

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.24	-7
5-yr UST	2.18	-6
10-yr UST	2.40	-4
30-yr UST	2.86	-1

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

- Rally in the US Treasuries stayed extended overnight supported by haven bids amid ongoing risk-off sentiments as investors continued digesting implications from a dovish Fed and weak economic data that, coupled with an inversion in the yield curve, are heightening recessionary fear. Meanwhile, Fed Evans and former Fed Chair Janet Yellen downplayed such risks at a conference in Hong Kong, but failed to assuage market concerns on a potential rate cut later in the year. The UST curve bull steepened with the front end 2-year note yields falling 7bps to 2.24% while the 10 and 30-year bond yields lost 4bps and 1bps respectively to end the day at 2.40% and 2.86%. Maintain our view that haven demand will keep UST supported but caution that massive gains the last two days could lead to some correction even though potential weaknesses from housing and manufacturing data tonight could keep such correction muted.

MGS/GII

- Local govvnies continued to see commendable trading interest even though total deals transacted almost halved to RM3.45bn, from RM5.98bn last Friday, and below the YTD daily average of RM4.49bn, dampened by risk aversion as investors turned increasingly nervous over risks of a global recession. Benchmark yields were broadly lower across the govvnies curve, by 1-8bps with the 5Y MGS shed 3bps to 3.56%. 10Y benchmark MGS traded 2bps inner at 3.80% while its Islamic counterpart GII 10/28 lost 8bps to 3.88% with RM520m changed hands. All eyes will be on BNM Annual Report release tomorrow 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 however saw a pick-up in trading interests to RM1.17bn, with the bulk 75% or RM870m coming from GG issuances. The usual popular names like DANA, PRASA dominated the GG space, in addition to PTPTN, LPPSA, Bakun Hydro, Turus Pesawat, and Pengurusan Air SPV. GENM '7/33 dominated the AAA-rated segment with RM100m done 31bps inner at 4.916% while infra, power and banking papers took center stage in the AA-rated space. RHB '7/24 continued to make it to the list with another RM20m dealt at 4.068% (-5bps). Tanjung Bin '8/20 also saw substantial interests with RM30m transacted at 4.185% (-12bps).

