

Global Markets Research

Fixed Income

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Fixed Income Daily Market Snapshot

US Treasuries

- UST advanced sending bond yields lower across the curve, with 10-year shaved 5 bps lower to close at 2.22% level. On the data tap, jobless claims came in within range, with a 240K print versus prior level of 245K. PMI services and composite readings expanded further to reach 54.7 and 54.6 level respectively, higher than previous level recorded in June. On a positive note, recovery trends in the US appears to be gaining traction with both factory orders and durable goods orders at 3.0% (prior : -0.3%) and 6.4% (prior : 6.5%) respectively. Focus to shift towards tonight's non-farm payroll release as well as unemployment data. A stronger print may reinforce expectations for tapering plans to kick in soon albeit on a gradual pace.

MGS/GII

- Trading volume for MYR govies seen hovering at about circa RM2b. New issue tender for the 20-year GII 8/37 managed to print a BTC cover of 1.78x. Post tender, trading levels for GII 8/37 seen ending the day at 4.78% level. Focus on Malaysia's trade data release this afternoon ahead of upcoming US job data tonight. Foreign holdings of MYR bonds for the month of July scheduled for release by early next week. In the near term, we expect focus to shift towards details on new 3-year MGS tender, which we are pricing in an expected size of RM4b. The new issue replaces as the 3-year benchmark MGS.

PDS/Sukuk

- In the corporate bonds/sukuk space, trades were spread out across GG/AAA and AA segment. Long-dated Govco '2/32 and DanaInfra '4/39 seen crossed at 4.84% and 5.05% level respectively. Newly printed 15-year TNB '8/32 and 20-year TNB '8/37 traded tighter with levels crossed at 4.93% and 5.13% level respectively. Recall demand for the mentioned AAA TNB papers came in robust, attracting strong onshore real money investors. Other notable trades include AA3 IJM '4/21 with levels changing hands at 4.43%.

UST			
Tenure	Closing (%)		Chg (bps)
2-yr UST	1.34		-2
5-yr UST	1.79		-4
10-yr UST	2.22		-5
30-yr UST	2.80		-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.30	0	3.57	-2
5-yr	3.70	1	3.81	0
7-yr	3.91	-1	4.01	0
10-yr	3.99	-1	4.11	2
15-yr	4.40	0	4.54	0
20-yr	4.56	0	4.78	3
30-yr	4.74	0	4.93	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.49	-1
3-yr	3.65	0
5-yr	3.77	0
7-yr	3.88	0
10-yr	4.01	1

