

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.15	-4
5-yr UST	2.08	-5
10-yr UST	2.27	-5
30-yr UST	2.70	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.41	0	3.46	-1
5-yr	3.57	0	3.62	-1
7-yr	3.72	1	3.75	-1
10-yr	3.81	0	3.85	-1
15-yr	4.11	0	4.14	0
20-yr	4.30	-2	4.34	0
30-yr	4.55	-1	4.61	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.45	-1
3-yr	3.46	0
5-yr	3.53	-1
7-yr	3.60	-1
10-yr	3.77	-3

Source : Bloomberg

Upcoming Government Bond Tender

New Issuance of RM2.5b + RM1.5b (Private Placement) of 15Y GII 11/34 on Thursday, 30th May

US Treasuries

- US Treasuries rallied; spurred by the strength in both bunds and UST 2Y and 5Y auctions. Overall benchmark yields ended between 4-5bps lower. The UST 2Y closed at 2.15% whilst the much-watched 10Y closed 5bps lower at 2.27%. The auction for UST 5Y drew an average of 2.065% on a BTC ratio of 2.38x (previous auction : 2.44x). The global bond rally gathered steam with Australian and New Zealand sovereign yields falling to record lows. Demand for UST's may continue if investors are ready to believe that trade tensions are unlikely to recede near term. On the data front are the expected release of 1QGDP figures tomorrow.

