

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.32	-9
5-yr UST	2.24	-10
10-yr UST	2.44	-10
30-yr UST	2.87	-9

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 rallied across the curve pushing yields down 9-10bps as disappointing PMI manufacturing data heightened growth and even recessionary concern, boosting the appeal of safe haven treasuries. 2-year note ended massively down by 9bps to 2.32%, while the 10s lost a whopping 10bps to 2.44% after hitting an intraday low of 2.42%. The spread between 3-month bills and 10-year notes turned negative for the first time since 2007. An inversion in the yield curve is often seen as a prelude to recession. UST will likely remain biddish this week on risk-off mode amid numerous event risks including the Fed speaks that are expected to reaffirm the Fed dovish stance, Breit vote, as well as key US data that are expected to intensify slowdown fear. The US Treasury will also sell \$131bn of bonds this week comprising \$40bn 2-year notes, reopening of \$18bn 2-year floating rate notes, as well as \$41bn and \$32bn of 5-year and 7-year bonds respectively.

MGS/GII

- Local govies saw extended interests, with total trade done hovering near RM6.0bn at RM5.98bn last Friday, benefitting from continuous inflows into EM after the Fed reaffirmed a dovish path at last week's FOMC meeting. Local govies rallied across the curve with yields being pushed 1-8bps lower. Trading interests concentrated on the front end to the belly of the curve on MGS 19 and 26, and GII 19-20, 25 and 29. GII trades pulled back slightly to form 47% of overall trades. The latest CPI print saw narrower decline reaffirming our view of a case of transitory deflation. All eyes will be on BNM Annual Report release this Wednesday on potential revision to growth and inflation forecasts and further clues on the central bank's monetary policy direction.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw more modest interests with total volume dealt normalized to RM535m, from the extraordinary RM1.2b a day ago. Interests continued focusing on the GG-segment, followed by the AAA-AA part of the curve with yields ended generally lower. DANA 26-28 saw collective trade of RM90m while PRASA saw RM35m dealt across 8/26, 9/28, and 9/42. In the AA-rated space, banking names led the day. RHB '7/24 saw RM70m done at 4.113% (+4bps), followed by SDB '8/21 (RM40m) which traded 16bps inner at 4.728%, and Affin Islamic '10/28 which last dealt at 4.820% (-3bps) with RM30m changed hands. Revival of risk-off sentiments could cap interests in the local corporate bond space this week.

