

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.33	-4
5-yr UST	2.31	-5
10-yr UST	2.52	-5
30-yr UST	2.94	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.44	-2	3.52	-1
5-yr	3.62	-2	3.68	-1
7-yr	3.76	-4	3.81	5
10-yr	3.84	-3	3.89	-4
15-yr	4.16	-3	4.19	-5
20-yr	4.39	-1	4.41	0
30-yr	4.68	0	4.67	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.54	-1
3-yr	3.55	-2
5-yr	3.63	-2
7-yr	3.72	-1
10-yr	3.93	-2

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries advanced yesterday, similar to most other DM bond markets assisted by stronger dollar and demand for the 5Y auction, in addition to renewed global growth concern. Overall benchmark yields moved 4-5bps lower with both the 2Y and 10Y closing 4 and 5bps down at 2.33% and 2.52% respectively. The inverted yield curve which has been a reliable predictor of recession does not presently threaten markets. The auction of \$41b of 5Y saw an average yield of 2.315% on a strong BTC ratio of 2.44x versus 2.35x prior. Meanwhile bond traders note that the futures market is pointing towards a 25bps rate cut despite improvement in US and Chinese economic data whilst equities continue to rally. Up next are the US 1Q2019 GDP numbers expected out tomorrow.

MGS/GII

- Local govvnies saw follow-through demand following positive comments from regulatory authorities pertaining to financial market conditions. Secondary volumes rose to RM4.21b as interest was centred in the off-the-run 19-20's and 5Y, 7Y benchmark MGS bonds. Overall benchmark yields ended mostly between 1-5bps lower save for the 7Y GII. The benchmark 5Y MGS 4/23 edged 2bps lower at 3.62% whilst the 10Y MGS 8/29 rallied 3bps at 3.84%. GII bond trades dropped to form 30% of overall trades. Meanwhile the prospects of a rate cut and abundant domestic liquidity is expected to provide support. The nation is noted for its highly defensive qualities and would attract investors should both regional bond and equity markets turn weaker.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw improved secondary volume of RM689m with interest across the GG-AA part of the curve. A slew of DANA and PRASA bonds dominated the GG-segment with yields ending mostly higher for the mid-long ends. However DANA 4/22, 2/25 and 8/26 closed 1-9 bps lower between 3.69-88% levels compared to previous-done levels. AAA-rated MANJUNG 11/19 rose 6bps at 3.79% whereas the 11/20 and 11/22 tranches rallied 6-7bps instead at 3.94% and 3.98% respectively. AA-rated GAMUDA saw total RM40m in nominal amounts traded as both the 2022-2023 tranches closed unchanged at 4.44-46% levels whilst the shorter 4/21 bonds closed at 4.30%. Toll-concessionaire KESTURI 12/23 and 12/30 closed mixed on yields at 4.51% and 4.67% each. The banking space saw several odd-lot trades save for Affin Islamic 28NC23 and Hong Leong Financial Perps which closed at 4.71% and 4.70% each.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	07/19	3.336	102	3.340	22/04/2019	0