MGS/GII

- Trading momentum in local govies improved as secondary market volumes notched RM5.36b. Benchmark yields ended mostly 0-2bps lower led by lower IRS levels save for the 7Y MGS. Interest was mainly seen in the off-the-run 20's and current/previous 5Y and 10Y benchmark bonds. The benchmark 5Y MGS 4/23 closed within 1bps of prior day's close at 3.57% whilst the 10Y MGS 8/29 was unchanged at 3.81%. GII bond trades maintained to form 38% of overall trades. Although investors are bearish on the prospects for US-China trade talks; most positioning may actually reflect a broad neutral-positive view on MYR govies. Meanwhile investors are expected to focus on the upcoming 15Y GII auction which is seen to provide value as inflation remains low and curve may exhibit flattening.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space continued to see solid secondary volume of RM808m with ~55% of trades centred across the GG-part of the curve. The longer-end Govt-guaranteed DANA 43-48's saw decent interest as yields fell between 5-36bps between 4.49-62% levels compared to previous-done levels. PRASA 22's closed 8-20bps lower on RM220m in nominal amounts. AAA-rated PLUS 22, 25 and 28 ended 6-8bps lower at 3.90%, 4.02% and 4.14% respectively. The AA-space saw energy-related bonds i.e. EDRA 7/29 and TBEI 9/30 also close lower on yields at 5.11% and 4.36% each whilst SEB 6/21 closed 23bps lower at 3.92%. The banking space saw Krung Thai Bank 25NC20 rise 23bps instead to 4.30%.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	07/19	3.121	90	3.303	24/05/2019	-18
MGS	10/19	3.172	1	3.171	27/05/2019	0
MGS	11/19	3.173	122	3.179	27/05/2019	-1
MGS	03/20	3.195	361	3.199	27/05/2019	0
MGS	07/20	3.263	270	3.291	27/05/2019	-3
MGS	10/20	3.245	222	3.329	27/05/2019	-8
MGS	07/21	3.397	58	3.367	24/05/2019	3
MGS	09/21	3.382	78	3.388	24/05/2019	-1
MGS	11/21	3.410	4	3.389	27/05/2019	2
MGS	03/22	3.407	319	3.406	24/05/2019	0
MGS	08/22	3.483	66	3.488	24/05/2019	0
MGS	04/23	3.565	179	3.568	27/05/2019	0
MGS	07/24	3.641	85	3.662	27/05/2019	-2
MGS	09/24	3.647	219	3.659	27/05/2019	-1
MGS	03/25	3.740	100	3.749	27/05/2019	-1
MGS	09/25	3.796	76	3.792	27/05/2019	0
MGS	07/26	3.720	512	3.706	27/05/2019	1
MGS	11/27	3.851	30	3.850	24/05/2019	0
MGS	08/29	3.809	210	3.808	24/05/2019	0
MGS	04/30	3.973	2	3.967	24/05/2019	1
MGS	06/31	4.073	50	4.084	27/05/2019	-1
MGS	04/33	4.144	160	4.140	27/05/2019	0
MGS	11/33	4.114	70	4.114	27/05/2019	0
MGS	06/38	4.296	20	4.319	24/05/2019	-2
MGS	07/48	4.553	40	4.559	27/05/2019	-1
GII	05/20	3.297	200	3.280	17/05/2019	2
GII	11/20	3.378	48	3.453	03/05/2019	-7
GII	04/21	3.426	50	3.447	07/05/2019	-2
GII	03/22	3.459	80	3.467	24/05/2019	-1
GII	07/22	3.535	81	3.539	16/05/2019	0
GII	03/23	3.711	10	3.728	06/05/2019	-2
GII	07/23	3.604	120	3.597	27/05/2019	1
GII	11/23	3.613	20	3.624	24/05/2019	-1
GII	05/24	3.684	207	3.680	24/05/2019	0
GII	08/24	3.666	70	3.683	24/05/2019	-2
GII	10/24	3.619	160	3.628	24/05/2019	-1
GII	08/25	3.760	60	3.763	27/05/2019	0
GII	10/25	3.772	45	3.778	27/05/2019	-1
GII	03/26	3.750	80	3.759	24/05/2019	-1
GII	09/26	3.828	47	3.828	27/05/2019	0
GII	07/27	3.840	60	3.840	27/05/2019	0
GII	10/28	3.871	140	3.873	27/05/2019	0
GII	07/29	3.853	190	3.859	27/05/2019	-1
GII	06/33	4.137	104	4.132	27/05/2019	0
GII	08/33	4.206	60	4.206	27/05/2019	0
GII	10/35	4.272	150	4.302	27/05/2019	-3
GII	08/37	4.330	10	4.323	27/05/2019	1
GII	09/39	4.342	20	4.340	24/05/2019	0
			<u>5356</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*
Prasarana Malaysia Berhad	09/22	GG	3.602	20	3.680	15/04/2019	-8	19
Prasarana Malaysia Berhad	09/22	GG	3.582	200	3.781	27/03/2019	-20	17
Jambatan Kedua Sdn Berhad	07/23	GG	3.760	30	4.230	09/03/2018	-47	23
Jambatan Kedua Sdn Berhad	05/25	GG	3.891	30	4.109	15/02/2019	-22	20
DanaInfra Nasional Berhad	03/27	GG	3.936	50	3.939	27/05/2019	0	15
Lembaga Pembiayaan Perumahan Sektor Awam	04/29	GG	4.029	10	4.060	10/04/2019	-3	22
Jambatan Kedua Sdn Berhad	05/30	GG	4.129	40	4.099	11/04/2019	3	32
GovCo Holdings Berhad	09/32	GG	4.357	10	4.398	02/05/2019	-4	25
Lembaga Pembiayaan Perumahan Sektor Awam	04/39	GG	4.409	5	4.441	27/05/2019	-3	11
DanaInfra Nasional Berhad	04/43	GG	4.489	5	4.589	02/05/2019	-10	19
DanaInfra Nasional Berhad	02/44	GG	4.509	10	4.580	10/05/2019	-7	21
DanaInfra Nasional Berhad	05/46	GG	4.579	10	4.940	13/02/2019	-36	28
DanaInfra Nasional Berhad	04/48	GG	4.620	20	4.669	14/05/2019	-5	32
Rantau Abang Capital Berhad	12/20	AAA	3.771	10	4.052	16/11/2018	-28	42
Projek Lebuhraya Usahasama Berhad	01/22	AAA	3.900	50	3.976	17/05/2019	-8	49
GENM Capital Berhad	07/23	AAA	4.302	1	4.310	15/05/2019	-1	78
Manjung Island Energy Berhad	11/23	AAA	3.878	10	4.177	14/03/2019	-30	35
Projek Lebuhraya Usahasama Berhad	01/25	AAA	4.017	20	4.082	03/05/2019	-6	32
Aman Sukuk Berhad	05/25	AAA	3.966	15	4.160	04/04/2019	-19	27
Aman Sukuk Berhad	04/27	AAA	4.068	20	4.249	07/05/2013	-18	28
Genting Capital Berhad	06/27	AAA	4.416	20	4.528	24/04/2019	-11	63
Projek Lebuhraya Usahasama Berhad	01/28	AAA	4.138	60	4.207	13/05/2019	-7	32
Danga Capital Berhad	01/30	AAA	4.214	10	4.215	27/05/2019	0	40
Sarawak Energy Berhad	06/21	AA1	3.918	20	4.145	01/03/2019	-23	56
YTL Corporation Berhad	04/23	AA1	4.298	10	4.360	21/05/2019	-6	77
First Resources Limited	06/20	AA2	4.005	10	4.016	27/05/2019	-1	77
Sinar Kamiri Sdn Berhad	01/23	AA-	5.050	6	5.169	12/02/2018	-12	152
Krung Thai Bank Public Company Limited	07/25	AA2	4.300	20	4.068	27/05/2019	23	61
AmBank Islamic Berhad	03/27	AA3	4.050	1	4.935	23/04/2019	-89	26
MMC Corporation Berhad	03/28	AA-	5.359	15	5.369	15/05/2019	-1	154
Dynasty Harmony Sdn Berhad	06/29	AA3	5.840	3	5.930	05/04/2019	-9	203
Edra Energy Sdn Berhad	07/29	AA3	5.115	10	5.488	07/05/2019	-37	131
Tanjung Bin Energy Issuer Berhad	09/30	AA3	4.361	10	4.434	13/05/2019	-7	55
Edra Energy Sdn Berhad	07/34	AA3	5.250	8	5.361	24/05/2019	-11	114
Edra Energy Sdn Berhad	07/35	AA3	5.289	25	6.099	27/03/2019	-81	118
CIMB Group Holdings Berhad	04/60	AA3	4.852	1	4.451	26/04/2019	40	55
Quantum Solar Park (Semenanjung) Sdn Berhad	04/26	A+	5.618	10	5.280	05/10/2017	34	191
Tan Chong Motor Holdings Berhad	11/21	A1	4.420	1	4.512	21/05/2019	-9	107
CIMB Group Holdings Berhad	05/16	A1	4.650	2	4.158	24/05/2019	49	35
CIMB Group Holdings Berhad	05/16	A1	4.591	1	4.598	27/05/2019	-1	29
Hong Leong Financial Group Berhad	11/17	A1	4.399	1	4.178	24/05/2019	22	10
Eco World International Berhad	#N/A	-	6.201	1	#N/A	#N/A	-	-
				<u>808</u>				

