

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.41	1
5-yr UST	2.34	1
10-yr UST	2.54	1
30-yr UST	2.97	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.41	0	3.51	-3
5-yr	3.56	-3	3.68	-3
7-yr	3.75	-4	3.84	-4
10-yr	3.80	-2	3.88	-8
15-yr	4.15	-4	4.24	-4
20-yr	4.35	-4	4.47	-4
30-yr	4.60	-1	4.70	-5

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.56	-2
3-yr	3.58	-1
5-yr	3.67	0
7-yr	3.79	0
10-yr	3.97	-3

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries ended somewhat flat-to-weaker; giving up earlier gains as overall benchmark yields ended within 1bps of prior day's move. Both the UST 2Y and the much-watched 10Y edged 1bps following its earlier 7-9bps rally at 2.41% and the and 2.54% respectively. Bond traders are watching a prominent predictor of recession i.e. both the 2s10s spread and also the gap between the 3-month and 10Y UST which has narrowed to its tightest ever since 2007. To recap, the Fed has changed its earlier projection for two (2) hikes, with the median projection of its dot plot now signaling no hike at all for 2019 and just one for 2020. Markets are however expecting a cut going forward. Upcoming data include Markit US manufacturing, services and composite data scheduled for release tonight.

MGS/GII

- Local govvnies saw massive rally yesterday with volume at RM6.51b following spillover interest in to EM due to FOMC's dovish-like tone in the US and successful completion of the Malaysia Invest 2019 seminar. Interest was seen across the curve as overall benchmark yields ended 1-8bps sharply lower; led by lower interest rate swap levels. The 5Y benchmark MGS 4/23 jumped 3bps at 3.56% whilst the 10Y MGS 8/29 closed 2bps lower at 3.80%. GII bonds formed 50% of overall trades. Meanwhile, the 30Y MGS auction saw weaker-than-expected BTC ratio of 1.72x with the average yield at 4.592%. Up next on the data front are the CPI numbers and foreign reserves today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk gained solid traction as volume notched a huge RM1.2b with interest seen mainly across the GG-segment especially in the belly, followed by the AAA-AA part of the curve. Both PTPTN 7/26 and PRASA 9/25 saw nominal amounts of RM100-140m traded each; closing sharply lower on yields at 4.05% and 3.95% respectively compared to previous-done levels. The highest gain was recorded by PRASA 11/27 which rallied 26bps at 4.04%. Both AAA-rated CAGAMAS 11/22 and BAKUN Hydropower 8/24 (previously known as Sarawak Hidro) ended 8-9bps lower at 4.05% and 4.21% respectively. A slew of AA-rated EDRA Energy bonds namely the 2029-2038 tranches closed 0-2bps lower. The banking space saw Hong Leong Islamic Bank 24NC19 edge 2bps lower at 4.05% whilst Sabah Development Bank 7/20 closed strongly at 4.62%. We expect robust interest to continue.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/19	3.327	103	3.340	20/03/2019	-1
MGS	10/19	3.378	242	3.366	20/03/2019	1
MGS	11/19	3.377	130	3.380	19/03/2019	0
MGS	03/20	3.371	250	2.596	20/03/2019	78
MGS	10/20	3.410	1	3.413	20/03/2019	0
