

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.40	-7
5-yr UST	2.33	-10
10-yr UST	2.53	-9
30-yr UST	2.97	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.42	0	3.54	-1
5-yr	3.58	2	3.71	-1
7-yr	3.79	1	3.88	0
10-yr	3.82	0	3.96	-2
15-yr	4.20	3	4.28	0
20-yr	4.40	1	4.50	-1
30-yr	4.61	0	4.75	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.58	0
3-yr	3.59	0
5-yr	3.68	-1
7-yr	3.80	0
10-yr	4.00	2

Source : Bloomberg

Upcoming Government Bond Tender

Re-opening of 30Y MGS 7/48 bonds (RM2.0b auction + RM2.0b Private placement) on Thursday, 21st March

US Treasuries

- US Treasuries ended bullish as the Fed confirmed the case of no hike in 2019 and ending QE unwind in September as it voted unanimously to keep the Fed Funds Rate unchanged at 2.25-2.50% as widely expected in yesterday's FOMC meeting. The curve shifted lower as overall benchmark yields ended 5-10bps sharply lower. The UST 2Y ended 7bps down at 2.40% and the much-watched 10Y bond rallied 9bps lower at 2.53%. The Fed said that growth has slowed from its earlier solid growth and that job growth is now just a tad softer than its previous strong move. It has entirely brushed off earlier projection for two hikes, with the median projection of its dot plot now signaling no hike at all for 2019 and just one for 2020 versus market pricing for a cut. Meanwhile a pick-up in inflation could turn the Fed hawkish again if labor market conditions continue to be upbeat. Upcoming data include Markit US manufacturing, services and composite data.