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 07/19	3.280	126	3.349	22/03/2019	-7
MGS 10/19	3.331	102	3.329	22/03/2019	0
MGS 11/19	3.351	20	3.441	22/03/2019	-9
MGS 03/20	3.370	181	3.370	22/03/2019	0
MGS 07/21	3.443	56	3.426	22/03/2019	2
MGS 09/21	3.453	50	3.443	22/03/2019	1
MGS 11/21	3.441	16	3.442	22/03/2019	0
MGS 03/22	3.408	42	3.408	22/03/2019	0
MGS 08/22	3.496	63	3.512	22/03/2019	-2
MGS 09/22	3.485	1	3.510	22/03/2019	-2
MGS 04/23	3.578	81	3.575	22/03/2019	0
MGS 08/23	3.631	33	3.614	22/03/2019	2
MGS 07/24	3.709	27	3.715	22/03/2019	-1
MGS 09/24	3.731	31	3.735	22/03/2019	0
MGS 03/25	3.761	48	3.759	21/03/2019	0
MGS 09/25	3.757	2	3.779	22/03/2019	-2
MGS 04/26	3.837	14	3.850	22/03/2019	-1
MGS 09/26	3.899	70	3.870	21/03/2019	3
MGS 11/26	3.818	39	3.861	22/03/2019	-4
MGS 11/27	3.851	50	3.844	22/03/2019	1
MGS 06/28	3.862	30	3.882	22/03/2019	-2
MGS 09/28	3.953	10	4.036	06/03/2019	-8
MGS 08/29	3.777	3	3.808	22/03/2019	-3
MGS 04/30	3.946	57	3.969	21/03/2019	-2
MGS 06/31	4.090	17	4.127	21/03/2019	-4
MGS 04/32	4.167	26	4.218	20/03/2019	-5
MGS 04/33	4.157	56	4.171	21/03/2019	-1
MGS 11/33	4.107	54	4.163	22/03/2019	-6
MGS 05/35	4.319	0	4.310	21/03/2019	1
MGS 04/37	4.339	1	4.382	21/03/2019	-4
MGS 09/43	4.610	0	4.664	15/03/2019	-5
MGS 03/46	4.602	52	4.690	21/03/2019	-9
MGS 07/48	4.593	115	4.617	22/03/2019	-2
GII 08/20	3.521	0	3.476	15/03/2019	4
GII 04/21	3.504	40	3.471	21/03/2019	3
GII 04/22	3.571	26	3.562	22/03/2019	1
GII 10/23	3.729	20	3.815	07/03/2019	-9
GII 11/23	3.654	335	3.677	22/03/2019	-2
GII 08/25	3.823	94	3.834	22/03/2019	-1
GII 10/25	3.833	90	3.850	22/03/2019	-2
GII 09/26	3.884	40	3.915	21/03/2019	-3
GII 07/27	3.921	170	3.938	22/03/2019	-2
GII 10/28	3.964	520	3.989	22/03/2019	-2
GII 12/28	4.013	20	4.051	19/03/2019	-4
GII 07/29	3.857	140	3.881	22/03/2019	-2
GII 06/33	4.224	160	4.247	22/03/2019	-2
GII 08/33	4.273	10	4.270	22/03/2019	0
GII 10/35	4.325	50	4.330	22/03/2019	0
GII 08/37	4.450	100	4.465	22/03/2019	-1
GII 09/39	4.407	20	4.445	22/03/2019	-4
GII 05/47	4.670	140	4.701	21/03/2019	-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*
Prasarana Malaysia Berhad	03/20	GG	3.606	105	3.680	05/03/2019	-7	24
DanInfra Nasional Berhad	11/22	GG	3.842	5	3.917	08/03/2019	-7	34
Prasarana Malaysia Berhad	09/23	GG	3.879	15	3.937	06/03/2019	-6	37
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	3.959	10	4.049	14/02/2019	-9	41
DanInfra Nasional Berhad	07/24	GG	3.871	50	4.200	27/07/2018	-33	32
DanInfra Nasional Berhad	02/25	GG	3.918	20	4.057	05/03/2019	-14	23
Prasarana Malaysia Berhad	03/25	GG	3.910	100	3.945	21/03/2019	-3	22
DanInfra Nasional Berhad	04/25	GG	3.920	55	4.220	01/11/2018	-30	23
Pengurusan Air SPV Berhad	09/25	GG	3.949	10	3.950	21/03/2019	0	20
Prasarana Malaysia Berhad	12/25	GG	3.918	60	4.324	01/08/2018	-41	17
DanInfra Nasional Berhad	02/26	GG	3.959	30	4.000	22/03/2019	-4	21
DanInfra Nasional Berhad	04/26	GG	3.959	5	4.048	12/03/2019	-9	21
