

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

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US Treasuries

- Yields surged higher sending UST to end on a softer note last Friday. On the macro front, personal spending moderated to 0.1% (previous : 0.4%) in May whilst PCE core moderated to 1.4% versus a prior reading of 1.5%. 10-year yields ended at 2.31%, breached the 2.30% level. Expect pressure for bond yields to edge higher taking cue from renewed markets concern on concerted bond tapering measures from both the Fed and ECB, after Draghi's recent hawkish comments.

MGS/GII

- Tracking the similar tone from regional bond markets, bond yields edged higher for local govies on concerns over looming tapering measures, with ECB potentially joining soon. Total volume traded for MGS/GII was over RM1.9b with trading activities skewed towards the 7-year space, GII and MGS space. Overall benchmark MGS/GII yields ended higher versus previous session close, with investors staying vigilant ahead of upcoming monetary direction from advanced economies, i.e. the US and European union.

PDS/Sukuk

- Trading volume for corporate bonds remained thin, with only RM252m changing hands. In the GG segment, we saw Danalnfra '11/21 traded at 4.04% with RM50m crossed. Other notable trades include Unitapah '6/30 dealt at 4.93% whilst CIMB '10/18 seen changing hands at 4.51% level. Tanjung Bin '7/27 meanwhile closed at 4.78% level.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.38	1
5-yr UST	1.89	4
10-yr UST	2.31	4
30-yr UST	2.84	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.39	3	3.63	4
5-yr	3.62	2	3.84	1
7-yr	3.90	3	3.93	0
10-yr	3.91	1	4.10	4
15-yr	4.44	7	4.50	1
20-yr	4.56	2	4.60	0
30-yr	4.74	0	4.85	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.50	1
3-yr	3.64	3
5-yr	3.74	2
7-yr	3.84	3
10-yr	3.99	3

Source: Bloomberg

Upcoming Government Bond Tenders

Nil

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/17	3.107	4	3.087	28/06/2017	2
MGS	02/18	3.225	48	3.161	29/06/2017	6
MGS	03/18	3.171	1	3.164	29/06/2017	1
MGS	09/18	3.301	40	3.269	29/06/2017	3
MGS	03/19	3.390	89	3.306	29/06/2017	8
MGS	07/19	3.463	0	3.367	29/06/2017	10
MGS	10/19	3.426	7	3.368	29/06/2017	6
MGS	11/19	3.500	0	3.416	29/06/2017	8
MGS	03/20	3.549	45	3.518	29/06/2017	3
MGS	07/20	3.577	10	3.532	29/06/2017	4
MGS	10/20	3.625	3	3.593	29/06/2017	3
MGS	07/21	3.723	21	3.636	29/06/2017	9
MGS	09/21	3.718	62	3.663	28/06/2017	6
MGS	11/21	3.719	20	3.681	29/06/2017	4
MGS	03/22	3.624	2	3.596	29/06/2017	3
MGS	08/22	3.753	0	3.742	29/06/2017	1
MGS	09/22	3.773	26	3.741	28/06/2017	3
MGS	03/23	3.924	21	3.783	21/06/2017	14
MGS	08/23	3.892	2	3.846	29/06/2017	5
MGS	07/24	3.946	1	3.894	29/06/2017	5
MGS	09/24	3.898	282	3.867	28/06/2017	3
MGS	09/25	4.027	25	3.966	29/06/2017	6
MGS	04/26	4.077	67	4.040	28/06/2017	4
MGS	11/26	3.964	24	3.925	29/06/2017	4
MGS	05/27	4.122	3	4.119	09/06/2017	0
MGS	11/27	3.910	85	3.900	29/06/2017	1
MGS	09/28	4.284	1	4.153	16/06/2017	13
MGS	04/30	4.425	214	4.400	29/06/2017	2
MGS	06/31	4.425	15	4.401	29/06/2017	2
MGS	04/32	4.490	20	4.452	29/06/2017	4
MGS	04/33	4.448	152	4.337	28/06/2017	11
MGS	05/35	4.546	77	4.483	29/06/2017	6
MGS	04/37	4.560	66	4.530	29/06/2017	3
MGS	09/43	4.806	1	4.777	28/06/2017	3
MGS	03/46	4.736	3	4.742	28/06/2017	-1
GII	10/18	3.363	0	3.236	21/06/2017	13
GII	04/20	3.625	162	3.598	29/06/2017	3
GII	08/21	3.821	0	3.774	29/06/2017	5
GII	04/22	3.843	100	3.832	29/06/2017	1
GII	07/23	3.956	4	3.957	29/06/2017	0
GII	10/25	4.097	2	4.104	21/06/2017	-1
GII	09/26	4.118	1	4.092	28/06/2017	3
GII	07/27	4.099	257	4.081	29/06/2017	2
GII	08/33	4.504	1	4.485	23/06/2017	2
			<u>1964</u>			

