

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.29	2
5-yr UST	2.22	1
10-yr UST	2.43	1
30-yr UST	2.88	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

RM4.0bn new issue of 7Y GII 3/26 on 28th March (Thursday)

US Treasuries

- US Treasuries halted two days of gain with the curve bear flattening on a revival in risk appetite as investors chose to shrug off continued weakness in US data. The 2-year note yields edged up 2bps to 2.29% while the 10s inched just a bp to 2.43%. Overnight debt sale of \$40bn 2-year note yielded 2.261% amid a higher bid-cover of 2.6x (previous 2.5x) with indirect bidders comprising mainly central bankers coming in higher at 56%. The US Treasury will sell another \$18bn of floating rate notes today followed by \$41bn 5Y bonds tomorrow while markets will grapple with more first tier data namely final 4Q GDP, personal income and spending as well as the all important inflation gauge from core PCE reading.

MGS/GII

- Trading in local govies remained robust with total trade picking up to RM4.65bn yesterday, from RM3.45bn a day ago. The curve shifted lower as yields continued to gyrate down by 1-8bps yesterday. Trading was focused on the front end (MGS 19-20) to the belly (MGS 9/26) of the curve. Trading momentum in GII remained strong, with GII trades forming 52% of overall trades, though down somewhat from 57% the preceding day. SPK 8/20 also saw RM500m being traded at 3.54% (-6bps). All eyes will be on BNM Annual Report release today on potential revision to growth and inflation forecasts and further clues on the central bank's monetary policy direction. This will be followed by new issuance of 7Y GII 3/26 tomorrow. The auction size of RM4.0bn is within our expectation.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw further pick-up in trading interests witnessing RM1.58bn of total transaction yesterday (previous RM1.17bn). The GG segment remained the darling of the day, contributing to 64% or RM1.0bn of total trade for the day. DANA papers led the pack with collective trade of RM300m over various tenors, followed by Govco (RM225m), PRASA (RM105m) and LPPSA (RM100m). In the corporate bond space, the AA-rated segment continued to garner the most interests, with RM381m changed hands vs RM158m in the AAA space. PBB '10/28 took center stage with RM160m done at 4.453% while TMB '10/28 saw RM60m changed hands at 4.429% (-3bps).