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 07/19	3.349	3	3.327	21/03/2019	2
MGS 10/19	3.334	609	3.378	21/03/2019	-4
MGS 11/19	3.340	827	3.360	21/03/2019	-2
MGS 03/20	3.360	64	3.371	21/03/2019	-1
MGS 07/20	3.375	69	3.409	20/03/2019	-3
MGS 02/21	3.440	1	3.440	21/03/2019	0
MGS 07/21	3.426	2	3.441	21/03/2019	-1
MGS 09/21	3.443	0	3.445	21/03/2019	0
MGS 11/21	3.442	1	3.418	21/03/2019	2
MGS 03/22	3.408	50	3.412	21/03/2019	0
MGS 08/22	3.512	115	3.505	21/03/2019	1
MGS 09/22	3.510	80	3.505	21/03/2019	0
MGS 03/23	3.577	40	3.567	20/03/2019	1
MGS 04/23	3.575	30	3.560	21/03/2019	2
MGS 08/23	3.626	8	3.638	21/03/2019	-1
MGS 07/24	3.719	41	3.707	21/03/2019	1
MGS 09/24	3.735	62	3.723	21/03/2019	1
MGS 09/25	3.779	0	3.767	21/03/2019	1
MGS 04/26	3.854	370	3.894	20/03/2019	-4
MGS 07/26	3.773	176	3.748	21/03/2019	2
MGS 11/26	3.861	90	3.831	21/03/2019	3
MGS 03/27	3.920	0	3.946	20/03/2019	-3
MGS 11/27	3.857	60	3.885	21/03/2019	-3
MGS 06/28	3.882	36	3.882	21/03/2019	0
MGS 08/29	3.803	180	3.803	21/03/2019	0
MGS 11/33	4.155	40	4.159	21/03/2019	0
MGS 06/38	4.333	48	4.351	21/03/2019	-2
MGS 07/48	4.617	190	4.585	21/03/2019	3
GII 09/19	3.359	110	3.388	19/03/2019	-3
GII 04/20	3.467	786	3.465	20/03/2019	0
GII 05/20	3.438	120	3.495	05/03/2019	-6
GII 03/22	3.517	1	3.510	21/03/2019	1
GII 04/22	3.562	40	3.624	19/03/2019	-6
GII 07/23	3.707	80	3.756	13/03/2019	-5
GII 11/23	3.677	100	3.680	21/03/2019	0
GII 08/24	3.784	140	3.776	21/03/2019	1
GII 08/25	3.837	350	3.836	21/03/2019	0
GII 10/25	3.850	30	3.903	21/03/2019	-5
GII 09/26	3.892	40	3.915	21/03/2019	-2
GII 07/27	3.938	58	3.945	21/03/2019	-1
GII 10/28	3.989	170	3.994	21/03/2019	-1
GII 07/29	3.893	379	3.892	21/03/2019	0
GII 06/33	4.242	144	4.233	21/03/2019	1
GII 08/33	4.270	40	4.282	21/03/2019	-1
GII 10/35	4.330	50	4.346	21/03/2019	-2
GII 08/37	4.465	120	4.466	21/03/2019	0
GII 09/39	4.445	30	4.437	21/03/2019	1
		<u>5980</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	02/26	GG	4.000	10	4.150	11/02/2019	-15	25
Jambatan Kedua Sdn Berhad	07/26	GG	4.050	30	4.280	08/01/2019	-23	30
Prasarana Malaysia Berhad	08/26	GG	4.000	5	4.000	21/03/2019	0	25
DanaInfra Nasional Berhad	05/28	GG	4.069	30	4.080	21/03/2019	-1	26
Prasarana Malaysia Berhad	09/28	GG	4.088	10	4.160	15/03/2019	-7	28
DanaInfra Nasional Berhad	10/28	GG	4.090	40	4.101	21/03/2019	-1	30
DanaInfra Nasional Berhad	11/28	GG	4.098	10	4.094	21/03/2019	0	30
Perbadanan Tabung Pendidikan Tinggi Nasional	03/32	GG	4.359	10	4.440	20/03/2019	-8	20
Lembaga Pembiayaan Perumahan Sektor Awam	09/36	GG	4.499	20	4.564	20/03/2019	-7	15
Prasarana Malaysia Berhad	09/42	GG	4.654	20	4.730	14/03/2019	-8	30
Cagamas Berhad	03/20	AAA	3.771	5	3.870	28/02/2019	-10	40
Cagamas Berhad	09/20	AAA	3.817	5	3.972	29/08/2018	-16	45
Cagamas Berhad	10/21	AAA	3.916	10	4.054	28/02/2019	-14	51
Aman Sukuk Berhad	04/22	AAA	4.048	5	4.320	12/10/2018	-27	64
Telekom Malaysia Berhad	04/23	AAA	4.150	20	4.189	21/02/2019	-4	64
GENM Capital Berhad	07/23	AAA	4.467	0	4.467	21/03/2019	0	96
Aman Sukuk Berhad	10/23	AAA	4.140	5	4.272	17/01/2019	-13	59
Manjung Island Energy Berhad	11/24	AAA	4.157	10	4.185	15/03/2019	-3	47
Telekom Malaysia Berhad	10/28	AAA	4.459	20	4.517	01/03/2019	-6	67
Sabah Credit Corporation	05/20	AA1	4.199	5	4.213	28/02/2019	-1	83
Sabah Development Bank Berhad	08/21	AA1	4.728	40	4.886	28/01/2019	-16	133
Sarawak Energy Berhad	01/22	AA1	4.115	10	4.140	15/03/2019	-2	71
AmBank Islamic Berhad	03/20	AA2	4.003	2	4.011	18/03/2019	-1	63
Imtiaz Sukuk II Berhad	05/20	AA2	4.078	5	4.097	07/03/2019	-2	71
Anih Berhad	11/24	AA	4.439	1	4.437	21/03/2019	0	75
Anih Berhad	11/25	AA	4.479	1	4.538	27/02/2019	-6	73
BGSM Management Sdn Berhad	12/20	AA3	4.175	10	4.239	12/02/2019	-6	78
Gamuda Berhad	11/22	AA3	4.476	10	4.505	14/03/2019	-3	97
Gamuda Berhad	03/23	AA3	4.507	5	4.549	06/03/2019	-4	100
RHB Bank Berhad	07/24	AA3	4.113	70	4.077	19/03/2019	4	56
Edra Energy Sdn Berhad	01/32	AA3	5.878	5	5.939	07/03/2019	-6	171
SPR Energy (M) Sdn Berhad	07/33	AA3	5.069	10	5.226	04/02/2019	-16	91
Edra Energy Sdn Berhad	07/34	AA3	6.079	10	6.099	21/03/2019	-2	192
Edra Energy Sdn Berhad	07/35	AA3	6.119	10	6.169	08/03/2019	-5	196
Malakoff Power Berhad	12/19	AA-	4.060	10	4.118	31/01/2019	-6	69
Malakoff Power Berhad	12/20	AA-	4.220	5	4.319	18/12/2018	-10	82
Southern Power Generation Sdn Berhad	10/27	AA-	4.482	10	4.529	12/03/2019	-5	67
Affin Islamic Bank Berhad	10/28	A1	4.820	30	4.847	20/03/2019	-3	103
CIMB Group Holdings Berhad	05/16	A1	4.405	1	4.801	12/03/2019	-40	5
JM Land Berhad	03/19	A2	5.500	20	5.347	18/03/2019	15	115
Mah Sing Group Berhad	02/17	-	6.100	0	-	-	-	175
Eco World International Berhad	04/23	-	6.171	0	6.210	12/03/2019	-4	-
				<u>535</u>				

