

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.81	4
5-yr UST	1.79	2
10-yr UST	2.03	1
30-yr UST	2.54	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.36	0	3.37	-1
5-yr	3.42	-4	3.46	-5
7-yr	3.58	-5	3.61	-6
10-yr	3.64	-5	3.67	-5
15-yr	3.96	-4	3.96	-4
20-yr	4.11	-5	4.12	-6
30-yr	4.41	-2	4.49	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.38	-2
3-yr	3.38	-3
5-yr	3.44	-3
7-yr	3.51	-5
10-yr	3.70	-5

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries pulled back on Thursday; led by the front-ends as the curve flattened as traders continued to react to the Fed's MPC announcement prior day. Overall benchmark yields rose between 0-4bps higher with the UST 2Y closing 4bps up at 1.81% and the much-watched 10Y briefly breaching 2.00% again before edging 1bps higher at 1.81%. UST's are also seen benefitting from safe-haven bids amid rising geopolitical tensions in the middle-east following the shooting down of a US military surveillance drone by Iranian forces. Meanwhile The Fed fund futures is now pricing in a 80% odds for a rate cut in July and 74% for another subsequent cut in September 2019, while the Fed's interest rate projection via dot-plot has shifted lower with almost half of the policy makers projecting rate cut now. Up next on the data front are the release of PMI data for June tonight.

MGS/GII

Trading momentum in local govies spiked on a strong rally seen across most tenures as secondary market volume notched RM8.69b. Benchmark yields were sharply lower between 0-6bps as strong interest was mainly seen in both the shorter off-the-run 19-20's, 26-28's and also the benchmark 10Y bonds. The benchmark 5Y MGS 4/23 rallied 4bps lower at 3.42% whilst the 10Y MGS 8/29 closed 5bps lower as well at 3.64% respectively. GII bond trades formed about 34% of overall trades. Meanwhile investors and traders are weighing the possibility of BNM sanctioning an additional rate cut to the OPR on account of potential slower economic growth from fallout from ongoing global trade issues. Contrary to many other Asian countries, Malaysia's OPR is not languishing at record lows and this gives BNM additional scope to act on policy adjustments.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space similarly saw secondary volume rise to RM735m with interest seen mainly along the AA-part the curve followed by the GG-segment. The belly of the curve saw huge interest with MKD Kenchana, LPPSA and DANA 2025 tranches rallying 10-26bps compared to previous-done levels between 3.60-73% levels. AAA-rated PLUS 21 and 26 similarly closed lower on yields at 3.63% and 3.91% respectively whilst the 2029 tranche closed unchanged at 4.12%. The AA-space again saw EDRA Energy 26-35's dominate the space with ~200m in nominal amounts traded; closing largely lower in yields i.e. between 5-48bps save for 7/29 and 1/30 which closed 23-24bps higher at 4.98-99% area.

Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/19	3.285	2	3.112	19/06/2019	17
MGS	10/19	3.081	808	3.129	19/06/2019	-5
MGS	11/19	3.082	390	3.107	19/06/2019	-3
MGS	03/20	3.162	140	3.159	19/06/2019	0
MGS	07/20	3.159	1	3.223	18/06/2019	-6
MGS	10/20	3.224	8	3.226	19/06/2019	0
MGS	02/21	3.285	70	3.301	19/06/2019	-2
MGS	07/21	3.333	51	3.356	19/06/2019	-2
MGS	09/21	3.335	7	3.333	19/06/2019	0
MGS	11/21	3.333	3	3.344	19/06/2019	-1
MGS	03/22	3.356	399	3.361	19/06/2019	-1
MGS	08/22	3.373	80	3.402	19/06/2019	-3
MGS	09/22	3.403	60	3.404	19/06/2019	0
MGS	03/23	3.425	40	3.437	17/06/2019	-1
MGS	04/23	3.418	101	3.436	19/06/2019	-2
MGS	08/23	3.439	57	3.471	18/06/2019	-3
MGS	06/24	3.423	100	3.456	19/06/2019	-3
MGS	07/24	3.474	58	3.512	19/06/2019	-4
MGS	09/24	3.497	65	3.528	19/06/2019	-3
MGS	03/25	3.560	40	3.584	19/06/2019	-2
MGS	09/25	3.575	101	3.613	19/06/2019	-4
MGS	04/26	3.615	3	3.689	19/06/2019	-7
MGS	07/26	3.575	542	3.623	19/06/2019	-5
MGS	11/26	3.628	160	3.675	19/06/2019	-5
MGS	11/27	3.696	200	3.752	19/06/2019	-6
MGS	06/28	3.693	452	3.753	19/06/2019	-6
MGS	08/29	3.641	676	3.694	19/06/2019	-5
MGS	04/30	3.784	97	3.837	18/06/2019	-5
MGS	06/31	3.839	120	3.881	19/06/2019	-4
MGS	04/33	3.966	80	4.005	19/06/2019	-4
MGS	11/33	3.961	430	3.997	19/06/2019	-4
MGS	05/35	4.058	5	4.080	19/06/2019	-2
MGS	06/38	4.113	331	4.164	18/06/2019	-5
MGS	07/48	4.414	36	4.429	19/06/2019	-2
GII	04/20	3.172	80	3.210	18/06/2019	-4
GII	05/20	3.195	100	3.218	12/06/2019	-2
GII	06/20	3.194	410	3.218	13/06/2019	-2
GII	08/20	3.203	50	3.193	14/06/2019	1
GII	04/21	3.299	50	3.337	18/06/2019	-4
GII	08/21	3.333	20	3.362	11/06/2019	-3
GII	03/22	3.367	163	3.381	19/06/2019	-1
GII	07/22	3.391	35	3.417	18/06/2019	-3
GII	11/22	3.431	40	3.447	18/06/2019	-2
GII	03/23	3.441	40	3.490	18/06/2019	-5
GII	07/23	3.440	10	3.480	14/06/2019	-4
GII	11/23	3.456	20	3.475	19/06/2019	-2
GII	08/24	3.498	260	3.545	19/06/2019	-5
GII	10/24	3.462	180	3.503	19/06/2019	-4
GII	08/25	3.586	50	3.628	19/06/2019	-4
GII	03/26	3.608	310	3.667	18/06/2019	-6
GII	09/26	3.612	110	3.681	19/06/2019	-7
GII	07/27	3.719	10	3.725	19/06/2019	-1
GII	10/28	3.681	300	3.742	19/06/2019	-6
GII	07/29	3.669	310	3.718	19/06/2019	-5
GII	09/30	3.751	70	3.843	18/06/2019	-9
GII	06/33	3.964	60	4.002	19/06/2019	-4
GII	08/33	3.977	20	4.023	19/06/2019	-5
GII	11/34	3.966	130	3.988	19/06/2019	-2
GII	10/35	4.061	60	4.113	19/06/2019	-5
GII	08/37	4.101	30	4.165	19/06/2019	-6
GII	09/39	4.115	60	4.180	19/06/2019	-6
			<u>8690</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*
Danainfra Nasional Berhad	07/24	GG	3.559	20	3.779	24/05/2019	-22	14
MKD Kencana Sdn Berhad	02/25	GG	3.730	75	3.910	10/05/2019	-18	21
Lembaga Pembiayaan Perumahan Sektor Awam	04/25	GG	3.600	10	3.859	27/05/2019	-26	8
Lembaga Pembiayaan Perumahan Sektor Awam	10/25	GG	3.631	15	3.892	29/03/2019	-26	11
Danainfra Nasional Berhad	11/25	GG	3.599	30	3.698	18/06/2019	-10	8
Danainfra Nasional Berhad	05/27	GG	3.710	25	3.952	24/05/2019	-24	9
Lembaga Pembiayaan Perumahan Sektor Awam	04/29	GG	3.809	20	4.009	30/05/2019	-20	16
MKD Kencana Sdn Berhad	10/32	GG	4.090	30	4.208	31/05/2019	-12	12
Danainfra Nasional Berhad	04/37	GG	4.140	30	4.230	10/06/2019	-9	2
Danainfra Nasional Berhad	02/49	GG	4.450	35	4.485	19/06/2019	-4	34
Cagamas Berhad	11/20	AAA	3.602	15	3.558	23/05/2019	4	43
Projek Lebuhraya Usahasama Berhad	01/21	AAA	3.634	2	3.888	13/05/2019	-25	34
