

Global Markets Research
Fixed Income
Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.51	-6
5-yr UST	2.49	-6
10-yr UST	2.68	-3
30-yr UST	3.03	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.60	3	3.67	0
5-yr	3.75	0	3.86	2
7-yr	3.90	0	4.02	-1
10-yr	4.07	0	4.09	0
15-yr	4.41	0	4.46	0
20-yr	4.57	-1	4.68	0
30-yr	4.77	0	4.88	-1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.66	0
3-yr	3.68	-1
5-yr	3.79	-1
7-yr	3.91	0
10-yr	4.08	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

US Treasuries

- US Treasuries rallied as the curve shifted lower and bull-steepened following dovish FOMC policy statement and potential adjustment of its balance-sheet normalization. The curve was steepest in almost a year with the 5s30s spread at ~57bps. Benchmark yields ended 1-6bps lower from prior day's close with the 2Y at 2.51% and the much-watched 10Y rallying another 3bps lower at 2.68%. The federal budget shortfall is expected to spike; driven by tax cuts, spending increases and an aging American population. Hence, the Treasury is raising its long-term debt issuance at its quarterly refunding auctions to \$84 billion i.e. \$1 billion more than 3 months ago. Such elevated levels of borrowing will finance the widening deficit, with strategists projecting new debt issuance will top \$1 trillion for a 2nd straight year. Meantime a slew of economic data including the all-important FOMC's interest rate policy meeting today followed by the Non-Farm payrolls for January tomorrow are expected to take centre-stage.

