

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

Chang Wai Ming

Fixed Income Strategist

Hong Leong Bank Berhad, Global Markets

Fixed Income & Economic Research

WMChang@hlbb.hongleong.com.my

(603) 2773 0532

US Treasuries

- UST advanced, sending bond yields lower across the curve with 10-year yields shaved 4-5 bps lower to end at 2.25% level. Data released came in softer with ISM manufacturing moderated lower to reach 56.3 versus prior 57.8. Meanwhile PMI manufacturing stayed flat at 53.3 versus survey's 53.2, albeit still on expansionary mode. In terms of inflation outlook, PCE core YoY inched to 1.5%, unchanged from previous revised level of 1.5%.

MGS/GII

- In the MYR govies space, RM1.28b worth of papers seen changing hands. New issue details for upcoming 20-year GII 8/37, tender date Thursday was announced with tender size coming in at RM2.5b within our expected range. Given the long-dated nature of this print, we expect the mentioned print to appeal more to lifers and pension funds. 10-year MGS traded unchanged with levels closing at 3.99% level.

PDS/Sukuk

- In the corporate bonds/sukuk space, trading volume improved with RM958m seen changing hands. In the GG segment, we saw DanaInfra '3/22 and '5/22 traded with levels crossed at 4.85% and 4.86% level respectively. In the AAA segment, we saw PASB '11/19 and '3/20 changing hands at 4.17% and 4.21% level respectively. A slew of Imtiaz Sukuk maturing '3/19, '11/19 and '11/21 saw a combined amount of RM60m traded.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.34	-1
5-yr UST	1.80	-4
10-yr UST	2.25	-5
30-yr UST	2.86	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.30	0	3.59	0
5-yr	3.68	-2	3.80	-1
7-yr	3.91	0	4.01	0
10-yr	3.99	0	4.09	0
15-yr	4.39	-2	4.54	0
20-yr	4.56	-1	4.75	0
30-yr	4.74	0	4.93	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.50	0
3-yr	3.64	0
5-yr	3.77	1
7-yr	3.87	0
10-yr	4.00	0

Source: Bloomberg

Upcoming Government Bond Tenders

New issue of 20-year GII 8/37, tender size RM2.5b (Tender date : Thursday, 3rd August)