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 09/17	3.085	100	3.024	02/08/2017	6
MGS 02/18	3.123	11	3.061	02/08/2017	6
MGS 09/18	3.236	9	3.221	02/08/2017	2
MGS 07/19	3.386	18	3.432	31/07/2017	-5
MGS 10/19	3.394	268	3.442	02/08/2017	-5
MGS 11/19	3.423	130	3.472	02/08/2017	-5
MGS 03/20	3.471	1	3.563	02/08/2017	-9
MGS 07/20	3.525	115	3.569	02/08/2017	-4
MGS 10/20	3.507	53	3.571	02/08/2017	-6
MGS 07/21	3.637	30	3.706	02/08/2017	-7
MGS 09/21	3.714	3	3.719	02/08/2017	0
MGS 11/21	3.745	2	3.745	02/08/2017	0
MGS 03/22	3.700	60	3.695	02/08/2017	1
MGS 09/22	3.805	10	3.829	02/08/2017	-2
MGS 03/23	3.849	88	3.859	01/08/2017	-1
MGS 08/23	3.903	31	3.922	02/08/2017	-2
MGS 07/24	3.973	7	3.985	02/08/2017	-1
MGS 09/24	3.911	107	3.916	02/08/2017	0
MGS 09/25	4.088	20	4.079	01/08/2017	1
MGS 11/27	3.994	13	4.006	02/08/2017	-1
MGS 04/30	4.339	193	4.350	02/08/2017	-1
MGS 06/31	4.436	20	4.426	02/08/2017	1
MGS 04/33	4.395	50	4.403	02/08/2017	-1
MGS 05/35	4.509	0	4.400	02/08/2017	11
MGS 09/43	4.820	1	4.823	01/08/2017	0
GII 11/17	3.241	390	3.319	02/08/2017	-8
GII 08/19	3.450	4	3.580	31/07/2017	-13
GII 09/19	3.566	1	3.470	22/06/2017	10
GII 04/20	3.570	86	3.590	02/08/2017	-2
GII 09/26	4.185	13	4.151	31/07/2017	3
GII 07/27	4.106	30	4.094	02/08/2017	1
GII 08/37	4.778	270	-	-	-
		<u>2134</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**	
Prasarana Malaysia Berhad	05/18	GG	3.513	50	3.509	31/07/2017	0	2
Khazanah Nasional Berhad	02/21	GG	4.057	10	4.554	29/11/2016	-50	35
DanaInfra Nasional Berhad	04/21	GG	4.003	10	4.062	12/04/2017	-6	30
DanaInfra Nasional Berhad	04/22	GG	4.052	30	4.038	21/06/2017	1	29
Prasarana Malaysia Berhad	08/28	GG	4.590	20	4.349	02/08/2016	24	59
GovCo Holdings Berhad	02/32	GG	4.842	10	4.800	31/07/2017	4	66
DanaInfra Nasional Berhad	04/39	GG	5.055	40	5.070	15/06/2017	-2	88
Cagamas Berhad	10/18	AAA	3.802	15	3.840	17/07/2017	-4	31
Cagamas Berhad	11/21	AAA	4.091	5	4.119	15/02/2017	-3	39
Danga Capital Berhad	02/26	AAA	4.489	70	4.530	06/07/2017	-4	56
EKVE Sdn Berhad	01/30	AAA	4.849	10	4.965	13/06/2016	-12	84
EKVE Sdn Berhad	01/32	AAA	4.969	10	5.100	12/01/2017	-13	79
Tenaga Nasional Berhad	08/32	AAA	4.930	25	-	-	-	75
EKVE Sdn Berhad	01/35	AAA	5.130	20	5.130	02/08/2017	0	95
Tenaga Nasional Berhad	08/37	AAA	5.130	45	-	-	-	95
CIMB Islamic Bank Berhad	09/19	AA+	5.299	1	4.349	31/07/2017	95	172
Sarawak Energy Berhad	06/18	AA1	4.088	20	4.099	28/06/2017	-1	59
Malayan Banking Berhad	01/19	AA1	4.708	1	4.428	26/07/2017	28	121
Sarawak Energy Berhad	07/24	AA1	4.540	30	4.551	23/05/2017	-1	66
Anih Berhad	11/18	AA	4.192	30	4.202	20/07/2017	-1	70
Kimanis Power Sdn Berhad	08/27	AA-	4.826	15	4.647	20/10/2016	18	82
Jimah East Power Sdn Berhad	06/30	AA-	4.942	3	4.892	03/07/2017	5	76
Jimah East Power Sdn Berhad	06/31	AA-	5.036	5	4.999	20/06/2017	4	86
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/37	AA-	5.360	10	5.320	21/06/2017	4	118
Gamuda Berhad	03/19	AA3	4.252	10	4.286	19/07/2017	-3	68
RHB Bank Berhad	07/19	AA3	4.532	3	4.594	01/08/2017	-6	96
CIMB Thai Bank Public Company Limited	07/19	AA3	5.027	0	4.648	02/08/2017	38	145
AMMB Holdings Berhad	08/19	AA3	4.548	3	4.843	04/07/2017	-30	97
IJM Corporation Berhad	04/21	AA3	4.428	50	4.418	18/07/2017	1	72
CIMB Group Holdings Berhad	04/20	AA3	4.750	5	6.200	07/07/2017	-145	110
Cahaya Mata Sarawak Berhad	05/22	AA3	4.637	10	4.634	13/07/2017	0	87
IJM Corporation Berhad	06/22	AA3	4.511	30	4.506	28/07/2017	0	75
Tan Chong Motor Holdings Berhad	11/21	A1	5.954	7	6.315	02/08/2017	-36	225
Mah Sing	-	NR	6.479	1	-	-	-	-
			<u>604</u>					

