

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries rallied pushing yields slightly down by 1-2 bps partly on Trump's aide purportedly delivering news on the Fed Chair's replacement. The much-watched UST 10y closed 2bps lower at 2.32% as international investors were expected to boost Treasury holdings. Values are seen emerging as USTs yield about 1.43% more than other regions. Next on the data front is ADP employment on clues with regard to NFP come Friday, 6<sup>th</sup> October.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.47	-1
5-yr UST	1.92	-2
10-yr UST	2.32	-2
30-yr UST	2.87	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.42	2	3.53	1
5-yr	3.61	1	3.81	4
7-yr	3.88	3	4.04	0
10-yr	3.94	-2	4.01	-9
15-yr	4.38	0	4.63	0
20-yr	4.52	0	4.68	-4
30-yr	4.74	-5	4.85	0

\*Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.51	0
3-yr	3.63	1
5-yr	3.75	0
7-yr	3.87	0
10-yr	3.99	0

Source: Bloomberg

##### MGS/GII

- Overall volume rebounded with about RM1.68b of MGS traded as focus was in the belly with both benchmarks and off-the-runs 21-25's traded. 3-7Y benchmarks closed 1-3 bps higher counter-tending UST movements whereas some demand seen on the 10Y MGS 11/27 which closed 2 bps lower at 3.94%. Very little movement seen on IRS despite weaker Ringgit seen due to some selling on equities. Coming up next on the local data are external trade data as markets continue to look for leads.

##### PDS/Sukuk

- Trading in MYR corporate bond was a paltry RM266m as some trades were seen along the GG, AAA, AA curves. Interestingly, the RM1.0b 15Y MD Kenchana (GG paper) debuted at 4.85%; with a healthy 50bps spread over MGS. The issuance was to finance development in Kedah. TNB 8/37 closed 5.09%; 4bps higher than previous last traded levels. In the Corporate space more interest continues to be seen in AA-rated papers i.e. UEM Edgenta & Sunrise and MMC.

#### Upcoming Government Bond Tenders

RM3.0 billion 7Y MGS 9/24 auction Reopening on 5-October (Thursday)

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/17	3.268	33	2.996	27/09/2017	27
MGS	02/18	3.136	4	3.001	27/09/2017	14
MGS	09/18	3.183	49	2.945	27/09/2017	24
MGS	03/19	3.166	64	3.085	27/09/2017	8
MGS	07/19	3.275	18	3.241	27/09/2017	3
MGS	10/19	3.315	25	3.238	27/09/2017	8
MGS	11/19	3.298	7	3.268	27/09/2017	3
MGS	03/20	3.386	28	3.324	26/09/2017	6
MGS	10/20	3.396	16	3.356	27/09/2017	4
MGS	02/21	3.424	118	3.361	27/09/2017	6
MGS	07/21	3.546	26	3.478	27/09/2017	7
MGS	09/21	3.587	175	3.535	27/09/2017	5
MGS	11/21	3.567	4	3.549	26/09/2017	2
MGS	03/22	3.608	159	3.563	27/09/2017	4
MGS	08/22	3.689	17	3.643	26/09/2017	5
MGS	09/22	3.717	189	3.652	26/09/2017	6
MGS	03/23	3.735	188	3.725	26/09/2017	1
MGS	08/23	3.830	25	3.780	27/09/2017	5
MGS	07/24	3.826	6	3.818	27/09/2017	1
MGS	09/24	3.878	257	3.805	27/09/2017	7
MGS	09/25	3.958	92	3.925	27/09/2017	3
MGS	04/26	4.022	27	4.002	27/09/2017	2
MGS	09/26	4.149	0	4.041	08/09/2017	11
MGS	11/26	3.952	28	3.919	27/09/2017	3
MGS	03/27	4.085	0	4.072	27/09/2017	1
MGS	05/27	4.135	1	3.978	13/09/2017	16
MGS	11/27	3.941	82	3.881	27/09/2017	6
MGS	09/28	4.235	0	4.217	12/09/2017	2
MGS	04/30	4.208	1	4.280	26/09/2017	-7
MGS	06/31	4.398	9	4.315	27/09/2017	8
MGS	05/35	4.527	0	4.426	25/09/2017	10
MGS	03/46	4.739	28	4.771	27/09/2017	-3
GII	04/20	3.526	330	3.487	27/09/2017	4
GII	04/20	3.528	20	3.510	13/09/2017	2
GII	04/21	3.705	15	3.692	25/09/2017	1
GII	08/24	4.039	20	3.969	26/09/2017	7
GII	09/26	4.212	3	4.178	27/09/2017	3
GII	07/27	4.014	35	4.083	27/09/2017	-7
GII	08/37	4.684	10	4.719	25/09/2017	-4
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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*
Lembaga Pembiayaan Perumahan Sektor Awam	09/19	GG	3.796	20	3.791	27/09/2017	0	23
Lembaga Pembiayaan Perumahan Sektor Awam	04/24	GG	4.262	20	4.268	27/09/2017	-1	41
Prasarana Malaysia Berhad [fka Syarikat Prasarana]	09/24	GG	4.301	15	4.278	20/09/2017	2	45
Tenaga Nasional Berhad	08/37	AAA	5.089	36	5.049	25/09/2017	4	93
ADCB Finance (Cayman) Limited	11/17	AAA	3.776	2	3.913	20/09/2017	-14	27
Putrajaya Holdings Sdn Berhad	10/17	AAA	3.453	6	3.441	05/09/2016	1	-5
Putrajaya Bina Sdn Berhad	09/24	AAA	4.439	20	4.398	12/09/2017	4	58
Sabah Credit Corporation	08/20	AA1	4.478	20	4.497	13/09/2017	-2	86
Malayan Banking Berhad	01/24	AA1	4.349	1	4.173	25/09/2017	18	56
Sarawak Energy Berhad	08/35	AA1	5.269	3	5.270	19/07/2017	0	111
CIMB Bank Berhad	11/22	AA+	5.247	0	4.980	12/09/2017	27	152
Tanjung Bin Power Sdn Berhad	08/19	AA2	4.216	5	4.232	20/09/2017	-2	65
PBFIN Berhad	06/59	AA2	4.278	1	4.272	19/09/2017	1	12
Malayan Banking Berhad	09/68	AA2	4.492	2	4.239	15/08/2017	25	33
CIMB Bank Berhad	10/38	AA	4.386	2	4.472	31/07/2017	-9	23
Bumitama Agri Ltd	03/19	AA3	4.380	8	4.453	18/09/2017	-7	87
AmBank (M) Berhad	12/23	AA3	4.472	20	4.525	21/07/2017	-5	68
MMC Corporation Berhad	11/20	AA-	4.868	2	4.918	24/08/2017	-5	125
UEM Edgenta Berhad [fka Faber Group Berhad]	04/22	AA-	4.628	30	4.653	27/09/2017	-2	90
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	05/23	AA-	4.790	10	4.797	26/09/2017	-1	100
MMC Corporation Berhad	11/27	AA-	5.392	30	5.389	26/09/2017	0	141
Konsortium Lebuhraya Utara-Timur (KL) Sdn Bert	11/29	AA-	4.896	10	4.929	28/08/2017	-3	92
CIMB Group Holdings Berhad	05/16	A1	4.950	1	4.998	26/09/2017	-5	79
Bank Muamalat Malaysia Berhad	11/21	A	5.210	1	5.230	07/09/2017	-2	155
Eco Capital Berhad	12/22	-	6.459	2	6.398	09/26/2017	6	273
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\*spread against nearest indicative tenured IRS (Source : BPAM)