MGS	02/21	3.440	8	3.445	19/03/2019	0
MGS	07/21	3.425	76	3.444	19/03/2019	-2
MGS	09/21	3.445	118	3.455	20/03/2019	-1
MGS	11/21	3.418	101	3.434	20/03/2019	-2
MGS	03/22	3.412	80	3.417	19/03/2019	0
MGS	08/22	3.505	20	3.476	20/03/2019	3
MGS	09/22	3.505	20	3.517	19/03/2019	-1
MGS	04/23	3.557	259	3.584	20/03/2019	-3
MGS	08/23	3.638	50	3.643	20/03/2019	0
MGS	07/24	3.707	75	3.740	20/03/2019	-3
MGS	09/24	3.723	68	3.748	20/03/2019	-3
MGS	03/25	3.759	125	3.793	19/03/2019	-3
MGS	09/25	3.767	2	3.800	20/03/2019	-3
MGS	04/26	3.829	3	3.859	19/03/2019	-3
MGS	07/26	3.748	280	3.787	20/03/2019	-4
MGS	09/26	3.870	20	3.925	14/03/2019	-5
MGS	11/26	3.831	90	3.878	19/03/2019	-5
MGS	11/27	3.885	1	3.885	19/03/2019	0
MGS	06/28	3.869	188	3.908	20/03/2019	-4
MGS	08/29	3.803	116	3.824	18/03/2019	-2
MGS	04/30	3.969	51	4.046	19/03/2019	-8
MGS	06/31	4.127	130	4.146	20/03/2019	-2
MGS	04/33	4.171	98	4.185	20/03/2019	-1
MGS	11/33	4.154	117	4.199	20/03/2019	-4
MGS	05/35	4.310	20	4.371	19/03/2019	-6
MGS	04/37	4.382	52	4.440	20/03/2019	-6
MGS	06/38	4.351	20	4.362	20/03/2019	-1
MGS	03/46	4.690	34	4.726	20/03/2019	-4
MGS	07/48	4.597	290	4.608	18/03/2019	-1
GII	04/19	3.331	34	3.379	19/03/2019	-5
GII	09/19	3.368	100	3.388	19/03/2019	-2
GII	03/21	3.491	100	3.497	19/03/2019	-1
GII	04/21	3.471	30	3.502	19/03/2019	-3
GII	03/22	3.507	116	3.535	20/03/2019	-3
GII	07/22	3.611	1	3.639	15/03/2019	-3
GII	11/23	3.680	354	3.715	20/03/2019	-3
GII	08/24	3.780	290	3.817	20/03/2019	-4
GII	08/25	3.843	532	3.884	20/03/2019	-4
GII	10/25	3.903	20	3.903	20/03/2019	0
GII	09/26	3.915	20	3.946	20/03/2019	-3
GII	07/27	3.945	70	3.989	20/03/2019	-4
GII	10/28	3.983	531	4.046	20/03/2019	-6
GII	07/29	3.880	407	3.957	20/03/2019	-8
GII	09/30	4.119	39	4.113	20/03/2019	1
GII	06/33	4.242	370	4.280	20/03/2019	-4
GII	08/33	4.282	20	4.291	20/03/2019	-1
GII	10/35	4.346	110	4.443	19/03/2019	-10
GII	08/37	4.465	90	4.502	20/03/2019	-4
GII	09/39	4.437	21	4.442	20/03/2019	0
GII	05/47	4.701	20	4.752	20/03/2019	-5
			<u>6511</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	02/23	GG	3.839	25	4.031	17/01/2019	-19	33
Prasarana Malaysia Berhad	03/25	GG	3.945	40	4.070	19/02/2019	-13	26
Prasarana Malaysia Berhad	09/25	GG	3.954	100	4.158	24/01/2019	-20	27
Pengurusan Air SPV Berhad	09/25	GG	3.950	70	4.139	16/01/2019	-19	20
Pengurusan Air SPV Berhad	02/26	GG	3.960	30	4.100	19/02/2019	-14	21
Pengurusan Air SPV Berhad	02/26	GG	3.960	15	-	-	-	21
Prasarana Malaysia Berhad	02/26	GG	3.980	20	4.046	08/03/2019	-7	23
Perbadanan Tabung Pendidikan Tinggi Nasional	07/26	GG	4.049	140	4.079	15/03/2019	-3	30
Prasarana Malaysia Berhad	08/26	GG	4.000	25	4.094	07/03/2019	-9	25
Danainfra Nasional Berhad	10/26	GG	4.000	30	4.160	22/02/2019	-16	22
Danainfra Nasional Berhad	03/27	GG	4.009	40	4.192	14/02/2019	-18	22
Danainfra Nasional Berhad	07/27	GG	4.031	10	4.118	13/03/2019	-9	25
Prasarana Malaysia Berhad	09/27	GG	4.031	60	4.159	06/03/2019	-13	25
Danainfra Nasional Berhad	11/27	GG	4.041	5	4.305	09/01/2019	-26	23
Prasarana Malaysia Berhad	12/27	GG	4.040	45	4.239	13/02/2019	-20	23
