

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.50	-3
5-yr UST	2.47	-4
10-yr UST	2.65	-4
30-yr UST	3.02	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.57	-1	3.65	0
5-yr	3.70	-1	3.81	-1
7-yr	3.86	0	3.93	-3
10-yr	3.89	0	4.02	0
15-yr	4.31	2	4.38	1
20-yr	4.48	0	4.61	0
30-yr	4.70	-4	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	3.78	2
7-yr	3.90	0
10-yr	4.05	0

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- US Treasuries rallied last Friday with the curve shifting lower amid further Fed comments that was interpreted as dovish-like stance as interest rates are expected to stay pat in the near future. The US President Trump has also extended the deadline to raise tariffs on Chinese goods; a much-wanted progress in US-China trade talks. Benchmark yields reversed prior day's move by closing 3-4bps lower with the 2Y at 2.50% and the much-watched 10Y yields down by 4bps at 2.65%. Further clues are expected to emerge following Fed Chair Powell's testimony before Congress next week on the outlook for rates whilst the Fed is expected to end its balance sheet unwind earlier and that would in turn cause the Fed to turn net buyer which may favor the front-end of the curve.

#### MGS/GII

- Local govies saw momentum fade with volume at RM2.47b. Interest was mainly focused in the off-the-run 19's, 25's and 5Y MGS bonds. Overall benchmarks yields ended mostly mixed between -3 to +2bps save for the ofdd-lot trade on the long bond. Both the 5Y benchmark MGS 4/23 and 10Y MGS 8/29 closed within 1bps lower at 3.70% and 3.89% respectively. GII trades maintained at 47% of overall trades. Meanwhile Fitch Ratings has affirmed Malaysia's Long-term foreign currency issuer default rating at A- with a stable outlook. Meanwhile Malaysia dips into deflation for the 1<sup>st</sup> time in 10 years as January's CPI ended lower whilst foreign reserves as at 15<sup>th</sup> February saw improvement of \$200m to \$102.3b.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw improved secondary demand with volume at RM976m as interest was intact mainly across the GG to AA-part of the curve. Sole Govt-guaranteed trades i.e. DANA 10/26 and 10/36 ended 2-7bps higher instead at 4.16% and 4.65% respectively compared to previous-done levels. AAA-rated CAGAMAS saw several tranches traded with 19's and 31's closing 0-4bps lower at 3.68% and 4.02-03% levels whilst TENAGA 37-38's ended 1-2bps lower between 4.78-82%. In the AA-space, ANIH 11/26 and 11/28 saw RM55m in nominal amounts traded between 0-7bps at 4.62% and 4.69% each whereas energy-related bond i.e. YTL Power edged 1bps lower at 4.78%. The banking space was active with AFFIN Islamic Bank 10/17 and CIMB Group Holdings 5/16 also closing lower on yields at 5.03% and 4.87% respectively.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.277	25	3.290	21/02/2019	-1
MGS	10/19	3.399	284	3.400	21/02/2019	0
MGS	11/19	3.394	134	3.371	21/02/2019	2
MGS	03/20	3.462	1	3.452	21/02/2019	1
MGS	10/20	3.481	20	3.505	21/02/2019	-2
MGS	07/21	3.567	1	3.577	21/02/2019	-1
MGS	09/21	3.627	5	3.624	21/02/2019	0
MGS	11/21	3.572	8	3.580	21/02/2019	-1
MGS	03/22	3.597	7	3.609	21/02/2019	-1
MGS	08/22	3.725	4	3.699	20/02/2019	3
MGS	09/22	3.722	1	3.725	21/02/2019	0
MGS	03/23	3.735	2	3.753	21/02/2019	-2
MGS	04/23	3.704	266	3.709	21/02/2019	0
MGS	08/23	3.763	73	3.795	21/02/2019	-3
MGS	07/24	3.836	1	3.828	21/02/2019	1
MGS	09/24	3.842	4	3.848	21/02/2019	-1