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 09/17	3.012	191	3.017	31/07/2017	0
MGS 10/17	3.123	2	3.047	26/07/2017	8
MGS 02/18	3.073	8	3.132	31/07/2017	-6
MGS 03/18	3.117	24	3.135	31/07/2017	-2
MGS 09/18	3.256	41	3.248	31/07/2017	1
MGS 03/19	3.303	81	3.259	31/07/2017	4
MGS 10/19	3.447	16	3.447	31/07/2017	0
MGS 11/19	3.473	0	3.472	31/07/2017	0
MGS 03/20	3.530	8	3.531	31/07/2017	0
MGS 10/20	3.508	27	3.608	31/07/2017	-10
MGS 07/21	3.706	0	3.715	31/07/2017	-1
MGS 09/21	3.720	3	3.759	31/07/2017	-4
MGS 11/21	3.783	3	3.758	31/07/2017	2
MGS 03/22	3.681	0	3.684	31/07/2017	0
MGS 09/22	3.827	1	3.837	31/07/2017	-1
MGS 03/23	3.859	74	3.903	31/07/2017	-4
MGS 08/23	3.903	73	3.988	31/07/2017	-9
MGS 07/24	3.981	52	3.973	31/07/2017	1
MGS 09/24	3.905	52	3.905	31/07/2017	0
MGS 09/25	4.079	50	4.071	31/07/2017	1
MGS 04/26	4.115	1	4.125	31/07/2017	-1
MGS 11/26	3.951	41	4.075	28/07/2017	-12
MGS 11/27	3.994	193	3.984	31/07/2017	1
MGS 04/30	4.368	83	4.373	31/07/2017	0
MGS 06/31	4.441	30	4.423	31/07/2017	2
MGS 04/32	4.501	7	4.511	31/07/2017	-1
MGS 04/33	4.390	50	4.404	31/07/2017	-1
MGS 05/35	4.517	13	4.517	31/07/2017	0
MGS 04/37	4.560	1	4.560	31/07/2017	0
MGS 09/43	4.823	1	4.826	28/07/2017	0
GII 04/19	3.389	6	3.467	24/07/2017	-8
GII 04/20	3.591	100	3.585	31/07/2017	1
GII 08/20	3.635	17	3.652	31/07/2017	-2
GII 10/25	4.193	20	4.161	11/07/2017	3
GII 08/33	4.538	10	4.531	20/07/2017	1
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Daily Trades: PDS / Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against IRS**	
Khazanah Nasional Berhad	06/22	GG	4.141	160	4.108	11/05/2017	3	38
Khazanah Nasional Berhad	09/22	GG	4.153	160	4.126	11/05/2017	3	39
Danainfra Nasional Berhad	07/27	GG	4.482	5	4.495	31/07/2017	-1	48
Danainfra Nasional Berhad	03/32	GG	4.849	20	4.870	28/07/2017	-2	68
Danainfra Nasional Berhad	05/32	GG	4.859	20	4.891	07/07/2017	-3	69
EKVE Sdn Berhad	01/31	AAA (BG)	4.920	3	4.919	11/07/2017	0	75
EKVE Sdn Berhad	01/36	AAA (BG)	5.169	15	5.161	04/07/2017	1	100
Aman Sukuk Berhad	03/18	AAA	3.969	5	3.984	25/04/2017	-2	47
Pengurusan Air SPV Berhad	11/19	AAA	4.169	30	4.199	15/03/2017	-3	60
HSBC Amanah Malaysia Berhad	03/20	AAA	4.210	30	4.176	16/06/2017	3	57
Aman Sukuk Berhad	05/21	AAA	4.339	10	4.308	27/07/2017	3	65
Aman Sukuk Berhad	04/22	AAA	4.379	5	4.339	19/07/2017	4	61
Cagamas Berhad	04/22	AAA	4.122	10	4.129	28/07/2017	-1	36
Putrajaya Holdings Sdn Berhad	07/24	AAA	4.438	15	4.430	24/07/2017	1	57
Malaysia Airports Capital Berhad	12/24	AAA	4.429	10	4.282	19/10/2016	15	56
Cagamas Berhad	10/25	AAA	4.432	10	4.441	31/07/2017	-1	52
Projek Lebuhraya Usahasama Berhad	01/26	AAA	4.449	10	4.438	20/07/2017	1	53
Aman Sukuk Berhad	05/26	AAA	4.609	10	4.589	13/06/2017	2	69
Genting Capital Berhad	06/27	AAA	4.898	10	4.924	06/06/2017	-3	90
Aquasar Capital Sdn Berhad	07/29	AAA	4.799	10	4.599	27/07/2016	20	80
Danga Capital Berhad	01/30	AAA	4.789	10	4.759	21/06/2017	3	62
Bank Pembangunan Malaysia Berhad	03/32	AAA	4.959	30	4.970	31/07/2017	-1	79
Sabah Development Bank Berhad	02/18	AA1	4.453	20	4.550	20/05/2014	-10	96
Sabah Development Bank Berhad	06/18	AA1	4.516	5	-	-	-	102
Malayan Banking Berhad	05/19	AA1	4.580	20	4.276	03/07/2017	30	102
Sabah Development Bank Berhad	08/19	AA1	4.799	5	5.106	07/12/2016	-31	123
Sabah Development Bank Berhad	08/19	AA1	4.800	5	4.608	06/10/2016	19	124
Batu Kawan Berhad	06/23	AA1	4.497	20	4.503	31/07/2017	-1	68
Imtiaj Sukuk II Berhad	03/19	AA2	4.289	35	4.297	28/07/2017	-1	72
Aman Sukuk Berhad	10/21	AAA	4.361	5	4.261	25/04/2017	10	67
Hong Leong Bank Berhad	06/19	AA2	4.498	20	4.504	21/07/2017	-1	93
Imtiaj Sukuk II Berhad	11/19	AA2	4.391	15	4.433	31/03/2017	-4	83
Imtiaj Sukuk II Berhad	11/21	AA2	4.540	10	4.510	31/05/2017	3	85
Malaysia Airport Holdings Berhad	12/24	AA2	4.931	1	5.231	12/07/2017	-30	106
Benih Restu Berhad	06/25	AA2	4.615	35	4.615	31/07/2017	0	70
BGSM Management Sdn Berhad	12/18	AA3	4.309	50	4.328	12/07/2017	-2	81
RHB Islamic Bank Berhad	05/19	AA3	4.506	2	4.498	20/07/2017	1	94
RHB Bank Berhad	07/19	AA3	4.594	20	4.502	31/07/2017	9	103
CIMB Thai Bank Public Company Limited	07/21	AA3	5.201	1	5.148	13/06/2017	5	151
Tanjung Bin Energy Issuer Berhad	03/27	AA3	4.802	30	4.830	11/04/2017	-3	80
UEM Sunrise Berhad	04/22	AA-	4.736	50	4.743	24/07/2017	-1	97
Maybank Islamic Berhad	04/19	AA1	4.458	50	4.428	28/07/2017	3	89
UEM Edgenta Berhad	04/22	AA-	4.739	10	4.742	10/07/2017	0	97
KESTURI	12/23	AA-	4.651	4	4.598	08/06/2017	5	83
Jimah East Power Sdn Berhad	12/30	AA-	4.993	4	4.991	31/05/2017	0	82
Golden Assets International Finance Limited	11/17	A1	4.938	6	4.948	26/07/2017	-1	144
CIMB Group Holdings Berhad	05/21	A1	4.881	1	5.149	27/07/2017	-27	119
CIMB Group Holdings Berhad	12/21	A1	4.877	1	5.180	31/07/2017	-30	119
				1013				