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 07/19	3.329	0	3.280	25/03/2019	5
MGS 10/19	3.359	2	3.331	25/03/2019	3
MGS 11/19	3.347	142	3.351	25/03/2019	0
MGS 03/20	3.380	124	3.360	22/03/2019	2
MGS 07/20	3.318	5	3.375	22/03/2019	-6
MGS 10/20	3.397	46	3.410	21/03/2019	-1
MGS 02/21	3.412	20	3.440	22/03/2019	-3
MGS 07/21	3.429	23	3.443	25/03/2019	-1
MGS 09/21	3.414	113	3.453	25/03/2019	-4
MGS 11/21	3.443	16	3.442	22/03/2019	0
MGS 03/22	3.372	7	3.401	25/03/2019	-3
MGS 04/23	3.583	69	3.544	25/03/2019	4
MGS 08/23	3.625	38	3.631	25/03/2019	-1
MGS 07/24	3.709	60	3.699	25/03/2019	1
MGS 09/24	3.714	100	3.725	25/03/2019	-1
MGS 03/25	3.759	100	3.778	25/03/2019	-2
MGS 09/25	3.779	153	3.757	25/03/2019	2
MGS 07/26	3.735	1	3.773	22/03/2019	-4
MGS 09/26	3.875	180	3.884	25/03/2019	-1
MGS 11/26	3.839	49	3.861	25/03/2019	-2
MGS 11/27	3.844	78	3.830	25/03/2019	1
MGS 06/28	3.856	35	3.862	25/03/2019	-1
MGS 09/28	3.934	40	3.953	25/03/2019	-2
MGS 08/29	3.814	42	3.800	25/03/2019	1
MGS 04/30	3.963	60	3.946	25/03/2019	2
MGS 06/31	4.085	94	4.090	25/03/2019	0
MGS 04/32	4.156	0	4.167	25/03/2019	-1
MGS 04/33	4.152	14	4.157	25/03/2019	0
MGS 05/35	4.297	4	4.319	25/03/2019	-2
MGS 06/38	4.342	0	4.333	22/03/2019	1
MGS 09/43	4.614	20	4.664	15/03/2019	-5
MGS 03/46	4.625	51	4.638	25/03/2019	-1
MGS 07/48	4.584	40	4.590	25/03/2019	-1
GII 04/19	3.356	290	3.331	21/03/2019	2
GII 08/19	3.350	100	3.402	14/03/2019	-5
GII 03/22	3.528	46	3.517	22/03/2019	1
GII 04/22	3.570	4	3.571	25/03/2019	0
GII 11/22	3.689	110	3.686	13/03/2019	0
GII 11/23	3.661	170	3.656	25/03/2019	0
GII 08/24	3.761	50	3.784	22/03/2019	-2
GII 08/25	3.823	80	3.822	25/03/2019	0
GII 09/26	3.877	270	3.884	25/03/2019	-1
GII 07/27	3.918	1	3.921	25/03/2019	0
GII 10/28	3.958	550	3.964	25/03/2019	-1
GII 12/28	3.983	30	4.013	25/03/2019	-3
GII 07/29	3.860	147	3.869	25/03/2019	-1
GII 09/30	4.097	40	4.119	21/03/2019	-2
GII 06/33	4.206	230	4.224	25/03/2019	-2
GII 08/33	4.250	70	4.273	25/03/2019	-2
GII 08/37	4.446	140	4.450	25/03/2019	0
GII 09/39	4.403	80	4.407	25/03/2019	0
GII 05/47	4.670	20	4.670	25/03/2019	0
SPK 08/20	3.540	500	3.602	29/01/2019	-6
		<u>4654</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*
Small Medium Enterprise Development Bank Malaysia Berhad	03/20	GG	3.628	5	3.905	23/10/2018	-28	26
Pengurusan Air SPV Berhad	06/21	GG	3.726	25	4.170	26/06/2018	-44	33
Danainfra Nasional Berhad	07/21	GG	3.739	75	3.810	18/03/2019	-7	34
Pengurusan Air SPV Berhad	06/23	GG	3.840	10	3.993	01/03/2019	-15	33
Prasarana Malaysia Berhad	09/23	GG	3.884	15	3.937	06/03/2019	-5	38
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	3.956	5	3.959	25/03/2019	0	40
Danainfra Nasional Berhad	05/24	GG	3.868	20	4.040	21/02/2019	-17	32
Bank Pembangunan Malaysia Berhad	09/24	GG	4.009	90	4.130	13/02/2019	-12	46
Turus Pesawat Sdn Berhad	11/24	GG	3.952	20	4.199	29/08/2018	-25	27
Danainfra Nasional Berhad	02/25	GG	3.920	80	3.918	25/03/2019	0	23
Danainfra Nasional Berhad	04/25	GG	3.922	40	3.920	25/03/2019	0	24
Danainfra Nasional Berhad	05/25	GG	3.918	20	0.000	00/01/1900	392	23
Pengurusan Air SPV Berhad	09/25	GG	3.947	5	3.950	21/03/2019	0	20
Danainfra Nasional Berhad	11/25	GG	3.949	5	4.043	12/03/2019	-9	20
Pengurusan Air SPV Berhad	02/26	GG	3.939	30	3.960	21/03/2019	-2	19
Prasarana Malaysia Berhad	02/26	GG	3.939	70	3.980	21/03/2019	-4	19
Perbadanan Tabung Pendidikan Tinggi Nasional	07/26	GG	4.039	10	4.049	21/03/2019	-1	29
Jambatan Kedua Sdn Berhad	07/26	GG	4.050	30	4.050	22/03/2019	0	30
Lembaga Pembiayaan Perumahan Sektor Awam	09/26	GG	4.009	10	4.103	07/03/2019	-9	26