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

Market/Corporate News: What's Brewing

Murphy Oil Corp has signed a sale and purchase agreement to divest the fully issued share capital of its two primary Malaysian subsidiaries, Murphy Sabah Oil Co Ltd and Murphy Sarawak Oil Co Ltd, to a subsidiary of PTT Exploration and Production Public Co Ltd (PTTEP). In a statement, Murphy Oil said PTTEP will pay Murphy US\$2.127bil in an all-cash transaction, payable upon closing and subject to customary closing adjustments, plus up to a US\$100mil bonus payment contingent upon certain future exploratory drilling results prior to October 2020. The transaction has an effective economic valuation date of Jan 1, 2019, with the closing expected to occur by the end of the second quarter 2019. Closing of the transaction is subject to customary conditions precedent including, among other things, necessary regulatory approvals. Under the terms of the transaction, Murphy will exit Malaysia. Murphy Oil said the year-end 2018 proved reserves (1P) net to Murphy were 816 million barrels of oil equivalent (Mmboe) of which 16 percent or 129 Mmboe were attributable to Malaysia. "Of the 129 Mmboe of proved reserves, 70 Mmboe are characterised as proved undeveloped. The proved reserves are comprised of 468 billion cubic feet (Bcf) of natural gas and 51 million barrels (Mmbl) of liquids. "Total production net to Murphy in 2018 for the properties to be divested was over

48,000 barrel of oil equivalent per day (Boepd), comprised of 62 percent liquids," it said. Murphy intends to allocate the proceeds from the transaction to advance its strategic priorities, including returning cash to shareholders through share repurchases and strengthening the company's balance sheet by reducing debt. Murphy expects to record a book gain on the sale between US\$900mil to US\$1bil, and plans to repatriate essentially all of the cash proceeds to the United States. "After 20 years of successful operations in Malaysia, I am pleased to announce this all-cash transaction benefiting our shareholders by fully monetizing our proved and probable reserves. "The tactical repositioning of Murphy allows us to simplify our business and focus on our core assets in the Western Hemisphere. "The transaction will provide us with greater financial flexibility and allow us to continue returning cash to our shareholders through share repurchases," president and chief executive officer Roger W. Jenkins said. "We would like to congratulate PTTEP on their purchase and we will support them in a smooth business transition over the coming months. "I would like to thank our long-term partners in Malaysia, Petronas, Petronas Carigali and Pertamina. Most importantly, I would like to thank our committed Malaysian staff for their hard work and endless dedication to our company and we look forward to their successful transition to PTTEP," Jenkins added. (Source: *The Star Online*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
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

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