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

Market/Corporate News: What's Brewing

Tan Sri Abdul Wahid Omar, the group chairman of Permodalan Nasional Bhd (PNB), is taking on the role of activist investor, promising to engage public-listed companies as the country's largest fund manager seeks to boost returns. After completing his first year at the helm reorganising PNB's strategic firms, Wahid has now set his sights on companies in which the fund has at least a 10% equity interest. "As we move down the list of our strategic companies for value-enhancing activities, we will also start engaging with our core companies with a view to improving their total shareholder returns," Wahid said in a statement yesterday. "We also plan to work closely with other institutional investors for greater shareholder activism aimed at enhancing corporate governance and performance of public-listed companies," Wahid added. TNB, which manages more than RM265bil in assets through its various investment funds, has amassed substantial stakes in more than 30 major companies listed on Bursa Malaysia. Wahid did not identify any of the core companies, but a quick check showed that PNB owns big stakes in large-capitalised companies such as Tenaga Nasional Bhd, Maxis Bhd, Telekom Malaysia Bhd and MMC Corp Bhd, as well as mid-caps like Fraser & Neave Holdings Bhd and MNRB Holdings Bhd. Wahid joined PNB on Aug 1, 2016, replacing Tun Ahmad Sarji Abdul Hamid who had held the position since 1996. Two months later, on Oct 1, 2016, president and chief executive officer Datuk Abdul Rahman Ahmad was brought in to succeed Tan Sri Hamad Kama Piah Che Othman. Wahid said he was "grateful" for the support that he and his team had received from day one after taking over the helm at PNB. which he said had enabled them to "get cracking" immediately. "The first year has been action-packed, productive and fulfilling," he said. Since their appointments, Wahid and Abdul Rahman have launched four major value-creating corporate exercises involving strategic companies under PNB. This includes the plan to split Sime Darby Bhd into three listed entities, the demerger of UMW Holdings Bhd and the recapitalisation of UMW Oil and Gas Corp Bhd, the acquisition of Silk Highway and the merger of property developer S P Setia Bhd with sister company Island and Peninsular Group Sdn Bhd. "The market reaction has been positive, with total market capitalisation of the six PNB strategic companies increasing by RM40bil since Aug 1, 2016 or RM29bil year-to-date," Wahid said. The quantum of increase in the market value of these companies, he said, had exceeded the performance of the FBM KLCI over the same period.

Sunway Bhd is buying four parcels of freehold industrial land in Subang Jaya totalling 5.99ha which it plans to redevelop into a mixed use development with an estimated gross development value of at least RM1.4bil. In a filing with Bursa Malaysia, it said its indirect wholly-owned subsidiary, Sunway Supply Chain Enterprise Sdn Bhd, had on Monday inked a memorandum of agreement (with the intention of signing a definitive agreement later) to buy the land from Jaks Resources Bhd's unit Premier Place Property Sdn Bhd for RM167.6mil. The sale and purchase agreement will be conditional on the approval of the shareholders of Jaks Resources. Sunway said in the immediate term, the land would be used for warehouses and storage facilities. Surplus areas may be leased to external parties. In the medium term, the company plans to redevelop the strategically-located parcels of land for mixed use development. The land is within 500 metres of landmark buildings such as Da Men Mall, Summit USJ, Giant Hypermarket and Mydin Hypermarket. "The land's strategic location and easy access to major highways make it a suitable site for storage and warehousing for the group's trading and machinery businesses and will minimise transportation costs to clients," Sunway said. "In the longer term, the lands serve as valuable landbank for the property development division as it is close enough to Sunway City (also in Subang Jaya) to be an extension of the group's township." (Source : The Star)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Hong Leong Investment Bank Berhad	Financial institution ratings	AA1 / Positive	Assigned
Ranhill Powertron II Sdn Bhd	RM240 million outstanding Islamic Medium-Term Notes (IMTN) and RM350 million outstanding guaranteed IMTN	AA / Stable AAA / fg / Stable	Affirmed
TNB Northern Energy Berhad	Outstanding Islamic securities (sukuk) of RM1.595 billion	AAA / Stable	Affirmed

Source: MARC and RAM ratings

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets
 Level 6, Wisma Hong Leong
 18, Jalan Perak
 50450 Kuala Lumpur
 Tel: 603-2773 0469
 Fax: 603-2164 9305
 Email: HLMarkets@hlbb.hongleong.com.my

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