Prasarana Malaysia Berhad	08/26	GG	3.995	40	4.000	22/03/2019	0	25
DanInfra Nasional Berhad	07/27	GG	4.024	10	4.031	21/03/2019	-1	24
DanInfra Nasional Berhad	11/27	GG	4.019	10	4.041	21/03/2019	-2	21
Perbadanan Tabung Pendidikan Tinggi Nasional	02/28	GG	4.094	30	4.220	26/02/2019	-13	29
Turus Pesawat Sdn Berhad	03/28	GG	4.089	40	4.391	23/08/2018	-30	28
Bakun Hydro Power Generation Sdn Berhad	08/28	GG	4.104	10	4.188	12/03/2019	-8	30
DanInfra Nasional Berhad	04/29	GG	4.117	20	4.271	18/02/2019	-15	32
DanInfra Nasional Berhad	11/29	GG	4.129	120	4.300	25/02/2019	-17	34
DanInfra Nasional Berhad	04/30	GG	4.141	20	4.291	27/02/2019	-15	35
DanInfra Nasional Berhad	05/31	GG	4.241	20	4.580	07/09/2018	-34	45
DanInfra Nasional Berhad	10/31	GG	4.261	20	4.330	18/03/2019	-7	10
GovCo Holdings Berhad	09/32	GG	4.469	10	4.514	20/03/2019	-4	31
DanInfra Nasional Berhad	11/35	GG	4.490	10	4.768	04/01/2019	-28	33
Lembaga Pembiayaan Perumahan Sektor Awam	09/36	GG	4.500	10	4.501	22/03/2019	0	15
Perbadanan Tabung Pendidikan Tinggi Nasional	03/37	GG	4.570	5	4.685	06/03/2019	-11	22
Perbadanan Tabung Pendidikan Tinggi Nasional	03/39	GG	4.582	30	4.650	18/03/2019	-7	23
GENM Capital Berhad	07/23	AAA	4.461	1	4.467	22/03/2019	-1	96
GENM Capital Berhad	07/28	AAA	4.480	0	4.949	21/03/2019	-47	67
West Coast Expressway Sdn Berhad	08/31	AAA	4.509	10	4.759	11/12/2018	-25	72
GENM Capital Berhad	07/33	AAA	4.916	100	5.225	19/10/2018	-31	75
Sabah Credit Corporation	05/20	AA1	4.189	5	4.199	22/03/2019	-1	82
Sabah Development Bank Berhad	08/20	AA1	4.625	10	0.000	00/01/1900	463	126
Sabah Development Bank Berhad	05/22	AA1	4.601	1	5.221	20/03/2019	-62	119
Sabah Development Bank Berhad	02/26	AA1	5.238	10	0.000	00/01/1900	524	149
Sarawak Energy Berhad	12/32	AA1	4.608	10	4.627	21/03/2019	-2	44
UniTapah Sdn Berhad	06/33	AA1	4.719	10	4.949	05/12/2018	-23	56
Tanjung Bin Power Sdn Berhad	08/20	AA2	4.185	30	4.302	07/12/2018	-12	81
Krung Thai Bank Public Company Limited	07/25	AA2	4.340	1	4.504	13/03/2019	-16	65
UMW Holdings Berhad	10/26	AA2	4.508	10	4.771	19/12/2018	-26	72
Konsortium ProHAWK Sdn Berhad	06/32	AA2	4.689	10	5.118	12/12/2017	-43	53
Konsortium ProHAWK Sdn Berhad	12/32	AA2	4.718	10	5.162	05/01/2018	-44	55
Anih Berhad	11/24	AA	4.437	1	4.439	22/03/2019	0	75
Anih Berhad	11/25	AA	4.477	1	4.479	22/03/2019	0	73
Gamuda Berhad	04/21	AA3	4.338	10	4.508	04/09/2018	-17	94
IJM Corporation Berhad	06/22	AA3	4.419	10	4.441	18/03/2019	-2	101
RHB Bank Berhad	07/24	AA3	4.068	20	4.113	22/03/2019	-5	52
CIMB Thai Bank Public Company Limited	03/28	AA3	4.702	0	5.097	07/01/2019	-40	89
Malakoff Power Berhad	12/19	AA-	4.043	10	4.060	22/03/2019	-2	67
Malakoff Power Berhad	12/20	AA-	4.213	5	4.220	22/03/2019	-1	82
Serba Dinamik Holdings Berhad	10/28	AA-	5.070	20	5.089	21/03/2019	-2	128
CIMB Group Holdings Berhad	05/16	A1	4.632	0	4.568	21/03/2019	6	28
Affin Bank Berhad	07/18	A3	5.150	1	5.001	26/02/2019	15	80
				1166				