MGS	03/25	3.919	60	3.912	21/02/2019	1
MGS	09/25	3.941	146	3.923	21/02/2019	2
MGS	11/26	3.981	5	3.975	21/02/2019	1
MGS	11/27	4.007	193	3.994	21/02/2019	1
MGS	06/28	3.979	48	3.966	21/02/2019	1
MGS	08/29	3.891	5	3.893	21/02/2019	0
MGS	04/33	4.342	25	4.349	21/02/2019	-1
MGS	11/33	4.308	1	4.290	21/02/2019	2
MGS	04/37	4.463	4	4.477	21/02/2019	-1
MGS	07/48	4.700	1	4.737	21/02/2019	-4
GII	04/20	3.514	40	3.422	21/02/2019	9
GII	04/20	3.527	70	3.556	05/12/2018	-3
GII	03/22	3.645	113	3.642	21/02/2019	0
GII	04/22	3.703	80	3.702	20/02/2019	0
GII	11/23	3.807	47	3.814	21/02/2019	-1
GII	05/24	3.900	200	3.910	21/02/2019	-1
GII	08/24	3.906	2	3.892	20/02/2019	1
GII	08/25	3.934	11	3.960	21/02/2019	-3
GII	10/25	4.028	50	4.010	19/02/2019	2
GII	09/26	4.036	200	4.019	20/02/2019	2
GII	07/27	4.057	40	4.057	21/02/2019	0
GII	10/28	4.087	90	4.082	21/02/2019	0
GII	07/29	4.023	20	4.028	21/02/2019	0
GII	06/33	4.382	50	4.373	21/02/2019	1
GII	08/33	4.398	90	4.398	21/02/2019	0
GII	08/37	4.608	50	4.606	21/02/2019	0
			<u>2472</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	10/26	GG	4.160	35	4.090	25/10/2016	7	26
DanaInfra Nasional Berhad	10/36	GG	4.670	5	4.650	25/10/2016	2	18
Cagamas Berhad	08/19	AAA	3.682	195	3.639	20/02/2019	4	25
Sarawak Hidro Sdn Berhad	08/19	AAA	3.827	20	3.829	30/01/2019	0	39
Cagamas Berhad	09/21	AAA	4.029	45	4.050	07/09/2018	-2	45
Cagamas Berhad	10/21	AAA	4.030	100	-	-	-	45
Cagamas Berhad	10/21	AAA	4.029	50	4.070	13/02/2019	-4	45
Tenaga Nasional Berhad	12/21	AAA	4.026	40	4.051	20/02/2019	-3	45
Sarawak Hidro Sdn Berhad	08/22	AAA	4.209	10	4.240	29/01/2019	-3	63
Sarawak Hidro Sdn Berhad	08/23	AAA	4.260	10	4.318	26/12/2018	-6	58
Aman Sukuk Berhad	05/24	AAA	4.277	10	4.302	18/02/2019	-2	57
Sarawak Hidro Sdn Berhad	08/24	AAA	4.298	20	4.250	05/10/2016	5	59
Aman Sukuk Berhad	10/26	AAA	4.372	10	4.392	20/02/2019	-2	47
Telekom Malaysia Berhad	10/28	AAA	4.549	10	4.608	15/02/2019	-6	66
Tenaga Nasional Berhad	08/37	AAA	4.779	45	4.790	19/02/2019	-1	29
Tenaga Nasional Berhad	08/38	AAA	4.819	5	4.840	20/02/2019	-2	33
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/19	AA1	4.144	20	4.240	10/01/2019	-10	71
Public Islamic Bank Berhad	06/24	AA1	4.034	10	4.125	07/01/2019	-9	33
TRIpIc Medical Sdn Berhad	10/26	AA1	4.508	10	4.658	12/07/2018	-15	60
YTL Power International Berhad	05/27	AA1	4.781	15	4.788	21/02/2019	-1	88
TRIpIc Medical Sdn Berhad	10/27	AA1	4.548	10	4.687	26/11/2018	-14	65
CIMB Islamic Bank Berhad	09/24	AA+	4.100	10	4.140	22/01/2019	-4	27
Kesas Sdn Berhad	10/19	AA2	3.952	10	4.152	07/11/2018	-20	52
Anih Berhad	11/26	AA	4.619	5	4.689	15/01/2019	-7	72
Anih Berhad	11/28	AA	4.689	50	4.690	21/02/2019	0	80
Bumitama Agri Ltd	03/19	AA3	4.133	60	4.121	15/01/2019	1	70
Bumitama Agri Ltd	09/19	AA3	4.205	10	4.253	19/02/2019	-5	77
Perbadanan Kemajuan Negeri Selangor	05/20	AA3	4.500	10	4.548	15/01/2019	-5	107
UEM Sunrise Berhad	05/23	AA-	4.664	20	4.682	21/02/2019	-2	99
MMC Corporation Berhad	03/28	AA-	5.549	20	5.549	14/02/2019	0	165
AmBank Islamic Berhad	10/28	AA3	4.663	20	4.748	11/01/2019	-9	77
Special Power Vehicle Berhad	05/19	A1	4.223	10	4.242	24/12/2018	-2	79
Bright Focus Berhad	01/27	A1	6.571	5	4.787	07/08/2018	178	267
CIMB Group Holdings Berhad	05/16	A1	4.867	30	4.874	15/01/2019	-1	38
CIMB Group Holdings Berhad	05/16	A1	4.384	1	4.436	31/01/2019	-5	-11
Alliance Bank Malaysia Berhad	10/25	A2	4.998	1	4.941	19/02/2019	6	114
Affin Islamic Bank Berhad	10/17	A3	5.028	40	5.429	18/12/2018	-40	54
				<u>976</u>				