MGS/GII

- Trading momentum in local govies improved with volume at RM3.73b as interest was seen mainly in the GII bonds and also in the off-the-run 25-26's. Overall benchmarks yields mostly mixed i.e. between -1 to +3bps. The 5Y benchmark MGS 4/23 ended at 3.75% and the 10Y MGS 6/28 was unchanged at 4.07% levels on decent volume. GII trades jumped to form 70% of overall trades. The 5Y GII bond auction yesterday saw decent demand mainly from inter-bank players with BTC ratio at 1.97x; averaging 3.862%. Meanwhile, the December 2018 trade numbers surprised on the upside while the next upcoming data release being the Nikkei Malaysia PMI next week.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk continued to see strong volume of RM554m with interest seen across the GG to single-A part of the curve. Many Govt-guaranteed (GG) bonds exchanged hands including names like PASB, PTPTN, JKSB, PRASA and DANA which trended mostly lower on yields. Both JKSB and DANA 25's edged 1bps lower compared to previous-done levels at 4.15% levels. AAA-rated segment saw various other names with Imtiaz 6/26 and Serba Dinamik 10/23 seeing demand with levels at 4.52% and 4.87% respectively. In the banking sector, both Maybank 31NC26 and Hong Leong Bank 24NC19 rallied 3-10bps at 4.00% and 4.06% each.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/19	3.273	58	3.248	29/01/2019	2
MGS	07/19	3.330	82	3.325	28/01/2019	0
MGS	10/19	3.406	65	3.391	29/01/2019	2
MGS	10/20	3.509	18	3.492	29/01/2019	2
MGS	09/21	3.603	67	3.624	29/01/2019	-2
MGS	11/21	3.596	114	3.570	29/01/2019	3
MGS	04/23	3.753	155	3.756	29/01/2019	0
MGS	08/23	3.855	1	3.860	29/01/2019	0
MGS	07/24	3.885	3	3.914	29/01/2019	-3
MGS	07/25	3.999	90	4.012	29/01/2019	-1
MGS	09/25	3.981	123	3.984	29/01/2019	0
MGS	07/26	3.898	106	3.901	28/01/2019	0
MGS	11/26	4.072	2	4.068	28/01/2019	0
MGS	11/27	4.110	11	4.096	29/01/2019	1
MGS	06/28	4.069	140	4.069	29/01/2019	0
MGS	04/30	4.270	50	4.275	29/01/2019	-1
MGS	06/31	4.316	30	4.326	29/01/2019	-1
MGS	04/32	4.403	2	4.398	29/01/2019	0
MGS	04/37	4.563	3	4.551	28/01/2019	1
MGS	06/38	4.570	7	4.577	25/01/2019	-1
GII	04/19	3.296	6	3.249	11/01/2019	5
GII	07/19	3.343	360	3.404	16/01/2019	-6
GII	08/20	3.532	621	3.534	29/01/2019	0
GII	03/21	3.547	50	3.593	17/01/2019	-5
GII	11/23	3.861	574	3.839	29/01/2019	2
GII	08/25	4.017	629	4.031	29/01/2019	-1
GII	10/25	4.043	210	4.032	17/01/2019	1
GII	09/26	4.077	10	4.069	25/01/2019	1
GII	12/28	4.198	1	4.189	14/01/2019	1
GII	08/33	4.496	100	4.499	28/01/2019	0
GII	08/37	4.682	24	4.682	28/01/2019	0
GII	05/47	4.875	20	4.881	25/01/2019	-1
			<u>3733</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*
Pengurusan Air SPV Berhad	02/21	GG	3.911	5	3.901	15/01/2019	1	39
Perbadanan Tabung Pendidikan Tinggi Nasional	07/23	GG	4.040	10	4.047	28/01/2019	-1	35
DanaInfra Nasional Berhad	02/25	GG	4.121	5	4.149	29/01/2019	-3	25
Jambatan Kedua Sdn Berhad	05/25	GG	4.145	15	4.150	29/01/2019	-1	27
DanaInfra Nasional Berhad	11/25	GG	4.151	5	4.160	15/01/2019	-1	24
Prasarana Malaysia Berhad	09/37	GG	4.770	10	4.899	19/12/2018	-13	20
DanaInfra Nasional Berhad	04/38	GG	4.785	75	4.858	07/01/2019	-7	21
DanaInfra Nasional Berhad	05/46	GG	4.954	20	5.219	19/06/2018	-27	38
Sarawak Hidro Sdn Berhad	08/19	AAA	3.829	5	4.048	08/08/2018	-22	41
Sarawak Hidro Sdn Berhad	08/21	AAA	4.159	10	4.342	07/03/2018	-18	57
Rantau Abang Capital Berhad	10/22	AAA	4.122	10	4.243	02/10/2018	-12	43
Malaysia Airports Capital Berhad	12/22	AAA	4.217	20	4.289	29/10/2018	-7	52
EKVE Sdn Berhad	01/26	AAA	4.483	5	4.410	20/10/2017	7	57
Sarawak Hidro Sdn Berhad	08/26	AAA	4.413	10	4.426	04/01/2019	-1	42
EKVE Sdn Berhad	01/27	AAA	4.516	10	4.722	16/03/2018	-21	52
Malayan Banking Berhad	11/31	AAA	4.005	10	4.103	29/11/2018	-10	-40
Maybank Islamic Berhad	04/24	AA1	5.875	1	4.548	07/12/2018	133	212
Hong Leong Bank Berhad	06/24	AA1	4.062	10	4.089	23/01/2019	-3	31
Sarawak Energy Berhad	07/29	AA1	4.599	10	4.639	29/01/2019	-4	53
Danajamin Nasional Berhad	10/27	AA+	4.556	2	4.666	17/10/2018	-11	50
UMW Holdings Berhad	10/19	AA2	4.091	6	4.114	23/01/2019	-2	67
Mumtaz Rakyat Sukuk Berhad	06/26	AA3	4.516	20	4.610	15/11/2018	-9	61
MMC Corporation Berhad	11/20	AA-	4.884	20	4.893	29/01/2019	-1	137
Serba Dinamik Holdings Berhad	10/23	AA-	4.869	20	4.898	17/01/2019	-3	111
MMC Corporation Berhad	11/25	AA-	5.408	6	5.438	03/01/2019	-3	150
Southern Power Generation Sdn Berhad	10/32	AA-	4.779	20	4.799	07/01/2019	-2	38
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/35	AA-	5.278	30	5.279	28/12/2018	0	87
TF Varlik Kiralama A. S	06/19	A1	5.929	140	6.133	14/12/2018	-20	251
Hong Leong Financial Group Berhad	11/17	A1	4.857	4	4.760	29/01/2019	10	29
Alliance Bank Malaysia Berhad	10/25	A2	4.672	40	4.674	28/01/2019	0	76
				<u>554</u>				