Prasarana Malaysia Berhad	12/27	GG	4.028	35	4.191	06/03/2019	-16	22
Danainfra Nasional Berhad	05/28	GG	4.080	5	4.219	21/02/2019	-14	27
Danainfra Nasional Berhad	10/28	GG	4.101	15	4.231	05/03/2019	-13	31
Danainfra Nasional Berhad	11/28	GG	4.094	50	4.250	14/02/2019	-16	30
Prasarana Malaysia Berhad	09/29	GG	4.099	5	4.232	05/03/2019	-13	31
Perbadanan Tabung Pendidikan Tinggi Nasional	08/32	GG	4.400	20	4.439	20/03/2019	-4	24
Perbadanan Tabung Pendidikan Tinggi Nasional	01/33	GG	4.420	20	4.529	21/02/2019	-11	26
Lembaga Pembiayaan Perumahan Sektor Awam	10/38	GG	4.569	90	4.629	14/03/2019	-6	22
Cagamas Berhad	11/22	AAA	4.046	30	4.126	12/02/2019	-8	54
GENM Capital Berhad	07/23	AAA	4.467	1	4.468	20/03/2019	0	96
CIMB Bank Berhad	05/24	AAA	4.219	5	4.423	23/11/2018	-20	67
Bakun Hydro Power Generation Sdn Berhad (fka : Bakun Hydro Power Generation Sdn Berhad)	08/24	AAA	4.207	20	4.298	22/02/2019	-9	66
GENM Capital Berhad	07/28	AAA	4.949	1	4.765	27/02/2019	18	114
Tenaga Nasional Berhad	08/32	AAA	4.445	5	4.680	18/01/2019	-23	28
Tenaga Nasional Berhad	08/37	AAA	4.665	5	4.699	20/03/2019	-3	31
Celcom Networks Sdn Berhad	08/19	AA+	3.905	5	3.921	12/03/2019	-2	54
Sabah Development Bank Berhad	07/20	AA1	4.618	10	4.823	19/03/2019	-21	125
Sabah Credit Corporation	02/22	AA1	4.381	9	4.659	15/03/2018	-28	97
Samalaju Industrial Port Sdn Berhad	12/23	AA1	4.257	10	4.448	20/09/2017	-19	71
Hong Leong Islamic Bank Berhad	06/24	AA1	4.050	10	4.071	18/03/2019	-2	50
Celcom Networks Sdn Berhad	08/27	AA+	4.457	10	4.648	07/02/2019	-19	67
YTL Power International Berhad	08/28	AA1	4.738	10	4.909	08/02/2019	-17	93
Sarawak Energy Berhad	12/32	AA1	4.627	10	4.627	13/03/2019	0	46
Sarawak Energy Berhad	08/35	AA1	4.829	10	4.939	29/01/2019	-11	67
Tanjung Bin Power Sdn Berhad	08/27	AA2	4.528	9	4.799	11/07/2018	-27	74
Anih Berhad	11/24	AA	4.437	10	4.576	23/10/2018	-14	75
Anih Berhad	11/28	AA	4.606	14	4.608	20/03/2019	0	81
Edra Energy Sdn Berhad	01/24	AA3	5.297	10	5.403	14/02/2019	-11	175
Mumtaz Rakyat Sukuk Berhad	06/26	AA3	4.469	10	4.473	20/03/2019	0	72
Serba Dinamik Holdings Berhad	10/28	AA-	5.089	20	5.049	20/03/2019	4	130
Edra Energy Sdn Berhad	07/29	AA3	5.780	4	5.780	18/03/2019	0	199
Edra Energy Sdn Berhad	07/31	AA3	5.908	1	5.919	07/03/2019	-1	211
Edra Energy Sdn Berhad	07/32	AA3	5.968	1	5.979	07/03/2019	-1	180
Edra Energy Sdn Berhad	07/34	AA3	6.099	5	6.119	08/03/2019	-2	194
Edra Energy Sdn Berhad	01/38	AA3	6.298	15	6.299	07/03/2019	0	194
SAJ Capital Sdn Berhad	01/20	AA-	4.525	10	4.696	28/01/2019	-17	116
UEM Sunrise Berhad	12/20	AA-	4.425	10	4.465	11/03/2019	-4	103
SAJ Capital Sdn Berhad	01/21	AA-	4.636	10	-	-	-	124
Malakoff Power Berhad	12/22	AA-	4.432	10	4.477	14/01/2019	-4	93
UEM Sunrise Berhad	03/24	AA-	4.640	5	-	-	-	-
UEM Sunrise Berhad	12/24	AA-	4.603	5	4.620	20/03/2019	-2	92
UEM Sunrise Berhad	10/25	AA-	4.678	1	4.668	20/03/2019	1	93
MMC Corporation Berhad	04/27	AA-	5.419	10	5.557	08/11/2018	-14	163
CIMB Group Holdings Berhad	05/16	A1	4.568	1	4.907	20/03/2019	-34	21
IJM Land Berhad	03/19	A2	5.457	1	5.457	20/03/2019	0	110
				<u>1206</u>				