Danainfra Nasional Berhad	07/27	GG	4.018	20	4.024	25/03/2019	-1	23
Prasarana Malaysia Berhad	09/27	GG	4.018	20	4.031	21/03/2019	-1	23
Pengurusan Air SPV Berhad	02/29	GG	4.051	10	4.229	07/03/2019	-18	26
Danainfra Nasional Berhad	04/29	GG	4.131	20	4.117	25/03/2019	1	34
GovCo Holdings Berhad	06/31	GG	4.325	20	4.459	14/02/2019	-13	53
Perbadanan Tabung Pendidikan Tinggi Nasional	07/31	GG	4.199	30	4.738	27/07/2018	-54	41
GovCo Holdings Berhad	02/32	GG	4.359	200	4.480	13/03/2019	-12	20
GovCo Holdings Berhad	09/32	GG	4.468	5	4.514	20/03/2019	-5	30
Danainfra Nasional Berhad	11/35	GG	4.489	5	4.490	25/03/2019	0	33
Lembaga Pembiayaan Perumahan Sektor Awam	09/36	GG	4.499	5	4.499	22/03/2019	0	34
Perbadanan Tabung Pendidikan Tinggi Nasional	03/37	GG	4.569	5	4.685	06/03/2019	-12	22
Lembaga Pembiayaan Perumahan Sektor Awam	10/38	GG	4.532	65	4.569	21/03/2019	-4	18
Danainfra Nasional Berhad	05/41	GG	4.592	15	4.679	14/03/2019	-9	24
Lembaga Pembiayaan Perumahan Sektor Awam	09/46	GG	4.760	20	5.189	04/07/2018	-43	41
HSBC Amanah Malaysia Berhad	10/23	AAA	4.070	5	4.197	25/01/2019	-13	52
Pengurusan Air SPV Berhad	02/24	AAA	4.110	5	0.000	00/01/1900	411	56
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak Hidro)	08/25	AAA	4.238	20	4.466	06/09/2018	-23	55
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak Hidro)	08/26	AAA	4.259	10	4.334	13/03/2019	-7	51
Telekom Malaysia Berhad	10/28	AAA	4.429	60	4.459	22/03/2019	-3	64
Projek Lebuhraya Usahasama Berhad	01/31	AAA	4.438	10	4.539	07/03/2019	-10	64
Manjung Island Energy Berhad	11/31	AAA	4.418	3	4.439	18/03/2019	-2	25
Projek Lebuhraya Usahasama Berhad	01/32	AAA	4.460	15	4.571	07/03/2019	-11	30
Rantau Abang Capital Berhad	01/32	AAA	4.429	10	4.469	15/03/2019	-4	27
Danga Capital Berhad	09/33	AAA	4.509	10	4.559	08/03/2019	-5	35
Tenaga Nasional Berhad	08/38	AAA	4.679	10	4.761	13/03/2019	-8	33
Sabah Development Bank Berhad	07/20	AA1	4.605	20	4.618	21/03/2019	-1	124
Sabah Development Bank Berhad	12/21	AA1	4.784	10	4.841	15/03/2019	-6	138
Sabah Development Bank Berhad	02/26	AA1	5.233	10	5.238	25/03/2019	-1	148
YTL Power International Berhad	05/27	AA1	4.678	5	4.677	20/03/2019	0	89
Public Bank Berhad	10/28	AA1	4.453	160	0.000	00/01/1900	445	66
Tanjung Bin Power Sdn Berhad	08/19	AA2	4.090	26	4.135	12/03/2019	-4	72
Fortune Premiere Sdn Berhad	09/23	AA	4.505	6	4.558	27/02/2019	-5	100
Jimah Energy Ventures Sdn Berhad	05/20	AA3	4.056	2	4.081	18/03/2019	-3	69
Country Garden Real Estate Sdn Berhad	03/22	AA3	6.231	5	0.000	00/01/1900	623	282
CIMB Thai Bank Public Company Limited	07/24	AA3	4.738	0	4.289	08/03/2019	45	119
Hong Leong Assurance Berhad	02/25	AA3	4.352	20	4.400	07/03/2019	-5	67
Tanjung Bin Energy Issuer Berhad	03/27	AA3	4.550	6	4.618	15/02/2019	-7	77
CIMB Thai Bank Public Company Limited	03/28	AA3	4.991	20	4.702	25/03/2019	29	118
Edra Energy Sdn Berhad	01/29	AA3	5.729	10	5.808	15/03/2019	-8	194
Edra Energy Sdn Berhad	07/29	AA3	5.749	21	5.780	21/03/2019	-3	196
Tanjung Bin Energy Issuer Berhad	09/30	AA3	4.613	30	4.919	15/10/2018	-31	82
MMC Corporation Berhad	03/28	AA-	5.502	10	5.529	06/03/2019	-3	169
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/30	AA-	4.649	10	4.801	17/01/2019	-15	86
UEM Sunrise Berhad	03/24	AA-	4.582	10	4.640	21/03/2019	-6	-
CIMB Group Holdings Berhad	05/16	A1	4.663	4	4.632	25/03/2019	3	31
CIMB Group Holdings Berhad	05/16	A1	4.521	1	4.341	19/03/2019	18	17
DRB-Hicom Berhad	02/22	A+	5.520	20	6.035	27/02/2019	-52	211
Mah Sing Group Berhad	04/17	-	6.280	10	6.100	3/22/2019	18	193
				<u>1579</u>				

