

Global Markets Research
Fixed Income
Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.59	-2
5-yr UST	2.58	-2
10-yr UST	2.75	-1
30-yr UST	3.07	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.59	-1	3.67	0
5-yr	3.75	-2	3.84	1
7-yr	3.90	-1	4.03	-1
10-yr	4.07	-1	4.09	0
15-yr	4.41	0	4.46	1
20-yr	4.58	0	4.68	-1
30-yr	4.77	0	4.88	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.66	0
3-yr	3.69	0
5-yr	3.80	0
7-yr	3.92	0
10-yr	4.08	0

Source : Bloomberg

Upcoming Government Bond Tender

RM4.0b of 5Y GII 11/23 on Wednesday, 30th Jan 2019

US Treasuries

- US Treasuries bull-steepened following solid demand for \$40b of 2Y auction which saw BTC ratio at 2.56x; averaging 2.60% and also \$41b of the 5Y auction (BTC ratio: 2.41x; average yield: 2.576%). Benchmark yields ended 0-2bps lower from prior day's close with the 2Y at 2.59% and the much-watched 10Y edging 1bps lower at 2.75%. Meanwhile both the US and China are expected to have in-depth discussions on economic and trade issues this week. The Treasury expects to issue \$365b (up \$8b from earlier estimates) in net marketable debt for 1Q 2019 and is boosting sales of bills, notes and bonds to help finance a budget gap that's widening after \$1.5 trillion in tax cuts started taking effect last year. The then-Republican-controlled Congress approved a roughly \$300 billion spending increase. Market participants are bracing for heightened volatility as the Fed will hold its 1st policy meeting today and tomorrow followed by the January job numbers on Friday.

MGS/GII

- Trading momentum in local govovies dwindled with volume at RM849m as interest was seen mainly in the benchmark 5Y MGS and off-the-run 26's. Overall benchmarks yields mostly mixed-to-lower between -2 to +1bps. The 5Y benchmark MGS 4/23 ended almost 2bps lower at 3.75% and the 10Y MGS 6/28 edged 1bps lower as well at 4.07% levels. GII trades improved to form 30% of overall trades. Meanwhile expect attention to be focused on the upcoming 5Y GII bond auction tomorrow. Up next on the data front are the release of the December trade numbers on Wednesday.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk also saw volume trickle down to RM272m as interest mostly seen in the GG segment. Govt-guaranteed (GG) LPPSA 4/33 closed a whopping 33bps lower compared to previous-done levels at 4.57% on substantial volume of RM90m whereas the long-end DANA 11/47 closed unchanged at 5.00%. The AA-rated asset-backed bond Ara Bintang 3/21 saw decent demand ending lower on yields at 4.26%. In the AA-space, a slew of energy-related bond i.e YTL Power 5/27, SEB 11/28 and EDRA Energy 33-34's dominated trades, with the later closing 3-10bps higher between 5.93-98% levels.. In the banking space, Alliance Bank 25NC20 edged 2bps lower at 4.67%.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.308	4	3.277	43490	3
MGS	07/19	3.325	10	3.357	43489	-3
MGS	10/19	3.403	47	3.404	43490	0
MGS	03/20	3.471	2	3.458	43490	1
MGS	07/20	3.476	110	3.454	43490	2
MGS	10/20	3.498	1	3.487	43490	1
MGS	11/21	3.589	10	3.581	43490	1
MGS	03/22	3.58	9	3.593	43490	-1
MGS	09/22	3.732	1	3.726	43489	1
MGS	03/23	3.783	25	3.775	43490	1
MGS	04/23	3.748	123	3.761	43490	-1
MGS	08/23	3.848	2	3.855	43490	-1
MGS	07/24	3.9	2	3.879	43490	2
MGS	09/24	3.907	10	3.896	43489	1
MGS	09/25	3.98	35	3.989	43490	-1
MGS	07/26	3.901	131	3.897	43490	0
MGS	11/26	4.068	33	4.065	43490	0
MGS	11/27	4.103	9	4.096	43489	1
MGS	06/28	4.066	28	4.075	43490	-1
MGS	04/32	4.46	1	4.428	43480	3
MGS	04/33	4.45	1	4.446	43489	0
MGS	05/35	4.493	3	4.473	43488	2
MGS	04/37	4.551	1	4.55	43489	0
GII	08/21	3.631	5	3.626	43481	0
GII	11/23	3.838	60	3.831	43490	1
GII	08/25	4.028	40	4.03	43490	0
GII	09/30	4.314	1	4.288	43490	3
GII	06/33	4.462	60	4.453	43482	1
GII	08/33	4.499	50	4.509	43487	-1
GII	10/35	4.701	6	4.759	43483	-6
GII	08/37	4.682	30	4.682	43490	0
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Daily Trades: Corp Bonds / Sukuk