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

Market/Corporate News: What's Brewing

Sapura Energy Bhd which posted a net profit of RM500.4mil in the fourth quarter ended Jan 31, against a net loss of RM2.28bil in the same quarter a year earlier, has declared a special dividend of 0.5 sen per share for the financial year ended Jan 31 (FY19). Its revenue from continuing operations of RM1.48bil was 64.5% higher than RM902.7mil in the corresponding quarter of the preceding year, mainly attributable to the higher revenue from engineering and construction business segment. Sapura Energy said for 4Q19, the group posted a profit-after-tax and minority interest of RM500mil, including a gain on disposal and provision for impairment, in comparison to a loss-after-tax in 4Q18 of RM2.3bil which included a provision for impairment of RM2.1bil. The provision for impairment on assets enables the group to be more competitive operationally and economically. On a quarter to quarter basis, the group's E&C segment recorded an 88% increase in revenue from RM700mil in 4Q18 to RM1.3bil in 4Q19, in line with higher activities during the current quarter. Its drilling segment registered an 8.5% higher in revenue at RM250mil in the current quarter compared to RM230mil in the corresponding quarter of the preceding year, due to higher number of rigs working compared to the previous year. For its exploration and production (E&P) E&P segment, revenue was at RM202mil for the current quarter, compared to RM286mil in 4Q18, due to lower oil liftings and the effect of the lower average realised oil price achieved in the current quarter compared to last year. For the full financial year, Sapura Energy posted a profit-after-tax and minority interest of RM208mil, compared to a loss-after-tax and minority interest of RM2.5bil in the previous year (FY18). "This included a gain of RM2.7bil from the sale of 50% stake in its E&P business, through the strategic partnership with OMV, and a provision for impairment of RM1.5 billion, primarily for drilling, and engineering and construction (E&C) assets. "Our focus for the financial year 2019 was to strengthen our balance sheet and position the group to capitalise on the emerging opportunities. Despite the challenging year, we successfully completed two major corporate exercises, where we raised approximately RM7.6bil. "This has enabled us to reduce our net gearing to a healthy 0.6x and provided the financial flexibility for the group to bid for and execute higher value projects, in addition to gaining a strong partner in our E&P business," President and group CEO Tan Sri Shahril Shamsuddin said in a statement. In FY20, Sapura Energy will remain focused on growing and executing the orderbook as well as delivering strong operational performance. New contract wins for FY19 of RM9.3bil, an increase of 230% from the previous year, has lifted the current orderbook to RM17.2bil, the highest in two years. "Sapura Energy continues to aggressively pursue new opportunities in the Middle East, Africa, Asia Pacific, Europe and the Caspian, and the Americas. The expanding orderbook and focus on execution are expected to further boost asset utilisation, thus contributing to improving the group's financial performance," the company said. (Source: The Star Online)

Malaysian billionaire T. Ananda Krishnan's Bumi Armada Bhd is nearing an agreement for a loan of around RM2.034bil, sources said, in a deal that will give the embattled energy firm more time to restructure. Banks are finalising details of a five-year credit facility, according to the people, who asked not to be identified because the information is private. The funds will be used to refinance existing debt that matures in May and for working capital, one of the people said. Bumi Armada swung to a loss last year as lower crude prices hurt demand for its offshore oilfield services, making it more difficult for the company to pay back its debt. The company had RM10.4bil of total borrowings at the end of December, data compiled by Bloomberg show. The loan would give Bumi Armada breathing room to sell assets and restructure its business in a bid to return to profitability, one of the people said. The company is expected to sign the loan agreement with lenders as soon as the next few weeks, the people said. Shares of Bumi Armada rose as much as 5.4% in morning trading yesterday. They were up 2.7% to 19 sen at the mid-day break in Kuala Lumpur, on track for the biggest gain in a week. "The company has stated that it is working with the lenders and aims to have a refinancing of the corporate debt in place by the end of April," a representative for Bumi Armada said, declining to comment further. "That remains the current position." Local brokerage JF Apex Securities Bhd. cut its recommendation on the stock this month to "hold," from "buy," over concerns about its debt refinancing as well as execution risks and lower crude

oil prices. It's also recently been downgraded by CIMB Group Holdings Bhd. and Macquarie Group Ltd. Shares of Bumi Armada tanked 80 percent last year, while the benchmark FBM KLCI declined 5.9%. The company reported a net loss of RM2.3bil in 2018, compared with a net income of RM352.2mil a year earlier. Bumi Armada had RM1.58bil of unsecured short-term term loans at the end of last year, and is in discussions with lenders about refinancing the debt with long-term borrowings, according to a February exchange filing. The company is planning to sell assets, optimize its cost structure and pursue collections from customers to strengthen its cash flow, the filing showed. Ananda is Malaysia's fifth-richest person with a net worth of about RM18.4bil, according to the Bloomberg Billionaires Index. (Source: *The Star Online/ Bloomberg*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Projek Lebuhraya Usahasama Berhad's (PLUS)	RM23.35 billion Sukuk Musharakah Programme	AAA _{IS} /Stable	Affirmed; outlook revised from Negative to Stable

Source: RAM, MARC

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