

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.51	2
5-yr UST	2.49	4
10-yr UST	2.68	5
30-yr UST	3.07	6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.56	-1	3.64	0
5-yr	3.71	0	3.82	0
7-yr	3.87	0	3.97	0
10-yr	3.89	0	4.03	0
15-yr	4.29	-1	4.37	0
20-yr	4.48	0	4.61	0
30-yr	4.70	0	4.85	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.66	0
3-yr	3.69	1
5-yr	3.78	1
7-yr	3.90	0
10-yr	4.05	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries ended weaker Wednesday as the curve shifted higher amid a general slump in global sovereign debt and also huge amounts of corporate debt issuances tapped by at least 9 IG issuers; which caused the 30Y especially to lag. Benchmark yields ended about 2-6bps higher with the 2Y at 2.51% and the much-watched 10Y rising 5bps higher at 2.68%. The U.S. goods trade deficit widened sharply in December as slowing global demand and a strong dollar weighed on exports, another sign that economic growth slowed in the 4th quarter. Meanwhile Powell testified that the Fed is likely to end the balance sheet reduction soon. Up next on the data front are the release of the 4Q GDP numbers.

MGS/GII

- Local govies saw strong momentum with volume rising to RM5.31b with interest mainly focused in the off-the-run 19's 21's and also 5Y benchmark GII bonds. Overall benchmarks yields again ended mostly within 1bps from prior day's close. Both the 5Y benchmark MGS 4/23 and 10Y MGS 8/29 were unchanged at 3.71% and 3.89% respectively. GII trades maintained 33% of overall trades. The 15Y GII auction yesterday saw solid demand on a BTC ratio of 3.91x; averaging 4.37%. Meanwhile investors are expecting currency and duration to make sizeable contributions to EM local returns in 2019.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk notched strong secondary volume of RM792m with interest mainly across the GG to AA-part of the curve. Govt-guaranteed GOVCO 2/24 closed unchanged at 4.05% compared to previous-done levels whilst DANAINFRA bonds saw a slew of trades exchange hands including both the 11/23 and 11/25 tranches which edged 1bps at 4.00% and 4.08% respectively. AAA-rated DANGA saw total ~RM190m nominal amounts traded for the 2020-2033 tranches; closing 2-15bps lower between 3.96-4.61% area whilst TENAGA 37-38's closed 1bps lower between 4.77-80% area. In the AA-space, infrastructure and energy-related bonds i.e. WESTPORT 10/25 and EDRA Energy 29-30's closed mixed on yields at 4.47% and 5.86-88% levels. The banking space was saw PUBLIC Islamic 24NC19 move 2bps lower at 4.02% whilst ALLIANCE Bank 25NC20 rose 6bps at 4.66%.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.315	761	3.291	26/02/2019	2
MGS	07/19	3.319	211	3.280	25/02/2019	4
MGS	10/19	3.396	315	3.389	26/02/2019	1
MGS	11/19	3.389	134	3.420	26/02/2019	-3
MGS	03/20	3.462	56	3.471	26/02/2019	-1
MGS	07/20	3.487	85	3.490	21/02/2019	0
MGS	10/20	3.548	72	3.481	22/02/2019	7
MGS	07/21	3.565	213	3.549	26/02/2019	2
MGS	09/21	3.588	114	3.580	26/02/2019	1
MGS	11/21	3.561	157	3.568	26/02/2019	-1
MGS	03/22	3.583	281	3.609	26/02/2019	-3
MGS	08/22	3.706	2	3.709	26/02/2019	0
MGS	04/23	3.706	1	3.704	26/02/2019	0
MGS	08/23	3.763	142	3.758	26/02/2019	0
MGS	07/24	3.827	55	3.836	22/02/2019	-1
MGS	09/24	3.838	81	3.844	26/02/2019	-1
MGS	03/25	3.910	88	3.919	25/02/2019	-1
MGS	09/25	3.902	218	3.922	26/02/2019	-2
MGS	07/26	3.869	131	3.866	26/02/2019	0
MGS	11/26	3.979	3	3.976	26/02/2019	0
MGS	03/27	4.012	1	4.024	21/02/2019	-1
MGS	11/27	4.003	62	3.996	26/02/2019	1
MGS	06/28	3.973	10	3.976	26/02/2019	0
MGS	08/29	3.891	94	3.891	25/02/2019	0