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

Market/Corporate News: What's Brewing

Shareholders of UMW Oil & Gas Corp Bhd (UMW-OG) have been advised to support the proposed exemption for Permodalan Nasional Bhd (PNB) from undertaking a mandatory offer following the group's planned RM1.8bil rights issue. In an independent advice circular, Mercury Securities said voting against the proposed exemption would result in the group not being able to undertake the fund-raising exercise, as the two were inter-conditional. "Accordingly, the part repayment of bank borrowings and refinancing exercise will also not materialise," it said in the circular. Mercury Securities said it was of the opinion that the proposed exemption was "fair and reasonable", and recommended that shareholders voted in favour of the ordinary resolution during the EGM on Aug 25. In June, PNB had pledged to take up its full entitlement under the proposed rights issue with warrants. The country's biggest fund-management company also gave its undertaking to acquire the excess rights shares not taken up by other entitled UMW-OG shareholders. The proposed exemption will relieve the major shareholder from the obligation to undertake a mandatory offer. UMW-OG plans to undertake the rights issue to reduce its reliance on debt financing. "The proposed rights issue with warrants is the most appropriate means of raising funds for the group, after considering the existing lenders' requirements, rationale of the recapitalisation exercise, intended utilisation of the proceeds and benefits of the rights issue to all shareholders of UMW-OG," it said. The rights issue was first announced in January as part of a larger plan that would see its parent company, UMW Holdings Bhd, exiting the oil and gas business, which had been dragging its profits down. (Source: The Star)

Celcom Axiata Bhd is optimistic its Long-Term Evolution (LTE) fourth generation (4G) service would be on par with major peers by year-end as it is currently rolling out more network sites nationwide. Deputy chief executive officer (business operations) Azwan Khan Osman Khan said the expansion works for the 4G service were in progress and the company was on track to realise the population coverage as targeted by year-end. "We aim to achieve 85% to 86% for 4G service, from about 75% currently. "Our lightning fast LTE network service, compatible with selective mobile models (at present), is also progressing well for customers in the Klang Valley," he told Bernama after a media briefing on Celcom's new Xpax Internet plans in Kuala Lumpur on Thursday. He said the company had allocated RM1.5bil in capital expenditure for 2017, and a large chunk would be used for the expansion works. "The bulk of the allocation is for upgrading the capacity and new 4G sites. When we upgrade a site, it would also cover 2G, 3G besides the 4G services," he said, adding that the upgrading works were carried out nationwide. Azwan said the the company currently had 29.8% market share in terms of total revenue, including prepaid and postpaid services. Meanwhile, Celcom's main prepaid brand, Xpax, now comes with new a Internet plan that offers up to 15 gigabyte (GB) data. Celcom's chief marketing officer, Zalman Aefendy Zainal Abidin, at the briefing, said with improved Xpax offering, customers could choose from four additional new Internet plans -- daily plan for RM5 (up to 2GB), two weekly plans - RM6 (500MB) and RM19 (5GB). The monthly plan of RM79 (15GB) comes with free entertainment pack of Music Walla and Video Walla for 15GB. (Source : The Star)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Putrajaya Bina Sdn Bhd	Proposed Islamic Medium-Term Notes (Sukuk Wakalah) Programme of up to RM1.58 billion	AAA / Stable	Assigned

Source: MARC and RAM ratings

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