Securities	Maturity (dd/mm/yy)	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Perbadanan Tabung Pendidikan Tinggi Nasional	07/23	GG	4.047	25	4.151	06/12/2018	-10	35
Lembaga Pembiayaan Perumahan Sektor Awam	04/33	GG	4.569	90	4.899	11/04/2018	-33	17
Prasarana Malaysia Berhad	12/33	GG	4.629	10	4.651	17/01/2019	-2	23
DanaInfra Nasional Berhad	11/47	GG	5.000	25	5.003	24/01/2019	0	43
GB Services Berhad	11/19	AAA	4.198	2	4.286	26/12/2018	-9	77
Ara Bintang Berhad	03/21	AAA	4.259	20	4.455	26/10/2018	-20	74
Sabah Development Bank Berhad	08/21	AA1	4.886	10	4.858	19/10/2018	3	129
YTL Power International Berhad	05/27	AA1	4.827	5	4.828	24/01/2019	0	83
Sarawak Energy Berhad	11/28	AA1	4.629	4	4.669	14/01/2019	-4	56
Krung Thai Bank Public Company Limited	07/25	AA2	5.002	0	4.894	24/01/2019	11	112
Fortune Premiere Sdn Berhad	03/23	AA	4.597	1	4.688	21/12/2018	-9	90
BGSM Management Sdn Berhad	12/19	AA3	4.076	10	4.124	24/01/2019	-5	65
Gamuda Berhad	03/23	AA3	4.604	5	4.622	24/01/2019	-2	91
Edra Energy Sdn Berhad	01/33	AA3	5.931	10	5.830	09/01/2019	10	153
Edra Energy Sdn Berhad	01/34	AA3	5.980	10	5.948	14/01/2019	3	158
SAJ Capital Sdn Berhad	01/20	AA-	4.696	4	4.758	08/01/2019	-6	127
UEM Sunrise Berhad	12/22	AA-	4.686	10	4.795	12/12/2018	-11	99
MMC Corporation Berhad	04/23	AA-	5.176	10	5.407	12/06/2018	-23	148
Hong Leong Financial Group Berhad	11/17	A1	4.826	1	4.827	25/01/2019	0	26
UMW Holdings Berhad	04/18	A1	5.659	0	5.700	25/01/2019	-4	109
Alliance Bank Malaysia Berhad	10/25	A2	4.674	20	4.699	08/01/2019	-2	76
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Matrix Concepts Holdings Bhd plans to build a central business district covering 46ha in its Bandar Sri Sendayan (BSS) township near Seremban which will have a gross development value of RM4bil. Group executive deputy chairman Datuk Lee Tian Hock said the project, which would be its crown jewel and the last in BSS, will be built on a six-in-one concept which will include hospitality, commercial, shopping malls, a medical centre, residential and a convention centre. "We are seeking a strategic partner to jointly spearhead this mega development, particularly the 400-bed medical centre project. "We have obtained all the necessary approvals for the centre and are currently in talks with some interested parties and barring any unforeseen circumstances, this should come to fruition this year," he said at the company's annual dinner last Saturday. Lee said although the current financial year had been challenging with a sluggish property market and stringent lending policies from banks, the company's revenue projections for 2019 has remained the same. "I am pleased to announce that we have already achieved our targeted revenue of RM1.2bil for the half-year of our financial year ending March 31, 2019, which is two months ahead of target," he said adding that this was achieved at a time when many property companies were either consolidating or scaling down operations. He said Matrix Concepts has already established itself in Negri Sembilan and Kluang in Johor and will this year embark on its second project in the Klang Valley. He said its maiden project in Kuala Lumpur comprising residential apartments near the Putra World Trade Centre was already 85% sold out. The company, he said, planned to strengthen its foothold in the Klang Valley with the launch of its next project in Puchong this year. However he did not elaborate. Lee said the company's maiden project in Melbourne comprising 52 boutique low-rise apartments known as M.Carnegie has been completed and the units handed over to buyers. "The project marked an important milestone for Matrix and we have since acquired new land banks in Greenvale and St Kilda in Melbourne for new projects. "Both projects, with a GDV of A\$100mil, are expected to be launched this year," he said. Separately, Lee said Matrix Concepts has also entered into a joint venture agreement with PT Bangun Kosambi Sukses and PT Nikko Sekuritas Indonesia to build an Islamic financial district in Indonesia this year. (Source: *The Star Online*)

SP Setia Bhd has completed the issuance of RM358.1 million worth of Islamic medium-term notes to part finance the purchase of a project land in Semenyih, Selangor. The property developer said in a filing that the notes were issued under an unrated sukuk programme by its wholly-owned subsidiary KL East Sdn Bhd. Maybank Investment Bank Bhd is the principal adviser, lead arranger, lead manager, facility agent and security agent for the sukuk programme, which will have a tenure of up to 10 years from the date of the first issue. "The sukuk murabahah issued under the sukuk murabahah programme are on a restricted transferability basis and are only transferable within the licensed Islamic banks and licensed commercial banks in Malaysia only, save for development financial institution," S P Setia said. On Jan 8, KL East had lodged with the Securities Commission Malaysia the required information and relevant documents relating to the sukuk murabahah programme pursuant to the Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework, S P Setia said. Shares of S P Setia rose two sen or 0.78% to close at RM2.58, giving it a market capitalisation of RM10.21 billion. The counter saw 1.4 billion shares traded. Over the past one year, shares of S P Setia has fallen 20.62% from RM3.25. (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 Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.com.my

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