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

Market/Corporate News: What's Brewing

Malaysia Debt Ventures Bhd (MDV), a wholly-owned subsidiary of the Minister of Finance Inc, has recently received approval for the issuance of RM270 million Islamic medium-term notes (iMTN) from its RM1 billion sukuk facility. The technology financier company said the issuance will be used to finance companies under its mandate, primarily small and medium enterprises (SMEs) involved in information and communications technology (ICT), green technology and emerging technology in Malaysia. "The approval will facilitate MDV's existing commitment of timely funding to customers in implementing their projects and generating new economic and employment activities targeted towards supporting technology and growth sectors. "Furthermore, this approval will facilitate MDV's role in assisting SMEs that are looking for small-scale financing of RM3 million to RM5 million that among others are undertaking projects or contracts in telecommunications, energy performance contracting and IT projects," it said in a statement today. Launched to allow MDV to continue financing companies under its technology mandate, the third fund is fully guaranteed by the government. "To-date, the total drawdown of RM500 million demonstrates the government's robust commitment to Malaysia's development in the technology sector as well as its support of MDV's ongoing commitment to financing demands from companies with bankable technology projects," added MDV.. (Source: *The EdgeMarkets*)

Murphy Oil Corp is nearing a deal to sell its Malaysian oil and gas assets to Thailand's PTTEP PCL, people familiar with the matter said, in the latest energy M&A transaction in the Southeast Asian nation. The independent US oil and gas exploration and production company could announce a deal, valued at just over US\$2bil, with the Thai energy company as early as Thursday, said one source, who declined to be identified as the news is not public. Reuters reported in November, citing sources, that Murphy Oil was in talks to sell the assets after an unsolicited bid that could fetch between US\$2bil to US\$3bil. Murphy Oil, which has been in Malaysia for two decades, could not be reached outside regular US business hours. There was no immediate response from PTTEP to a Reuters query. Murphy had tapped banks for the potential sale of its majority interests in eight separate offshore production sharing contracts in Malaysia, sources had said. Others familiar with the matter had suggested Spanish oil major Repsol, whose presence in Malaysia is focused on its upstream business, or other global majors could be potential buyers for Murphy's assets. The potential transaction between Murphy and PTTEP comes as M&A activity is heating up in Malaysia's oil and gas sector, where international companies pursuing expansion plans are spotting opportunities. In September, Austrian oil and gas company OMV agreed on a joint venture with Sapura Energy Bhd, paying US\$540mil for a 50% stake in the exploration assets of the Malaysian firm. In August, citing sources, Reuters reported that US company Hess Corp's Southeast Asian offshore natural gas assets had attracted bid interest from PTTEP and OMV. Hess later said it had no plans to sell its Southeast Asian assets. Malaysian state-owned Petronas partners Murphy in Malaysia. People familiar with Murphy's business had said the company could use the sale proceeds to fund its global expansion plans. In September 2014, Murphy announced the sale of a 30% stake in its Malaysian assets to Indonesian state oil company Pertamina for US\$2bil as it cut its overseas holdings. (Source: *The Star*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Zamarad Assets Berhad (sponsored vehicle under RCE Marketing Sdn Bhd)	Tranche 1 RM195.0 million Class A Sukuk RM45.0 million Class B Sukuk	AAA/Stable AA2/Stable	Assigned Assigned

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.