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

Market/Corporate News: What's Brewing

Bintulu Port Holdings Bhd's net profit for the first quarter ended March 31, 2019 (1QFY19) expanded 26.6% to RM39.5 million from RM31.2 million a year earlier on higher revenue. Its earnings per share grew to 8.59 sen compared with 6.78 sen previously. Quarterly revenue increased 6.7% to RM178.38 million versus RM167.16 million in 1QFY18, thanks to higher revenue recorded in Bintulu Port, Samalaju Industrial Port and its bulking facilities. "The port's services recorded revenue of RM140.8 million in 1QFY19 which is RM8.49 million higher compared with RM132.31 million achieved in 1QFY18 mainly contributed by handling of LNG and palm oil cargoes and vessel calls," it said. The higher revenue also contributed by the operation at Samalaju Industrial Port which reported revenue of RM26.05 million against RM25.8 million in the corresponding year quarter, it added. Revenue from its bulking facilities stood at RM11.53 million against RM9.06 million in 1QFY18. Bintulu Port declared a first interim dividend of four sen per share, which will be paid on Aug 9. On the group's prospects, Bintulu Port said the handling of LNG cargo and vessel calls would remain as the main revenue contributors in 2019. "Positive contributions are also expected from container, palm oil and cargoes handled in Samalaju," it said. However, the revenue growth for the year

would be impacted should the tariff revision be implemented in 2019, it added. (Source: *The Star*)

The Hong Leong Group, controlled by Tan Sri Quek Leng Chan, has offered to buyout minority shareholders in cement producer Tasek Corp Bhd for RM5.50 a share. Shares in Tasek were last traded at RM5.05 on Tuesday. The offer values the company at RM666mil. Quek, through his Singapore-based holding company Hong Leong Asia Ltd, controls a 80.8% equity interest in Tasek. CIMB Investment Bank Bhd, on behalf of the offeror, said the unconditional voluntary take over was made to facilitate the move to delist Tasek from Bursa Malaysia. Earlier this month, YTL Corp Bhd 's subsidiary YTL Cement Bhd acquired LafargeHolcim Ltd's 51% stake in Lafarhge Malaysia Bhd for RM1.6bil. (Source: *The EdgeMarkets*)

Stocks in Asia looked poised to follow U.S. equities lower, with pressure growing on sovereign bond yields after Treasuries surged amid trade-war concerns. Futures signaled a decline of about 1% for Japanese shares, with Australian equities also indicated lower. Selling in U.S. stocks accelerated late in the session as the rally in 10-year Treasuries further inverted a part of the yield curve watched for its ability to signal a recession. The dollar rose against most G-10 peers. Stalled talks in the U.S.-China trade war and escalating tensions have soured sentiment for risk assets, with the global economy already showing signs of fragility. That's driven sovereign bonds higher and pushed global stocks toward their first monthly decline of 2019. "The drop of the U.S. Treasury yield is an indicator of growing uncertainty," Lena Komileva, chief economist at G Plus Economics Ltd., told Bloomberg TV in London. "It's quite clear now that we are past that cyclical peak for earnings and the cyclical trough in credit spreads. Treasuries are "going to be very well supported here," she added. The gap between 3-month and 10-year rates dipped Tuesday to minus 9.2 basis points. That's the most negative since March, when this segment of the curve inverted for the first time since 2007. Elsewhere, oil climbed for a second day as supply risks from the Middle East to the U.S. Great Plains overwhelmed concerns that trade tensions will swamp energy demand. (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.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.