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

Market/Corporate News: What's Brewing

Malaysian palm oil futures fell for a third consecutive session on Tuesday on expectations of higher output in March. The benchmark palm oil contract for June delivery on the Bursa Malaysia Derivatives Exchange was down 0.4 percent at 2,132 ringgit (\$523.83) a tonne at the close of trade. However, for the month as well as the quarter, palm oil has gained 0.5 percent so far. "The market is reacting to prospects of higher production," a Kuala Lumpur-based futures trader said, adding that he expected a single-digit gain in March in line with the seasonal trend. Gains in production would add to current stockpiles, which unexpectedly rose 1.3 percent to 3.05 million tonnes last month, according to industry regulator the Malaysian Palm Oil Board. Production, however, fell 11.1 percent to 1.54 million tonnes in February. In March 2018, Malaysian palm oil production rose 17.2 percent to 1.57 million tonnes. Palm oil may fall to 2,110 ringgit per tonne as it has cleared a support at 2,155 ringgit, said Wang Tao, a Reuters market analyst for commodities and energy technicals. In other related oils, the Chicago May soybean oil contract fell 0.1 percent, while the May soyoil contract on the Dalian Commodity Exchange dipped 0.4 percent. The Dalian May palm oil contract was also down 0.1 percent. Palm oil prices are affected by movements in soyoil, as they compete for a share in the global vegetable oil market. (Source: The Star Online/ Reuters)

More Malaysians are migrating to e-wallet cashless transactions but one big beneficiary in digital payments and becoming a cashless society is the stamping out of corruption. "When we talk about cashless system, an important benefit is that it can help cut down corruption, and I am sure corruption is much reduced in China, partly also because of the cashless system," said Finance Minister Lim Guan Eng. Bank Negara data indicated that cash circulating in the economy has dropped slightly to 7.4% of the gross domestic product (GDP) in 2018 compared with 7.7% and 7.9% of GDP in 2017 and 2016 respectively due to the wider application of mobile and online payment in the country. By 2023, the number of mobile Internet users is expected to reach 21.8 million people in the country. To become a largely cashless economy, Lim noted that the country needed to have 2% or below of cash in circulation based on the International Monetary Fund's staff calculation. Lim was speaking at the opening of the WeChat Pay technology exhibition here yesterday. The reliance on cash is still high in Malaysia as about RM106bil worth of cash was circulating in the economy as of 2018. In most societies, corruption is one of the biggest contributing factors to large income gaps and the problem of illicit payments was the lack of traceability. "Cash has always been the preferred method of bribery since it leaves no paper trail to the person or organisation," an analyst pointed out. He said the norm is that black money is laundered via the purchase of a business, real estate or expensive asset. "When this happens, (black money being converted into another asset), corruption can go undetected. The real end to corruption is only when each transaction can be tracked," said the analyst. Malaysia has gone up one place to 61 out of 180 countries in Transparency International's (TI) Corruption Perception Index 2018. The country, however, maintained a score of 47 points in the corruption index like last year. In 2017, it ranked 62 out of 180 countries, scoring 47 points out of 100. With the digital wallet, all incoming and outgoing funds, can be traced and thus reducing the risk of fraud. Lim noted that the adoption rate of e-wallets is "still low" but tech companies are banking on Malaysia's growth potential. There are more than 40 e-wallet players in the country including Maybank Anytime Everyone e-wallet, Fave, Boost, AliPay, GrabPay, TouchNgo, and WeChat Pay Malaysia. "The migration towards cashless has been enabled by the high penetration rate of financial services and widespread availability of Internet access," Citing a report by Nielsen in January, Lim said 67% of consumers surveyed in the country have used e-payments adding that debit cards and online banking were the most preferred non-cash channels. Bank Negara has a target of an average of 200 e-payment transactions per person by 2020 from 44 currently and reducing cheques by more than half to 100 million per year from 207 million. Among the measures to achieve this aim are providing the right price signals to encourage the switch from paper-based payments to e-payments, and facilitating wider outreach of e-payments infrastructure such as point-of-sale terminals and mobile phone banking. The move into a cashless society began with reforms made by Bank Negara on Jan 15, 2015. The overhaul of the payment industry was estimated to affect a revenue of RM5.1bil, which is the estimated amount that banks would earn from the provision of credit and debit cards based from 2015 to 2020. The reforms are

expected to result in cost savings for the financial institutions which be channelled into developing infrastructure for the reforms in the payment system. People from Germany, Australia, New Zealand and the UK conduct a substantial part of their transactions via cards. A spokesperson for GHIL Systems Bhd said the usage of e-payments would lead to the reduction of cash-handling, and ensure that transactions are delivered through secure, transparent and convenient digital channels. WeChat Pay Malaysia chief executive officer Jason Siew believed that its cutting edge from other mobile payment solutions is the non-payment features it offers. It plans to add two more features this year. "Payment is just a piece of a puzzle. Another new service that will be available in mamak restaurants around Klang Valley is the online food ordering this year," he added. For WeChat, Malaysia is the first market outside of China where it has recently expanded its payment services. Moving forward, the company plans to introduce a service which uses a camera to detect a vehicle number plate number to activate a petrol pump. (Source: *The Star Online*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM, MARC

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