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

## Market/Corporate News: What's Brewing

**Government's 11 points explanation to buy over highway concessions. Below is the full statement issued by Prime Minister's Office.**

1. Pakatan Harapan has promised in its election manifesto to take steps to acquire highway concessions and abolish toll collection in stages, in accordance to the terms of the concession agreement.
2. This is to alleviate the high cost of living for commuters.
3. As a first step, the Government has commenced talks with Gamuda Berhad to negotiate the acquisition of highway concession in which the company has a majority stake.
4. The highways are the Lebuhraya Damansara Puchong (LDP), Sistem Penyuraian Trafik KL Barat (SPRINT), Lebuhraya Shah Alam (KESAS) and SMART Tunnel.

5. Upon successful takeover of the highways, the Government intends to abolish the existing toll mechanism.
6. In its place, a 'congestion charge' will be introduced where commuters will only pay a 'congestion charge' equivalent to the existing toll for 6 hours of "peak" period a day.
7. During the "off-peak" period between 11pm and 5am, commuters will travel on the highway for free.
8. At other 'normal' travelling hours, commuters will enjoy discounted rates up to 30% compared to existing toll rates.
9. The revenue collected from the 'congestion charge' will go towards the operations and maintenance of the highways and repayment of borrowings.
10. Any surplus collected will then be channeled into a public transportation fund to improve the quality of public transport in Malaysia.
11. Further details on the proposed exercise will be announced by the Finance Minister at the appropriate time. (Source: *The Star*)

**Malaysia's economy is going strong and the gross domestic product (GDP) is expected to expand a further 4.9 per cent in 2019, albeit, a decline in inflationary pressure.** Finance Minister Lim Guan Eng said the January 2019 Consumer Price Index (CPI) decline was not caused by recession or any kind of weak demand. "Strong economic growth numbers, with the economy expanding by 4.7 per cent in 2018, immediately dispels any deflationary fears following the drop in January 2019 CPI by 0.7 per cent, the lowest in nearly 10 years. "The CPI decline proves that the Government's policy of abolishing the Goods & Services Tax (GST) and replacing it with the Sales & Services Tax (SST) and stabilising fuel prices with a ceiling price mechanism works by expanding the economic pie to benefit both businesses and the people," he said in a statement today. While saying that the January 2019 price decline was different from the 2009 deflation, he added that it did not arise from any weakening of demand or economic growth, instead, the decline was largely caused by supply factors in the form of cheaper input cost, specifically cheaper fuel prices. Price of RON95 petrol, for instance, was approximately 13 percent cheaper in January 2019 compared with a year ago and this has positively affected the prices of goods and services that are free from GST. The fuel price stabilisation policy, in particular, passes the savings from cheaper fuel prices directly to consumers immediately while the ceiling price mechanism protected them from high and soaring petrol prices. "The price decline should improve the purchasing power of Malaysian consumers and add to economic growth. "The low inflationary environment has encouraged private consumption to grow at a fast pace of 9.0 percent and 8.5 percent, year-on-year, in the third and the fourth quarters of last year, respectively," he added. Lim also said another proof that the economy was healthy was the fact that the Nielsen survey showed Malaysia's consumer confidence stood at 118 points in the fourth quarter of 2018, 24 points higher from a year ago. The jump is the highest among all countries surveyed and it placed Malaysian consumers as the 7th most confident among 64 economies. Additionally, approved manufacturing foreign direct investments for the first nine months of 2018 rose to RM48.8 billion or 249 per cent higher than the same period in 2017. "These approved investments are expected to create an additional 41,000 quality manufacturing jobs in the next two to three years that can help improve local wages," he added.. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Sunway Treasury Sukuk Sdn Bhd (STSSB)	M10.0 billion Sukuk Programme RM420.0 million sukuk	MARC-1IS(CG) / AA- IS(CG)	Assigned

Source: RAM, MARC

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