## Market/Corporate News: What's Brewing

**UEM Sunrise Bhd** expects Malaysia's property market, particularly within the premium segment, to recover from the second half of next year (2H18) on improving income growth and a better mix of real estate products. "We are hoping to see recovery of the property market from 2H18," said its managing director Anwar Syahrin Abdul Ajib. "We are still seeing demand for premium property products. "The market is there provided it is at the right location with [a] strong value proposition," he told reporters on the sidelines of the Khazanah Megatrends Forum 2017 yesterday. Describing the current property market as "cautious", Anwar Syahrin said this is evident by consumers weighing their options very carefully to purchase big-ticket items. Referring to the upcoming Budget 2018, he said UEM Sunrise hopes the government will address the issue of high building material costs following the implementation of the goods and services tax in April 2016. "Basically, property developers are asking for anything that can drive real estate development cost down," he said. On affordable housing, Anwar Syahrin said "it has always been an issue". "The issue of affordable housing ties back to land cost. The price of a house is always driven by the land price, and that is always a tricky issue as land acquisition cost is high," he said. Bank Negara Malaysia in its 2016 annual report described houses in Kuala Lumpur, Terengganu, Penang and Sabah as "severely unaffordable". The central bank said houses in most states were generally unaffordable for households earning the median income. According to a study by Khazanah Research Institute published in 2015, there were warning signs that housing affordability in Malaysia, particularly for lower-income households, would worsen if left unchecked. (Source: The EdgeMarkets)

**Mudajaya Group Bhd** rose 2.68% this morning after its wholly-owned subsidiary, Mudajaya Corp Bhd, had been awarded an RM118.6 million contract to build a 16-storey office block complex in Sungai Buloh, Selangor, by KLIAA-KLIACS Consortium. The office complex, Hevea Tower, is part of a proposed development extending over 2,330 acres of land owned by the Malaysian Rubber Board. The project is expected to be completed by

Sept 2019 and contribute positively to the group's earnings for the financial year ending Dec 31, 2017 onwards. (Source: The EdgeMarkets)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Alliance Bank Malaysia Berhad	Proposed Additional Tier-1 Capital Securities Programme of up to RM1.0 billion (Proposed AT-1 Programme)	BBB1/Stable	Assigned

Source: RAM Ratings; MARC

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