MGS	10/19	3.335	234	3.376	23/04/2019	-4
MGS	11/19	3.335	356	3.319	23/04/2019	2
MGS	03/20	3.379	237	3.380	23/04/2019	0
MGS	07/20	3.422	120	3.441	18/04/2019	-2
MGS	10/20	3.419	105	3.435	18/04/2019	-2
MGS	07/21	3.413	9	3.451	23/04/2019	-4
MGS	09/21	3.432	14	3.480	23/04/2019	-5
MGS	11/21	3.468	22	3.518	17/04/2019	-5
MGS	03/22	3.439	50	3.483	18/04/2019	-4
MGS	08/22	3.551	75	3.578	23/04/2019	-3
MGS	03/23	3.635	5	3.744	19/04/2019	-11
MGS	04/23	3.623	188	3.648	23/04/2019	-2
MGS	08/23	3.673	42	3.761	18/04/2019	-9
MGS	07/24	3.755	34	3.765	23/04/2019	-1
MGS	09/24	3.720	23	3.794	23/04/2019	-7
MGS	03/25	3.795	80	3.843	23/04/2019	-5
MGS	09/25	3.810	67	3.848	23/04/2019	-4
MGS	04/26	3.848	10	3.937	22/04/2019	-9
MGS	07/26	3.759	248	3.802	23/04/2019	-4
MGS	11/26	3.869	101	3.915	23/04/2019	-5
MGS	03/27	3.956	13	3.869	16/04/2019	9
MGS	11/27	3.933	81	3.996	23/04/2019	-6
MGS	06/28	3.943	167	3.983	23/04/2019	-4
MGS	08/29	3.837	114	3.873	23/04/2019	-4
MGS	04/30	4.065	40	4.166	19/04/2019	-10
MGS	06/31	4.095	11	4.105	23/04/2019	-1
MGS	04/33	4.167	8	4.271	23/04/2019	-10
MGS	11/33	4.161	141	4.179	23/04/2019	-2
MGS	05/35	4.306	90	4.349	19/04/2019	-4
MGS	06/38	4.394	160	4.409	23/04/2019	-1
MGS	03/46	4.657	1	4.667	22/04/2019	-1
GII	04/20	3.438	14	3.423	17/04/2019	2
GII	11/20	3.482	50	3.519	17/04/2019	-4
GII	03/22	3.518	25	3.526	23/04/2019	-1
GII	07/22	3.563	60	3.630	18/04/2019	-7
GII	07/23	3.676	6	3.768	17/04/2019	-9
GII	11/23	3.695	177	3.714	23/04/2019	-2
GII	08/24	3.726	30	3.730	23/04/2019	0
GII	10/24	3.675	60	3.681	23/04/2019	-1
GII	08/25	3.837	210	3.866	23/04/2019	-3
GII	03/26	3.808	80	3.759	23/04/2019	5
GII	09/26	3.898	20	3.937	23/04/2019	-4
GII	07/27	3.911	1	3.978	17/04/2019	-7
GII	10/28	3.925	180	3.976	23/04/2019	-5
GII	07/29	3.890	134	3.922	23/04/2019	-3
GII	06/33	4.185	210	4.213	23/04/2019	-3
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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	04/22	GG	3.690	10	3.701	16/04/2019	-1	24
DanaInfra Nasional Berhad	11/24	GG	3.824	50	3.824	23/04/2019	0	6
DanaInfra Nasional Berhad	02/25	GG	3.826	20	3.920	26/03/2019	-9	6
DanaInfra Nasional Berhad	04/25	GG	3.842	30	3.840	22/04/2019	0	8
Prasarana Malaysia Berhad	08/26	GG	3.880	5	3.899	09/04/2019	-2	10
Prasarana Malaysia Berhad	09/27	GG	4.002	40	3.919	08/04/2019	8	16
Prasarana Malaysia Berhad	09/28	GG	4.049	20	4.019	28/03/2019	3	18
DanaInfra Nasional Berhad	11/29	GG	4.103	10	4.000	09/04/2019	10	25
DanaInfra Nasional Berhad	03/32	GG	4.240	20	4.128	10/04/2019	11	6
GovCo Holdings Berhad	09/32	GG	4.425	10	4.320	08/04/2019	11	24
DanaInfra Nasional Berhad	02/49	GG	4.765	10	4.750	23/04/2019	1	37
Notable Vision Sdn Berhad	07/19	AAA	4.057	20	4.240	28/09/2016	-18	68
Manjung Island Energy Berhad	11/19	AAA	3.789	10	3.732	11/04/2019	6	41