DiGi Telecommunications Sdn Berhad	04/22	AAA	3.794	20	4.167	12/02/2019	-37	46
Aman Sukuk Berhad	05/25	AAA	3.906	1	3.858	19/06/2019	5	39
Projek Lebuhraya Usahasama Berhad	01/26	AAA	3.909	20	3.945	18/06/2019	-4	34
Projek Lebuhraya Usahasama Berhad	01/29	AAA	4.115	10	4.120	18/06/2019	0	47
Kuala Lumpur Kepong Berhad	09/22	AA1	3.827	10	3.878	18/06/2019	-5	49
YTL Corporation Berhad	04/23	AA1	4.227	10	4.265	13/06/2019	-4	82
Sarawak Energy Berhad	11/28	AA1	4.174	3	4.249	14/05/2019	-7	52
Sarawak Energy Berhad	11/33	AA1	4.309	10	4.346	17/06/2019	-4	34
CIMB Islamic Bank Berhad	09/24	AA+	3.657	1	4.003	15/04/2019	-35	23
CIMB Bank Berhad	08/26	AA+	4.424	1	4.149	12/06/2019	28	86
Celcom Networks Sdn Berhad	10/26	AA+	4.167	5	4.368	05/04/2019	-20	60
Tanjung Bin Power Sdn Berhad	08/19	AA2	3.793	2	4.090	26/03/2019	-30	62
Anih Berhad	11/19	AA	3.827	10	4.245	22/03/2018	-42	66
Anih Berhad	11/21	AA	4.025	10	4.240	23/04/2019	-22	73
Anih Berhad	11/22	AA	4.096	1	4.260	29/04/2019	-16	76
Fortune Premiere Sdn Berhad	09/25	AA	4.355	2	4.367	18/06/2019	-1	84
Anih Berhad	11/25	AA	4.268	2	4.391	03/05/2019	-12	75
Anih Berhad	11/29	AA	4.403	1	4.509	03/05/2019	-11	76
Bandar Serai Development Sdn Berhad	11/19	AA3	3.799	1	3.838	13/06/2019	-4	63
Jimah Energy Ventures Sdn Berhad	11/20	AA3	3.894	10	4.337	14/09/2018	-44	72
Jimah Energy Ventures Sdn Berhad	11/21	AA3	4.007	10	4.178	25/04/2019	-17	72
BGSM Management Sdn Berhad	12/22	AA3	4.150	20	4.196	24/05/2019	-5	75
Edra Energy Sdn Berhad	01/26	AA3	4.734	5	5.210	14/06/2019	-48	117
Edra Energy Sdn Berhad	07/26	AA3	4.756	13	4.908	14/06/2019	-15	119
Edra Energy Sdn Berhad	07/28	AA3	4.855	5	5.148	21/05/2019	-29	120
AmBank (M) Berhad	11/28	AA3	4.487	10	4.667	04/04/2019	-18	83
Edra Energy Sdn Berhad	01/29	AA3	4.959	20	5.018	13/06/2019	-6	131
IJM Corporation Berhad	04/29	AA3	4.538	2	4.539	19/06/2019	0	89
Edra Energy Sdn Berhad	07/29	AA3	4.980	30	4.750	14/06/2019	23	133
Edra Energy Sdn Berhad	01/30	AA3	4.989	20	4.749	17/06/2019	24	134
Edra Energy Sdn Berhad	07/30	AA3	4.999	30	5.058	12/06/2019	-6	135
Edra Energy Sdn Berhad	07/31	AA3	4.967	10	5.019	19/06/2019	-5	132
Tadau Energy Sdn Berhad	07/31	AA3	5.022	10	5.469	03/12/2018	-45	138
Edra Energy Sdn Berhad	01/32	AA3	4.986	15	5.041	19/06/2019	-6	101
Edra Energy Sdn Berhad	07/32	AA3	4.997	10	5.097	17/06/2019	-10	102
Edra Energy Sdn Berhad	01/34	AA3	5.067	10	5.161	12/06/2019	-9	109
Edra Energy Sdn Berhad	07/34	AA3	5.087	20	5.172	12/06/2019	-9	111
Edra Energy Sdn Berhad	01/35	AA3	5.107	10	5.191	13/06/2019	-8	113
Edra Energy Sdn Berhad	07/35	AA3	5.127	10	5.210	13/06/2019	-8	115
Serba Dinamik Holdings Berhad	10/23	AA-	4.633	10	4.727	12/06/2019	-9	123
Segi Astana Sdn Berhad	01/24	AA-	5.050	1	5.061	17/06/2019	-1	163
WCT Holdings Berhad	04/26	AA-	5.299	10	5.301	19/06/2019	0	173
MMC Corporation Berhad	03/28	AA-	5.280	2	5.359	28/05/2019	-8	163
Serba Dinamik Holdings Berhad	10/28	AA-	4.889	10	4.911	11/06/2019	-2	124
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	11/29	AA-	4.470	1	4.472	19/06/2019	0	82
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	12/32	AA-	4.613	3	4.909	09/01/2019	-30	64
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/39	AA-	5.178	1	5.179	12/06/2019	0	106
MNRB Holdings Berhad	03/29	A1	4.954	1	4.955	14/06/2019	0	131
CIMB Group Holdings Berhad	05/16	A1	4.582	1	4.058	11/06/2019	52	47
				735				

