at 4.32% compared to previous-done levels whilst similar long-end DANA bonds i.e. 5/32, 2/34 and 5/41 ended 3-19bps lower between 4.47-4.80% levels. In the AA-space, energy-related bonds i.e. Southern Power dominated trades again with the 2026-2034 tranches moving 2-13bps lower. The banking space saw Hong Leong Bank 24NC19 edge another 2bps lower at 4.05% whilst Bank Islam 25NC20 and Affinn 7/18 rallied a massive 19-35bps at 4.38% and 5.10% respectively.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.293	62	3.293	19/02/2019	0
MGS	10/19	3.418	546	3.397	19/02/2019	2
MGS	11/19	3.414	40	3.414	19/02/2019	0
MGS	03/20	3.434	150	3.453	18/02/2019	-2
MGS	10/20	3.498	4	3.474	18/02/2019	2
MGS	11/21	3.542	12	3.561	19/02/2019	-2
MGS	08/22	3.699	80	3.695	18/02/2019	0
MGS	09/22	3.704	10	3.696	15/02/2019	1
MGS	04/23	3.704	251	3.722	19/02/2019	-2
MGS	08/23	3.775	330	3.764	14/02/2019	1
MGS	07/24	3.837	1	3.835	19/02/2019	0
MGS	09/24	3.840	150	3.838	19/02/2019	0
MGS	03/25	3.908	140	3.928	19/02/2019	-2
MGS	09/25	3.911	32	3.902	18/02/2019	1
MGS	04/26	3.970	20	3.954	19/02/2019	2
MGS	07/26	3.852	40	3.851	19/02/2019	0
MGS	09/26	3.922	2	4.131	17/12/2018	-21
MGS	11/26	3.955	42	3.932	19/02/2019	2
MGS	05/27	3.995	80	4.017	19/02/2019	-2
MGS	11/27	3.994	149	3.980	19/02/2019	1
MGS	06/28	3.953	85	3.959	19/02/2019	-1
MGS	09/28	4.049	40	4.042	13/02/2019	1
MGS	08/29	3.887	200	3.884	19/02/2019	0
MGS	04/30	4.147	201	4.147	19/02/2019	0
MGS	06/31	4.209	40	4.211	19/02/2019	0
MGS	11/33	4.290	33	4.290	18/02/2019	0
MGS	04/37	4.430	20	4.470	19/02/2019	-4
MGS	03/46	4.756	12	4.769	19/02/2019	-1
GII	04/20	3.421	1	3.492	18/02/2019	-7
GII	08/20	3.546	310	3.546	19/02/2019	0
GII	03/21	3.564	50	3.511	08/02/2019	5
GII	03/22	3.652	100	3.663	19/02/2019	-1
GII	04/22	3.702	10	3.701	14/02/2019	0
GII	11/23	4.052	114	3.826	19/02/2019	23
GII	05/24	3.905	10	3.907	12/02/2019	0
GII	08/24	3.892	340	3.908	19/02/2019	-2
GII	08/25	3.957	281	3.957	19/02/2019	0
GII	09/26	4.019	40	4.016	15/02/2019	0
GII	07/27	4.053	120	4.058	19/02/2019	0
GII	10/28	4.079	230	4.085	19/02/2019	-1
GII	07/29	4.020	300	4.040	19/02/2019	-2
GII	06/33	4.367	100	4.381	19/02/2019	-1
GII	08/33	4.401	170	4.403	15/02/2019	0
GII	08/37	4.611	40	4.612	19/02/2019	0
			<u>4984</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*
GovCo Holdings Berhad	02/21	GG	3.904	15	4.029	24/07/2018	-13	39