Berjaya Land Berhad	12/19	AAA	4.052	20	4.126	07/03/2019	-7	67
Malaysia Airports Capital Berhad	08/20	AAA	4.030	10	4.021	03/04/2019	1	65
Putrajaya Holdings Sdn Berhad	09/20	AAA	3.860	5	3.822	08/04/2019	4	48
Manjung Island Energy Berhad	11/20	AAA	3.941	10	3.999	20/03/2019	-6	51
Genting Capital Berhad	06/22	AAA	4.332	5	4.658	20/03/2019	-33	88
Putrajaya Bina Sdn Berhad	09/22	AAA	4.038	20	4.329	19/10/2018	-29	59
Manjung Island Energy Berhad	11/22	AAA	3.980	10	4.047	27/03/2019	-7	39
Aman Sukuk Berhad	03/23	AAA	4.054	10	4.098	28/09/2016	-4	46
TNB Northern Energy Berhad	11/23	AAA	4.037	10	4.603	31/05/2018	-57	38
Aman Sukuk Berhad	05/24	AAA	4.097	5	4.120	04/04/2019	-2	44
Bakun Hydro Power Generation Sdn Berhad (fka :)	08/25	AAA	4.151	20	4.197	29/03/2019	-5	39
Genting Capital Berhad	06/27	AAA	4.528	5	4.520	12/04/2019	1	68
TNB Northern Energy Berhad	05/28	AAA	4.212	10	4.349	20/03/2019	-14	35
Projek Lebuhraya Usahasama Berhad	01/32	AAA	4.358	10	4.459	27/03/2019	-10	18
Tenaga Nasional Berhad	08/38	AAA	4.639	10	4.640	22/04/2019	0	24
Sabah Credit Corporation	05/22	AA1	4.325	10	4.407	06/03/2019	-8	87
Sabah Development Bank Berhad	04/24	AA1	5.050	2	5.140	19/04/219	-9	-
Sabah Development Bank Berhad	04/26	AA1	5.430	5	5.250	19/04/2019	18	-
First Resources Limited	06/20	AA2	4.174	40	4.223	28/03/2019	-5	79
First Resources Limited	10/21	AA2	4.255	10	4.326	02/04/2019	-7	80
Tanjung Bin Power Sdn Berhad	08/22	AA2	4.256	10	4.257	15/04/2019	0	80
Tanjung Bin Power Sdn Berhad	08/24	AA2	4.370	10	4.628	22/11/2017	-26	71
Fortune Premiere Sdn Berhad	09/25	AA	4.498	20	4.517	15/04/2019	-2	74
Gamuda Berhad	04/21	AA3	4.297	10	4.338	25/03/2019	-4	87
Gamuda Berhad	11/22	AA3	4.433	10	4.433	23/04/2019	0	84
Gamuda Berhad	03/23	AA3	4.457	20	4.459	17/04/2019	0	86
Serba Dinamik Holdings Berhad	10/23	AA-	4.782	40	4.838	29/03/2019	-6	119
Hong Leong Assurance Berhad	02/25	AA3	3.842	1	4.352	26/03/2019	-51	8
Edra Energy Sdn Berhad	07/26	AA3	5.328	10	5.329	23/04/2019	0	155
CIMB Thai Bank Public Company Limited	07/26	AA3	4.664	1	4.435	19/04/2019	23	88
Edra Energy Sdn Berhad	01/28	AA3	5.469	10	5.783	01/03/2019	-31	160
Dynasty Harmony Sdn Berhad	06/32	AA3	6.200	5	-	-	-	202
MEX II Sdn Berhad	04/23	AA-	4.449	1	4.929	23/05/2018	-48	86
UEM Sunrise Berhad	05/23	AA-	4.491	10	4.541	27/03/2019	-5	90
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	12/23	AA-	4.507	10	4.536	16/01/2019	-3	85
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh	12/30	AA-	4.670	20	4.649	26/03/2019	2	82
Affin Bank Berhad	02/27	A1	4.934	2	4.701	23/04/2019	23	109
Affin Islamic Bank Berhad	10/28	A1	4.708	10	4.698	11/04/2019	1	86
CIMB Group Holdings Berhad	05/16	A1	4.948	1	4.584	18/04/2019	36	55
CIMB Group Holdings Berhad	05/16	A1	4.803	1	4.529	17/04/2019	27	41
Hong Leong Financial Group Berhad	11/17	A1	4.700	5	4.704	23/04/2019	0	30
Eco World Capital Assets Bhd	12/22	-	6.177	1	6.103	09/04/2019	7	258
				689				