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

Market/Corporate News: What's Brewing

Malaysia's asset management industry which has grown rapidly over the last decades has shown signs of a slowdown amid fundamental shifts which are expected to alter the business landscape, said Securities Commission Malaysia (SC) chairman, Datuk Syed Zaid Albar. He said over the past 20 years, the industry had been recording strong growth with a compound annual growth rate of 16 per cent. "The focus on the asset management industry is timely as data from the last five years suggested that it might have reached an inflection point with signs pointing to slowing future growth. "Concerns over the growth trajectory are also given impetus as industry shortcomings are increasingly raised by the investors and industry themselves," Syed Zaid said on Thursday. He said this in a keynote address in conjunction with the launch here of the first joint research report of the Institute for Capital Market Research (ICMR) and the Nomura Institute for Capital Markets Research (NICMR) based in Japan, themed "The Evolving Business of Asset Management: Malaysia's Perspective." The ICMR was established by the SC in February 2018 as a think tank initiatives dedicated towards facilitating further acceleration of the growth momentum, while ensuring it remains inclusive, sustainable and resilient. Syed Zaid said from the business environment lens, this report recognised that the industry must contend with structural shifts which are reshaping the very nature of asset management. These included the changing demographic trend and investor preferences, digitalisation, the availability of appropriately skilled talents, as well as market structure and regulations, he said. Meanwhile, ICMR director Datin Azleen Osman Rani said the asset management industry needed revitalisation and more innovation given the fast changing economic and financial landscapes. She said among the key highlights of the report was that the changing preferences of customers was the most critical external shift affecting the business over the next 12 to 24 months. In light of this, she said increasing demand was seen especially in sustainable and responsible investment funds, private mandate and wholesale funds, as well as non-domestic equities and alternatives. The report also found that the existing talent pool are not aligned with the broad direction the investors expected, while most asset managers also envisaged that digitalisation will highly impact their businesses. Azleen said the report had also highlighted some recommendations such as the need for the industry to diversify to revitalise it. There was also a need to look at how asset managers could internationalise by tapping into the growing wealth in emerging markets, as well as attracting foreign inflows to diversify the investor base, she said. "This could be achieved through further regulatory harmonisation efforts, as well as private sector driven initiatives such as cross-border merger and acquisition or partnership structures," she added. (Source: *The EdgeMarkets*)

Aabar Investments PJS sold 231 million RHB Bank Bhd shares at RM5.45 each for a total of RM1.26bil, Bloomberg reported yesterday. The shares, at RM5.45, were at the top end of the indicative range, according to terms for the deal obtained by the news agency. Aabar, which is a unit of Abu Dhabi sovereign wealth fund Mubadala Investment Co, was initially marketing 156 million shares of RHB Bank at RM5.43 to RM5.45 apiece. The placement price was a 1.1% discount to RHB Bank's last close of RM5.51. Placement shares represent 5.76% of RHB Bank's shares outstanding. Prior to the latest sale, Aabar had a 9.99% stake, or 400.52 million shares, in the bank. Aabar will be subject to a 60-day lock-up period on the remaining stake. JPMorgan and CIMB are joint bookrunners, Bloomberg reported. Aabar had been looking to pare down its stake in RHB Bank, as it saw the stake as a non-core asset. Aabar first emerged as a substantial shareholder in Malaysia's fourth-largest lender by asset size in 2011 after it acquired a 24.9% stake in the bank from sister company Abu Dhabi Commercial Bank. It was noted that Aabar had paid RM10.80 a share, or 2.2 times the book value, for the shares in RHB Bank. The stake was later diluted to 17.7% in 2016 because the fund did not take up the

rights shares issued by RHB Bank. While the stake sale price would be a slight discount to RHB Bank's current price, Aabar would not be selling its stake at a loss, as bankers noted that Aabar had been collecting dividends as a substantial shareholder for the past eight years. And this would offset its holding cost, they explained. In August last year, Aabar sold 120.3 million shares in RHB Bank at RM5.12 per share, netting an estimated RM615.94mil. Aabar's stake came down to about 14.5% after the August disposal. In March this year, Aabar disposed of another 3% or 191 million shares in RHB Bank for RM1.05bil, also via a book-building exercise. The Employees Provident Fund is the largest shareholder in RHB Bank, with 40.56% or 1.63 billion shares, followed by OSK Holdings Bhd with 10.13% or 406.17 million shares. (Source: *The Star/Bloomberg*)

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 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.