Khazanah Nasional Berhad	08/23	GG	4.033	50	4.033	19/02/2019	0	36
GovCo Holdings Berhad	02/24	GG	4.049	55	4.199	02/01/2019	-15	34
DanaInfra Nasional Berhad	03/24	GG	4.029	5	4.040	13/02/2019	-1	32
Lembaga Pembiayaan Perumahan Sektor Awam	04/24	GG	4.029	10	4.090	16/01/2019	-6	32
Prasarana Malaysia Berhad	09/28	GG	4.249	30	4.380	17/10/2018	-13	36
Prasarana Malaysia Berhad	03/30	GG	4.318	130	4.415	11/01/2019	-10	43
DanaInfra Nasional Berhad	05/32	GG	4.470	30	4.589	08/10/2018	-12	18
DanaInfra Nasional Berhad	02/34	GG	4.574	20	4.604	15/02/2019	-3	29
DanaInfra Nasional Berhad	05/41	GG	4.799	20	4.989	27/12/2018	-19	32
Cagamas Berhad	08/19	AAA	3.639	10	3.951	06/08/2018	-31	21
Berjaya Land Berhad	12/21	AAA	4.671	1	5.003	19/10/2018	-33	110
TNB Western Energy Berhad	07/24	AAA	4.338	10	4.377	15/01/2019	-4	62
Tenaga Nasional Berhad	08/38	AAA	4.840	3	4.840	19/02/2019	0	36
Hong Leong Bank Berhad	06/24	AA1	4.047	40	4.062	30/01/2019	-2	33
Sasaran Etika Sdn Berhad	04/27	AA1	4.801	1	5.040	17/08/2017	-24	90
Benih Restu Berhad	06/25	AA2	4.528	20	4.533	08/02/2019	-1	71
Fortune Premiere Sdn Berhad	11/23	AA	4.590	20	4.615	12/02/2019	-3	88
Perbadanan Kemajuan Negeri Selangor	08/23	AA3	4.817	3	4.930	07/01/2019	-11	114
Hong Leong Assurance Berhad	02/25	AA3	4.423	40	4.440	15/02/2019	-2	60
Sports Toto Malaysia Sdn Berhad	06/19	AA-	4.453	10	4.493	21/12/2018	-4	102
Tenaga Nasional Berhad	12/21	AA-	4.051	20	4.114	08/01/2019	-6	48
Segi Astana Sdn Berhad	01/22	AA-	5.185	20	5.136	07/09/2018	5	162
Aman Sukuk Berhad	10/26	AA-	4.392	10	4.609	06/04/2018	-22	49
Southern Power Generation Sdn Berhad	10/26	AA-	4.558	5	4.689	23/10/2018	-13	66
Southern Power Generation Sdn Berhad	04/27	AA-	4.569	5	4.645	13/12/2018	-8	67
Southern Power Generation Sdn Berhad	04/28	AA-	4.579	20	4.639	16/01/2019	-6	67
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	12/28	AA-	4.666	10	4.749	17/01/2019	-8	78
Southern Power Generation Sdn Berhad	04/29	AA-	4.611	10	4.699	05/12/2018	-9	72
Southern Power Generation Sdn Berhad	04/31	AA-	4.649	10	4.778	19/11/2018	-13	76
Southern Power Generation Sdn Berhad	10/34	AA-	4.953	5	4.973	19/02/2019	-2	67
Bank Islam Malaysia Berhad	12/25	A1	4.382	10	4.572	30/10/2018	-19	53
Affin Bank Berhad	07/18	A3	5.102	10	5.454	12/02/2019	-35	62
DRB-Hicom Berhad	02/22	A+	6.018	22	5.896	19/02/2019	12	245
				<u>678</u>				