MGS/GII

- Local govies saw momentum ease slightly with volume at RM2.46b with investor attention still focused on Malaysia Invest 2019 yesterday. Interest was seen in the MGS off-the-run 20-21's and also the benchmark GII 3Y and 10Y bonds. Overall benchmark yields ended mostly mixed between -2 to +3bps as MGS and GII bonds diverged yield-wise! The 5Y benchmark MGS 4/23 jumped 2bps at 3.58% whilst the 10Y MGS 8/29 continued to be untraded at 3.82%. GII bonds rose sharply to form 70% of overall trades. Portfolio outflows have abated recently somewhat spurred by the dovish tones of both the Fed and BNM. Attention is expected to be focused on today's 30Y MGS auction whilst up next on the data front are the CPI numbers scheduled for release tomorrow.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk gained traction as volume notched a respectable RM450m with interest seen across the GG to Single-A part of the curve. Govt-guaranteed PTPTN 32's edged 1bps at 4.44% compared to previous-done levels whereas the 12/34 tranche moved sharply lower at 4.52%. AAA-rated AMAN 25's closed 9-13bps lower at 4.23% area whereas TNB 37-38's also ended 5-7bps lower between 4.53-4.70%. UEM Sunrise 23-25's closed 1-5bps lower between 4.63-4.67% levels following updates on the company's prospects at the sidelines of the Invest Malaysia 2019 seminar yesterday. The banking space saw AmBank 6/20 close 2bps lower at 4.11% whilst CIMB Group Perp 2116NC23 also ended lower on yields at 4.91%. Expect interest to be robust in this space for now.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/19	3.340	2	3.303	19/03/2019	4
MGS	10/19	3.366	62	3.379	19/03/2019	-1
MGS	11/19	3.374	17	3.380	19/03/2019	-1
MGS	03/20	3.371	51	3.381	19/03/2019	-1
MGS	07/20	3.409	1	3.395	19/03/2019	1
MGS	10/20	3.413	102	3.414	19/03/2019	0
MGS	07/21	3.434	23	3.457	19/03/2019	-2
MGS	09/21	3.455	50	3.468	18/03/2019	-1
MGS	11/21	3.434	5	3.431	19/03/2019	0
MGS	03/22	3.416	6	3.414	19/03/2019	0
MGS	08/22	3.513	3	3.512	19/03/2019	0
MGS	03/23	3.567	30	3.613	19/03/2019	-5
MGS	04/23	3.584	30	3.563	19/03/2019	2
MGS	08/23	3.643	25	3.661	18/03/2019	-2
MGS	07/24	3.740	9	3.742	19/03/2019	0
MGS	09/24	3.748	61	3.760	19/03/2019	-1
MGS	09/25	3.800	10	3.806	19/03/2019	-1
MGS	04/26	3.894	10	3.859	19/03/2019	4
MGS	07/26	3.789	32	3.782	19/03/2019	1
MGS	06/28	3.900	111	3.908	19/03/2019	-1
MGS	06/31	4.146	3	4.137	15/03/2019	1
MGS	04/33	4.185	1	4.238	19/03/2019	-5
MGS	11/33	4.199	44	4.168	15/03/2019	3
MGS	06/38	4.396	2	4.389	14/03/2019	1
MGS	03/46	4.726	72	4.733	18/03/2019	-1
GII	04/20	3.465	2	3.435	15/03/2019	3
GII	03/22	3.535	140	3.539	19/03/2019	0
GII	11/23	3.713	60	3.718	19/03/2019	0
GII	08/24	3.817	110	3.828	19/03/2019	-1
GII	08/25	3.884	20	3.884	19/03/2019	0
GII	10/25	3.903	90	3.937	18/03/2019	-3
GII	09/26	3.946	90	3.954	19/03/2019	-1
GII	07/27	3.981	62	3.995	19/03/2019	-1
GII	10/28	4.046	170	4.052	19/03/2019	-1
GII	07/29	3.957	563	3.974	19/03/2019	-2
GII	09/30	4.113	32	4.129	13/03/2019	-2
GII	06/33	4.280	60	4.280	19/03/2019	0
GII	08/33	4.291	50	4.296	19/03/2019	0
GII	08/37	4.502	195	4.513	19/03/2019	-1
GII	09/39	4.442	30	4.445	19/03/2019	0
GII	05/47	4.752	27	4.750	18/03/2019	0
			<u>2463</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	03/32	GG	4.440	75	4.450	14/03/2019	-1	25
Perbadanan Tabung Pendidikan Tinggi Nasional	08/32	GG	4.439	15	4.449	15/03/2019	-1	25
GovCo Holdings Berhad	09/32	GG	4.514	10	4.526	07/03/2019	-1	32
Perbadanan Tabung Pendidikan Tinggi Nasional	12/34	GG	4.520	20	4.930	14/03/2017	-41	33
Lembaga Pembiayaan Perumahan Sektor Awam	09/36	GG	4.564	20	4.638	21/02/2019	-7	15
Manjung Island Energy Berhad	11/20	AAA	3.999	20	4.026	17/01/2019	-3	59
GENM Capital Berhad	07/23	AAA	4.468	1	4.550	07/03/2019	-8	94
Putrajaya Holdings Sdn Berhad	04/24	AAA	4.122	30	4.356	29/10/2018	-23	55
Malaysia Airports Capital Berhad	12/24	AAA	4.192	20	4.387	18/10/2018	-19	48
Aman Sukuk Berhad	03/25	AAA	4.227	10	4.360	15/01/2019	-13	52
Aman Sukuk Berhad	05/25	AAA	4.228	10	4.322	21/02/2019	-9	52
Bank Pembangunan Malaysia Berhad	03/27	AAA	4.479	5	4.479	06/03/2019	0	66
TNB Northern Energy Berhad	05/28	AAA	4.349	10	4.550	26/12/2018	-20	50
Rantau Abang Capital Berhad	03/29	AAA	4.275	5	4.349	06/03/2019	-7	43
Tenaga Nasional Berhad	08/33	AAA	4.531	20	4.579	12/03/2019	-5	34
Tenaga Nasional Berhad	08/37	AAA	4.699	10	4.719	13/03/2019	-2	29
Sabah Development Bank Berhad	05/22	AA1	5.221	1	5.018	07/01/2019	20	180
YTL Power International Berhad	05/27	AA1	4.677	10	4.697	15/03/2019	-2	85
AmBank (M) Berhad	06/20	AA2	4.110	20	4.129	06/03/2019	-2	73
Anih Berhad	11/28	AA	4.608	10	4.626	19/03/2019	-2	77
Anih Berhad	11/29	AA	4.638	20	4.678	08/03/2019	-4	80
Bumitama Agri Ltd	08/19	AA3	4.267	15	4.299	18/03/2019	-3	89
Mumtaz Rakyat Sukuk Berhad	06/26	AA3	4.473	10	4.503	18/02/2019	-3	69
UEM Sunrise Berhad	10/23	AA-	4.628	6	4.677	26/02/2019	-5	105
UEM Sunrise Berhad	12/24	AA-	4.620	15	4.669	11/03/2019	-5	91
UEM Sunrise Berhad	10/25	AA-	4.668	10	4.682	19/03/2019	-1	88
Southern Power Generation Sdn Berhad	10/26	AA-	4.472	10	4.558	20/02/2019	-9	65
Serba Dinamik Holdings Berhad	10/28	AA-	5.049	1	5.050	15/03/2019	0	121
Southern Power Generation Sdn Berhad	10/35	AA-	5.008	10	5.008	13/03/2019	0	82
Affin Islamic Bank Berhad	10/28	A1	4.847	2	4.854	01/03/2019	-1	100
CIMB Group Holdings Berhad	05/16	A1	4.907	20	4.933	13/03/2019	-3	50
IJM Land Berhad	03/19	A2	5.457	10	5.457	18/03/2019	0	105
				<u>450</u>				