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

Market/Corporate News: What's Brewing

Westports Holdings Bhd's net profit for the financial year ended Dec 31, 2018 fell by 18.1% due to the lower effective rate in the previous year but it expects container throughput to grow by single-digit percentage growth this year. It said on Wednesday its net profit for FY18 fell to RM533.47mil from RM651.51mil a year ago mainly due to lower effective tax rate in FY17 due to a claim of investment tax allowance (ITA). "The group achieved profit before tax of RM701mil in FY18, up by 4% compared to FY17 mainly due to the recognition of provision for custom audit of RM24mil in FY17," it said. Westport's revenue fell 22.7% to RM1.61bil from RM2.08bil mainly due to the adoption of MFRS 15 from Jan 1, 2018. "Westports container throughput is expected to register a single-digit percentage growth rate in 2019," it said. In the fourth quarter of FY18, its net profit fell 31% to RM145.54mil from RM210.98mil a year ago as its effective tax rate was lower due to claim of ITA. Its revenue declined by 27.1% to RM418.01mil from RM573.96mil. Profit before tax rose 33% to RM193.85mil from RM145.43mil due to higher gross profit. Earnings per share were 4.27 sen compared with 6.19 sen. It proposed a dividend of 6.33 sen compared with 7.95 sen a year ago. However, Westport's operational revenue in Q4 FY18 remain flat compared to the preceding quarter. Profit before tax rose by 6% to RM193.8mil compared to 3Q18 mainly due to higher gross profit and lower finance cost for saving of commitment fee as cancellation of revolving credit facility from Bank of China and income earned from investment funds for

4Q18 compared to 3Q18. Net profit recorded a 2% increase of RM145.5mil. (Source: *The Star*)

Online recruitment activity in the oil and gas (O&G) sector remained positive throughout 2018, up by 8 per cent year-on-year in December, according to the Monster Employment Index (MEI). In a statement today, Monster.com said the positive trend for the industry also marks 21 consecutive months of year-on-year growth for the O&G sector since April 2017. Monster.com's chief executive officer for the Asia Pacific and Middle East, Abhijeet Mukherjee, said despite the sector's volatility, as the year ended analysts were optimistic about the stabilisation of crude oil prices in 2019, forecasting an increase in both upstream and downstream activities. "With changes in global energy markets, innovation and technology will continue to play a critical role as companies seek to meet growing energy needs sustainably. It's not surprising that we see new roles being created in the oil and gas industry. "The focus on automation and smart technologies means companies will need to keep innovating to remain agile and competitive, creating demand for talent with the technical skills and creative outlook to learn emerging technologies and develop new ones," he said. Mukherjee said companies will increasingly explore new ways to attract and retain millennial talent, rebranding themselves and introducing a more collaborative and digital culture. The MEI is a gauge of online job posting activity compiled monthly by Monster.com. It records the industries and occupations that show the highest and lowest growth in recruitment activity locally. The IT, Telecom/ISP and BPO/ITES sectors also witnessed the steepest year-on-year growth among industry sectors for the sixth consecutive month, recording another double-digit growth, up 18 per cent in December. Overall, however, the MEI revealed that Malaysia registered a 3.0 per cent year-on-year decline in online recruitment activity in December. "Online hiring in the banking, financial services and insurance (BFSI) industry was on a downtrend throughout 2018, registering a decline of 12 per cent year-on-year in December while demand for finance and accounts job roles also recorded a drop of 13 per cent year-on-year," it added. (Source: *The EdgeMarkets*)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Bintulu Port Holdings Berhad	Corporate Credit ratings	AA1/Stable/P1	Reaffirmed
Samalaju Industrial Port Sdn Bhd	Sukuk Murabahah Programme of up to RM950 million (2015/2036)	AA1(s)/Stable	Reaffirmed
MNRB Holdings Berhad	Senior and Subordinated Sukuk and Proposed RM320 million Sukuk Murabahah Programme	AA3/Stable and A1/Stable	Reaffirmed Reaffirmed

Source: RAM, MARC

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