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

## Market/Corporate News: What's Brewing

**Ranhill Holdings Berhad plans to team up with Thailand's Treasure Specialty Co. Ltd (TS Co) to look into the setting up of a 1,150MW combined cycle gas turbine power plant in Kedah.** Ranhill said on Wednesday its board had approved the execution of a collaboration agreement with TS Co. It said the intention was to export the entire power generated from the power plant to Thailand. TS Co is the adviser for Ranhill's Thai water businesses and moving forward will jointly develop and co-invest with Ranhill in new water concessions in Thailand. "For the purpose of the project, TS Co will be the co-promoter of the project with Ranhill and will take the lead in project development aspect on the Thailand side," it said. Ranhill said the proposed project, utilising existing infrastructure for gas-fired power plant, will be able to provide a cost competitive solution to the provision of clean electricity power to the provinces of Southern Thailand. (Source: The Star)

**Being the world's biggest sukuk issuer, Malaysia is set to attract more demand for syariah-compliant bond worldwide via an initiative taken by the Qatar Financial Centre (QFC) to serve the US\$2 trillion global Islamic finance market, said the Bond and Sukuk Information Exchange (BIX Malaysia).** BIX manager Ahmad Al Izham Izadin said that there were huge opportunities for Malaysia to leverage this ambitious plan, serving not just Muslim countries but also non-Muslim countries seeking Islamic

financing. "By having this alliance too, other countries can actually take advantage of the demand from investors in Malaysia. "(And) at the same time, we can also have more options by having other countries joining us in terms of investments. But, of course, we have to be careful of the currency," he told Bernama on the sidelines of the Second Islamic Fintech Dialogue 2019 (IFD2019), here yesterday. In December last year, Qatar announced its initiative with Malaysia and Turkey to serve the global Islamic finance market from hubs in the three countries using common platforms and technology as it moved away its high dependence on the oil and gas sector. Under the plan, QFC chief executive officer Yousef Mohamed Al Jaida was reported as saying that "Turkey would cover Islamic finance needs in Europe, Qatar would serve the greater Middle East and Malaysia would sell to Asia". (Source: *The Star/Bernama*)

**Lower contribution from the plantation segment, coupled with net foreign currency translation loss on its foreign-currency denominated borrowings and deposits, dragged IOI Corp Bhd's net profit down 67% in its second quarter ended Dec 31, 2018 (2QFY19).** Consequently, its 2QFY19 net profit fell to RM195.5 million from RM595.9 million in the previous year, which trimmed earnings per share to 3.11 sen from 9.48 sen. Revenue slipped 6.4% to RM1.88 billion from RM2.01 billion. Notwithstanding the weaker 2QFY19 results, the group declared a first interim dividend of 3.5 sen which will be paid on March 22. In comparison, the group posted a 4.5 sen payout in the same quarter last year. In its stock exchange filing announcing its results, the group said it incurred a net foreign currency translation loss of RM22.8 million versus a gain of RM188.1 million in the corresponding quarter last year. The plantation segment, meanwhile, was impacted by lower crude palm oil and palm kernel prices realised, the group said, which pulled the segment's profit down by 66% year-on-year to RM117.3 million. "Average CPO price realised for 2Q FY2019 was RM1,932/MT (2Q FY2018 – RM2,644/MT) and average PK price realised for 2Q FY2019 was RM1,444/MT (2Q FY2018 – RM2,621/MT)," the group said. Its resource-based manufacturing segment, however, performed better, registering a higher profit of RM139.3 million compared with RM128.3 million a year ago, thanks to higher sales volume and margins from its oleochemical and refining sub-segments, as well as share of results of its associate Bunge Lodders Croklaan Group B.V. For the cumulative six months ended Dec 31, 2018, IOI Corp's cumulative net profit for first half of FY19 fell 65% to RM339.3 million from RM955.9 million previously, while revenue slipped 3% to RM3.76 billion from RM3.88 billion. The group said it expects to perform satisfactorily in the next two quarters in FY2019 on the back of improved CPO prices and rising demand in its oleochemical business. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
IJM Land Berhad	Proposed Perpetual Sukuk Programme of RM2.0 billion in nominal value based on the Shariah Principle of Musharakah	A2(S)/Stable	Assigned
IJM Corporation Berhad	RM3 billion Sukuk Programme	AA3/Stable	Reaffirmed

Source: RAM, MARC

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