Daily Trades: PDS / Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against IRS**	
Malaysia Debt Ventures Berhad	09/18	GG	3.648	10	3.789	28/03/2017	-14	15
Danainfra Nasional Berhad	11/21	GG	4.049	50	4.029	22/06/2017	2	35
LPPSA	04/32	GG	4.855	5	4.871	29/06/2017	-2	69
Rantau Abang Capital Berhad	08/19	AAA	4.006	10	4.019	20/06/2017	-1	43
Cagamas Berhad	11/20	AAA	4.105	8	4.190	01/06/2017	-9	47
Aman Sukuk Berhad	07/27	AAA	4.599	10	4.630	20/06/2017	-3	61
TNB Northern Energy Berhad	11/34	AAA	5.040	5	5.040	29/06/2017	0	87
Public Bank Berhad	08/17	AA1	4.441	3	3.898	07/06/2017	54	94
YTL Power International Berhad	08/18	AA1	4.085	12	4.232	14/06/2017	-15	58
Sabah Development Bank Berhad	08/22	AA1	5.250	10	5.441	17/01/2017	-19	151
Unitapah Sdn Berhad	06/30	AA2	4.929	10	4.929	28/06/2017	0	76
CIMB Bank Berhad	10/18	AA	4.505	20	4.525	30/05/2017	-2	100
RHB Bank Berhad	11/17	AA3	4.111	3	4.139	19/06/2017	-3	61
RHB Bank Berhad	07/19	AA3	4.631	3	4.424	14/06/2017	21	106
Bandar Serai Development Sdn Berhad	11/19	AA3	4.354	10	4.345	07/06/2017	1	78
BGSM Management Sdn Berhad	12/19	AA3	4.448	40	4.475	31/05/2017	-3	87
CIMB Group Holdings Berhad	04/20	AA3	4.712	0	4.681	23/06/2017	3	107
MMC Corporation Berhad	11/20	AA-	4.862	10	4.863	05/06/2017	0	122
Tanjung Bin O&M Berhad	07/27	AA-	4.781	10	4.783	29/06/2017	0	79
MEX II Sdn Berhad	04/34	AA-	5.420	1	5.529	22/06/2017	-11	125
Special Power Vehicle Berhad	11/20	A1	5.043	10	-	-	-	140
CIMB Group Holdings Berhad	05/21	A1	5.223	1	5.191	28/06/2017	3	153
Affin Bank Berhad	02/22	A1	5.057	10	5.062	28/06/2017	0	132
AMMB Holdings Berhad	03/22	A1	4.847	0	5.051	28/06/2017	-20	111
Alliance Bank Malaysia Berhad	10/20	A2	4.999	1	4.971	13/06/2017	3	136
			<u>252</u>					

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

Market/Corporate News: What's Brewing

Independent power producer (IPP), Edra Power Holdings Sdn Bhd, is expected to be listed on the Main Board of Bursa Malaysia in November. Capital market industry sources said the company, which is the second largest IPP in Malaysia and a leading nuclear energy company globally, was expected to raise in excess of RM5bil from its listing exercise this year. Analysts said Edra would be a cherry on Malaysias economic rebound story since the proposed listing came amid positive economic indicators including robust growth and exports and a strong ringgit. Standing out was the World Banks revision of the country's 2017 growth to 4.9% from 4.4% previously, much higher than the government's own estimates due to a stellar first-quarter performance. Also contributing to the positive sentiment was the ringgit, which was being touted as the strongest major Asian currency. This was due to the strong inflow of foreign funds to the stock market, which staged a two-year high, closing above 1,787 points in early June, as well as due to positive corporate earnings. (Source : The Star/Bernama)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Chellam Plantations (Sabah) Sdn Bhd	RM150 million of sukuk under a Guaranteed Sukuk Murabahah Programme of up to RM300 million.	AAA/ fg (Stable)	Reaffirmed
HSBC Amanah Malaysia Berhad	RM3 billion Multi-Currency Sukuk Programme (2012/2032).	AAA (Stable)	Reaffirmed

Source: MARC and RAM ratings

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