MGS	04/30	4.147	108	4.147	26/02/2019	0
MGS	06/31	4.216	1	4.217	26/02/2019	0
MGS	04/33	4.340	60	4.340	25/02/2019	0
MGS	11/33	4.290	83	4.305	26/02/2019	-1
MGS	04/37	4.454	1	4.501	26/02/2019	-5
MGS	03/46	4.749	10	4.756	26/02/2019	-1
GII	03/22	3.644	121	3.640	26/02/2019	0
GII	04/22	3.673	1	3.703	22/02/2019	-3
GII	07/23	3.835	20	3.841	26/02/2019	-1
GII	11/23	3.818	358	3.816	26/02/2019	0
GII	05/24	3.888	50	3.900	22/02/2019	-1
GII	08/24	3.897	60	3.897	26/02/2019	0
GII	08/25	3.969	97	3.965	26/02/2019	0
GII	10/25	3.995	60	3.998	26/02/2019	0
GII	07/27	4.052	52	4.026	26/02/2019	3
GII	10/28	4.081	2	4.083	25/02/2019	0
GII	07/29	4.030	250	4.034	26/02/2019	0
GII	06/33	4.372	666	4.373	26/02/2019	0
GII	08/37	4.609	20	4.608	25/02/2019	0
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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	10/23	GG	4.001	50	4.011	11/02/2019	-1	30
GovCo Holdings Berhad	02/24	GG	4.050	100	4.051	25/02/2019	0	34
DanaInfra Nasional Berhad	11/25	GG	4.079	5	4.090	19/02/2019	-1	21
DanaInfra Nasional Berhad	04/30	GG	4.291	10	4.450	27/09/2018	-16	39
DanaInfra Nasional Berhad	02/39	GG	4.719	20	-	-	-	23
Perbadanan Tabung Pendidikan Tinggi Nasional	07/41	GG	4.835	40	4.839	25/02/2019	0	35
Puncak Wangi Sdn Berhad	11/19	AAA	4.328	2	4.576	28/02/2018	-25	89
Danga Capital Berhad	04/20	AAA	3.962	78	4.000	31/01/2019	-4	52
C.J Capital Sdn Berhad	07/20	AAA	4.243	10	4.524	19/06/2018	-28	81
Danga Capital Berhad	02/26	AAA	4.287	40	4.320	12/02/2019	-3	42
Danga Capital Berhad	09/27	AAA	4.347	60	4.368	18/02/2019	-2	43
GENM Capital Berhad	07/28	AAA	4.765	2	4.790	21/02/2019	-3	85
Pengurusan Air SPV Berhad	02/29	AAA	4.436	5	-	-	-	54
Rantau Abang Capital Berhad	05/31	AAA	4.521	5	4.659	06/12/2018	-14	62
Danga Capital Berhad	09/33	AAA	4.609	10	4.759	18/01/2019	-15	32
Danum Capital Berhad	02/34	AAA	4.601	10	4.610	19/02/2019	-1	31
Tenaga Nasional Berhad	08/37	AAA	4.769	20	4.779	22/02/2019	-1	28
Tenaga Nasional Berhad	08/38	AAA	4.804	10	4.819	22/02/2019	-1	32
Sabah Development Bank Berhad	08/19	AA1	4.411	40	-	-	-	97
YTL Corporation Berhad	04/23	AA1	4.560	30	4.571	26/02/2019	-1	88
Maybank Islamic Berhad	04/24	AA1	3.831	10	-	30/01/2019	-	13
Public Islamic Bank Berhad	06/24	AA1	4.017	40	4.034	22/02/2019	-2	31
Westports Malaysia Sdn Berhad	10/25	AA+	4.468	10	4.613	07/11/2017	-15	60
CIMB Bank Berhad	08/26	AA+	4.791	1	4.535	15/02/2019	26	92
UMW Holdings Berhad	10/23	AA2	4.458	10	4.520	25/01/2019	-6	75
Fortune Premiere Sdn Berhad	09/23	AA	4.558	5	4.835	30/10/2018	-28	85
Fortune Premiere Sdn Berhad	09/25	AA	4.731	5	4.748	14/02/2019	-2	86
Anih Berhad	11/25	AA	4.538	10	4.613	27/11/2018	-8	67
BGSM Management Sdn Berhad	12/23	AA3	4.443	5	4.485	25/01/2019	-4	74
Edra Energy Sdn Berhad	01/26	AA3	5.549	10	5.541	14/02/2019	1	168
Dynasty Harmony Sdn Berhad	12/28	AA3	5.929	10	6.050	20/12/2018	-12	203
Dynasty Harmony Sdn Berhad	06/29	AA3	5.990	10	-	-	-	209
Edra Energy Sdn Berhad	07/29	AA3	5.860	40	5.860	14/02/2019	0	196
Edra Energy Sdn Berhad	01/30	AA3	5.880	30	5.498	05/10/2018	38	198
MIMC Corporation Berhad	04/23	AA-	5.147	10	5.148	25/02/2019	0	147
Malakoff Power Berhad	12/29	AA-	4.618	2	4.948	09/08/2018	-33	72
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/31	AA-	4.977	2	5.028	24/01/2019	-5	108
Golden Assets International Finance Limited	08/19	A1	4.734	4	4.772	29/01/2019	-4	130
AmBank (M) Berhad	08/39	A1	4.239	2	4.368	20/12/2018	-13	-25
Alliance Bank Malaysia Berhad	10/25	A2	4.656	10	4.594	26/02/2019	6	79
Southern Power Generation Sdn Berhad	04/27	AA-	4.530	20	4.569	20/02/2019	-4	62
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