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

Market/Corporate News: What's Brewing

Sunway Bhd said its indirect wholly-owned unit Sunway Treasury Sukuk Sdn Bhd (STSSB) has issued the first tranche of its sukuk programme, to raise RM300 million. In an exchange filing today, Sunway said the first Islamic Commercial Papers (ICP) issuance have been issued at a profit rate of 3.90% per annum, subject to terms. It said the ICPs issued by STSSB will not have any impact on the group's share capital, net asset per share, earnings per share, or its substantial shareholding structure. On Jan 29, Sunway announced the setting up of the sukuk programme to raise up to RM10 billion in nominal value to finance its investment activities, capital expenditure and working capital. Proceeds from the seven-year ICPs/Islamic Medium-Term Notes Programme under the syariah principle of Mudharabah, set up via STSSB, will also be used to fund general corporate expenses and for the repayment of existing or future borrowings. Shares of Sunway settled unchanged today at RM1.68, giving the group a market capitalisation of RM8.14 billion. (Source: *The EdgeMarkets*)

UEM Sunrise Bhd plans to launch RM1.6 billion worth of properties in this financial year ending Dec 31, 2019 (FY19). The real estate developer is also targeting RM1.2 billion worth of property sales during the year. Managing director and chief executive officer Anwar Syahrin Abdul Ajib said UEM Sunrise is planning property launches in the Klang Valley in the Kepong and Bangi areas. In Johor, Anwar Syahrin said the group intends to launch properties in Gerbang Nusajaya. "We are planning a few pockets (of) launches, (they will) be smaller-sized launches of about 150 to 200 units compared with 400 units previously," Anwar Syahrin told reporters at the Invest Malaysia Kuala Lumpur 2019 event here today. Reporters also asked Anwar Syahrin on UEM Sunrise's non-core

asset monetisation. He said the group's plan to dispose of pockets of land is ongoing and is expected to be completed by the second half of this year. "Our plans to monetise non-core assets is ongoing. We still have pockets of land that we feel are not for us to (develop), so we want to get other people to come in. If the price is right, we are okay to talk. "It will take time. Discussions are always tough. People don't want to overpay for land. So we hope we can have something solid around the third or fourth quarter of this year," he said. (Source: *The EdgeMarkets*)

Malaysia's poultry producer Leong Hup International and fast food operator QSR Brands are in advanced stages of launching their initial public offerings in the second quarter, which would revive the nation's moribund primary market, sources said. The IPOs, which were postponed last year due to weak markets, could together raise as much as \$900 million, the sources said, adding that the offerings could hit the market as early as April. Total fundraising from Malaysian IPOs plunged to \$170 million in 2018, the lowest in 20 years, and compared with \$1.8 billion raised in 2017, according to Refinitiv data. "International investors have been generally underweight on Malaysia, so there is definitely an interest to look at opportunities," said one banker. Malaysian stocks took a beating in May after veteran leader Mahathir Mohamad ousted the ruling coalition of more than six decades in the country's elections, creating uncertainty over the new government's policies. The benchmark stock index fell 6 percent last year, in line with regional markets. In response to a Reuters query, Leong Hup said it was in the midst of obtaining necessary regulatory approvals for the IPO. QSR did not immediately provide a response. Leong Hup, which is majority-owned by the founding Lau family and counts PE firm Affinity Equity Partners as an investor, is in talks to finalise cornerstone investors and set an indicative price band for its IPO, bankers said. Both local and foreign funds are expected to take stakes in Leong Hup, another banker said. QSR, the country's biggest fast food chain, which counts the investment arm of Johor state and PE firm CVC among its investors, is also set to start negotiations with cornerstone investors, the sources said. Both companies, whose IPOs have been pending for more than a year, are in the process of submitting updated financial statements to the regulators, the sources added. The size of Leong Hup's offering could be smaller than initially planned due to choppy markets, they said. Last year, sources had said Leong Hup was seeking a \$600 million IPO, while QSR said it was looking to raise \$500 million. On Tuesday, Mahathir said Malaysia may list certain state-owned entities as it seeks to boost revenue. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Alpha Circle Sdn Bhd	RM540 million Senior Sukuk Musharakah	AA-IS	Affirmed
	RM55 million Junior Sukuk Musharakah	A-IS	Affirmed

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.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.