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

Market/Corporate News: What's Brewing

Billionaire T. Ananda Krishnan's Bumi Armada Bhd may have averted bankruptcy for the moment via its multi-billion-ringggit debt refinancing, but the loss-making company continues to be highly geared and will incur an additional RM40mil in interest expenses. Speaking to StarBiz, an equity analyst welcomed the move by the offshore energy facilities and service provider to refinance its unsecured term loans of US\$380mil (RM1.57bil) and revolving credit facilities of US\$280mil (RM1.16bil), which have been delayed for some time. However, the debt refinancing is only seen as a stop-gap measure, he said. The unsecured term loans and revolving credit facilities will be

refinanced into a single facility comprising a Tranche 1 facility of US\$260mil (RM1.07bil) and Tranche 2 facility of US\$400mil (RM1.65bil). The Tranche 1 and Tranche 2 debt facilities will be repayable over two and five years, respectively, from the closing date of the agreement. "The debt refinancing is good news because Bumi Armada has escaped liquidation, but this doesn't change the balance sheet. "In fact, the new loan facility would incur a higher interest rate, up by 1.5 basis points. With a higher interest expense, the bottom line would be slashed by RM40mil for financial year 2019 (FY19)," he said. In FY18 ended Dec 31, Bumi Armada recorded a net loss of RM2.3bil on the back of a total revenue of RM2.42bil. Ananda Krishnan is the controlling shareholder of Bumi Armada, holding a 34.87% stake via Objektif Bersatu Sdn Bhd. As a result of the corporate debt refinancing exercise, Bumi Armada emerged as Bursa Malaysia's most active stock yesterday. Its shares rose 35% or seven sen to 27 sen, with a total of 774.51 million shares changing hands. The stock, which has been slumping for about a year, hit its five-month high yesterday. A dealer said that the surge in the company's shares was expected, as the delayed debt refinancing plan was finally achieved yesterday. However, he said investors should consider taking profit from the stock, given the company's negative outlook. "The latest news does not change the company's outlook. I believe it will undertake capital raising exercises in the future to sustain its operations," he said. According to Bloomberg data, only two research houses have recommended a "buy" call on Bumi Armada, while seven brokerages have recommended a "sell" call. Six research houses have "hold" calls. The 12-month consensus target price, according to Bloomberg, is 18 sen. Commenting on the refinancing, Bumi Armada executive director and chief executive officer Leon Harland said the new facility better aligned the corporate debt profile with the cash flow profile of the group's main floating production and operation (FPO) business. "The group must now focus on maximising its revenue while continuing to manage its operational costs, as well as finding additional value via asset monetisation or other structural improvements. "As part of this, the offshore marine services' assets together with certain FPO vessels which are idle will be disposed of, assuming commercially acceptable sale terms can be obtained. Surplus funds from operations and part of the proceeds from certain strategic initiatives including monetisation of assets and new project financing will be used to repay the loans," he said. (Source: *The Star/Reuters*)

Although Malaysia's stock market has performed relatively poorly when compared with its regional peers, World Bank lead economist for Malaysia Richard Record says the country's economic fundamentals remain resilient, which still make Malaysia an attractive investment choice. "We would perhaps suggest focusing less on [the] stock market but maybe more on underlying fundamentals of the economy — those things make Malaysia an attractive place for both domestic and foreign institutes to invest over the medium- and long term," he told a media briefing yesterday. "Firstly, Malaysia's starting point is a very strong one. The economy is growing at a commendable rate and we see solid foundations in terms of diversified economy, physical and human capital infrastructure, [and] favourable geographic location at the heart of a fast-growing region. Record said Malaysia's economic resilience stands out among its East Asia and Pacific (EAP) economies, which are facing moderating outlooks amid some global headwinds. The World Bank is keeping its forecast for Malaysia's 2019 gross domestic product (GDP) growth at 4.7% for 2019. It achieved the same rate of growth in 2018. In contrast, the World Bank foresees growth in developing EAP economies to soften to 6% in 2019 and 2020, down from 6.3% in 2018, largely reflecting global headwinds and a continued gradual policy-guided slowdown in China. Record added that by 2020, Malaysia's economy is projected to expand at 4.6%, and the country is expected to achieve high-income country status by 2024. "That is the narrow definition, based on GNI (gross national income) per capita. Malaysia's current GNI per capita is around US\$9,500 (RM39,217), while the current threshold for high-income nation is just over US\$12,000

GNI per capita, so with the current rate of growth, Malaysia will probably pass that threshold,” he said. “But we want to emphasise that that is just average income, it doesn’t tell you anything about the distribution of income, of how [the] B40 income would grow — which is more important — and many other dimensions which we use to judge development progress, not just per capita income, but human capital, health, education and social protection,” he added. Record also said as crude oil prices increase, it becomes increasingly important for the government to roll out a more targeted fuel subsidy to avoid diminishing benefit from higher oil revenue. “By having that artificially lower price on RON95, it encourages overconsumption of that commodity, so that is economically inefficient. The objective is to provide cost of living assistance for the low-income households. The current mechanism would cause part of that fuel subsidy to leak to non-poor people and distort consumption,” he added. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Quantum Solar Park (Semenanjung) Sdn Bhd	RM1.0 billion Green SRI Sukuk	MARCWatch Negative	Extended

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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