YTL Corp Bhd posted a 64.8% decline in net profit to RM44.82 million in its second quarter ended Dec 31, 2018 against RM127.45 million in the same quarter last year despite a 17% growth in revenue to RM4.55 billion. In a bourse filing, the company said its construction segment saw a significant increase in construction works, which helped lift the segment's profitability. Its information technology and e-commerce related business were also more profitable during the quarter due to interest income earned on cash deposits and lower administration expenses incurred. However, these were not sufficient to mitigate lower earnings from its other segments — hotels, cement manufacturing, property investment and development, management services and others, and utilities. YTL Corp said its hotel segment was impacted by higher operating expenses incurred by Niseko Village KK during the quarter while its cement manufacturing segment saw lower sales and an absence of gain on disposal of land, following the acquisition by Pentadbir Tanah Kuala Lumpur for the Mass Rapid Transit project. Its property segment was less profitable due to lower unrealised foreign exchange gain on term loan denominated in Australian dollar recorded by YTL Hospitality REIT. Lower profits were registered at its utilities segment, partly due to lower vesting contract level, lower retail and tank leasing margin, while its management services and others segment remained

in the red. For the cumulative first half of the year (1HFY19), YTL's net profit fell 36.6% to RM170.61 million from RM269.31 million in the same period a year ago. Revenue expanded 10.6% to RM8.64 billion, however, from RM7.81 billion in 1HFY18. YTL Corp said it expects to achieve satisfactory performance for all its segments in its financial year ending June 30. Its shares slid two sen or 1.77% to RM1.11 today, for a market capitalisation of RM11.73 billion. (Source: *The EdgeMarkets*)

Genting Malaysia Bhd's net profit jumped 60.11% to RM720.14 million in its fourth quarter ended Dec 31, 2018 (4QFY18), from RM449.79 million a year ago on the back of lower effective tax rate, but still closed the year in the red thereafter — its first loss-making one since 2000 — on higher impairment losses. The hilltop casino operator said the group's improved net profit in 4QFY18 was due to the reversal of additional tax expense of RM166.2 million incurred in the previous quarter (3QFY18), as a result of a change in the basis of tax incentive use. "This reversal is following the High Court of Kuala Lumpur's decision to grant the company's application for leave to commence judicial review of the Ministry of Finance's decision to amend terms of tax incentives previously granted to the Company and a stay of the MoF decision, pending disposal of the judicial review application before the High Court," Genting Malaysia said in a filing with Bursa Malaysia today. Genting also said it recorded a more-than-two-fold improvement in adjusted earnings before interest, tax, depreciation and amortisation (Ebitda) from its leisure and hospitality businesses in the US and Bahamas to RM92 million, from RM38.1 million last year. The group's revenue, however, slipped 1.47% to RM2.51 billion, from RM2.54 billion a year ago (4QFY17). It proposed a 13 sen dividend, comprising a special dividend of 8 sen per share to be paid on April 4, and a final dividend of 5 sen per share to be paid on a date to be fixed. This brings its cumulative payout for FY18 to 19 sen, versus 17 sen for FY17. For the full year FY18, however, Genting Malaysia sank into the red with a net loss of RM19.59 million from a net profit of RM1.16 billion a year ago, despite revenue rising 6.4% to RM9.93 billion from RM9.33 billion. This was primarily because it recognised an impairment loss of RM1.83 billion from the group's investment in the promissory notes issued by the Mashpee Wampanoag Tribe. On outlook, Genting Malaysia cautioned that the operating environment in Malaysia will be challenging, as the group adapts to the new fiscal operating landscape in 2019, following the severity of the casino duty increases announced in the Malaysian Budget 2019. It said it will complete the roll out of the Skytropolis Funland indoor theme park and Imaginatrix. While it is reviewing the development plans and options for the outdoor theme park amid ongoing legal proceedings, it said it remains committed to the outdoor theme park as a growth initiative in Malaysia. In the UK, Genting Malaysia said the group will also place emphasis on strengthening its position in the non-premium players segment, as it continues its efforts to drive business volumes and enhance the operating performance of Resorts World Birmingham. Meanwhile, in the US, Genting Malaysia said the group remains focused on the ongoing expansion works at Resorts World Casino New York City's (RWNYC), which is expected to open in phases from end-2019. "In Miami, the group will continue to leverage the newly-renovated Hilton Miami Downtown hotel to boost visitation and higher spend at the property," Genting Malaysia said, adding that the group remains committed to improving operational efficiency and infrastructure at Resorts World Bimini in the Bahamas. Genting Malaysia shares closed three sen or 0.87% higher at RM3.47 today, valuing the company at RM19.62 billion. Year-to-date, the counter grew 14.9% from RM3.02. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	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.com.my

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