

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.77	-1
5-yr UST	2.11	-2
10-yr UST	2.36	-5
30-yr UST	2.76	-7

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.40	-1	3.47	0
5-yr	3.60	-3	3.89	2
7-yr	3.91	-1	4.06	0
10-yr	3.89	-6	4.27	-1
15-yr	4.46	-1	4.71	0
20-yr	4.60	-2	4.79	0
30-yr	4.86	0	4.98	2

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.64	0
3-yr	3.74	0
5-yr	3.81	0
7-yr	3.93	3
10-yr	4.05	0

Source: Bloomberg

#### Upcoming Government Bond Tenders

Auction of RM2.0bn + RM0.5bn private placement  
MGS 11/27 on 6-December (Wednesday)

#### US Treasuries

- US Treasuries ended off-highs prior to Trump's tax proposal as yields were generally 1-7bps lower across the curve last Friday led by the long-end. The much-watched 10Y closed at 2.36% as the 5s30s spread dipped to a 10Y low of about 65bps. On the data front we have a slew of data this week i.e. factory orders, trade balance, Markit US services and composite PMI's, ISM non-manufacturing, change in NFP to name a few. We expect UST's to react with volatility on the back of deliberations with regard to frequency of Fed rate hikes next year, economic outlook and the tax overhaul which is a done deal at the point of writing.

#### MGS/GII

- Local govies continued to trade in a quiet mode with total volume of RM2.16b; unchanged from previous session with players focused on the short-end off-the-run 18 and 19's. Yields were lower between 1-6bps across the curve. The benchmark 7Y MGS closed at 3.91% whilst MGS 11/27 ended 6bps lower at 3.89% on strong demand arising from specific requirements by few investors. The 15Y MGS 8/33 moved 1 bps lower at 4.46% on decent volume. We expect a cautious stance with a slightly positive bias on demand as investors follow the positive movement of the Ringgit.

#### PDS/Sukuk

- Corporate bonds saw a dip in daily trades to RM205m ahead of the long weekend; with a meagre RM10m trades in GG-papers i.e. DANA 11/24 and DANA 4/45. The AAA-rated Al-Dzhab 21's closed a whopping 10-34bps lower compared to previous-done levels at 4.45-55% levels whereas the rather liquid DANGA 4/20 closed unchanged at 4.09%. We note interest skewed in the AA-space with interest seen in IJM 6/22 closing at 4.491% whilst SPR Energy 7/19, 7/20, and 7/24 rallying by 2-3bps. We continue to expect interest in the secondary space for Corporate Bonds on yield requirements.

## Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 02/18	2.451	209	2.349	29/11/2017	10
MGS 03/18	2.403	171	2.349	29/11/2017	5
MGS 09/18	2.575	224	2.430	29/11/2017	15
MGS 03/19	2.978	1	2.914	29/11/2017	6
MGS 10/19	3.152	1	3.244	29/11/2017	-9
MGS 11/19	3.174	123	3.153	29/11/2017	2
MGS 10/20	3.343	71	3.375	29/11/2017	-3
MGS 02/21	3.400	1	3.407	29/11/2017	-1
MGS 07/21	3.461	1	3.491	29/11/2017	-3
MGS 09/21	3.610	3	3.624	29/11/2017	-1
MGS 03/22	3.600	195	3.626	29/11/2017	-3
MGS 08/22	3.792	8	3.792	29/11/2017	0
MGS 09/22	3.812	2	3.812	29/11/2017	0
MGS 08/23	3.888	1	3.888	29/11/2017	0
MGS 07/24	3.990	17	3.998	29/11/2017	-1
MGS 09/24	3.907	13	3.920	29/11/2017	-1
MGS 09/25	4.098	43	4.106	28/11/2017	-1
MGS 04/26	4.163	11	4.184	29/11/2017	-2
MGS 09/26	4.250	5	4.085	16/10/2017	17
MGS 11/26	4.095	99	4.155	29/11/2017	-6
MGS 03/27	4.240	2	4.278	28/11/2017	-4
MGS 05/27	4.052	2	4.290	22/11/2017	-24
MGS 11/27	3.893	520	3.948	29/11/2017	-6
MGS 04/30	4.498	3	4.498	29/11/2017	0
MGS 06/31	4.481	7	4.501	29/11/2017	-2
MGS 04/32	4.508	10	4.532	29/11/2017	-2
MGS 04/33	4.455	133	4.469	29/11/2017	-1
MGS 05/35	4.658	12	4.654	29/11/2017	0
MGS 04/37	4.600	36	4.620	29/11/2017	-2
MGS 09/43	4.880	18	4.901	28/11/2017	-2
MGS 03/46	4.863	4	4.894	29/11/2017	-3
GII 10/18	3.048	1	3.096	24/11/2017	-5
GII 11/18	3.068	1	2.992	27/11/2017	8
GII 08/21	3.829	4	3.843	29/11/2017	-1
GII 04/22	3.887	103	3.872	29/11/2017	2
GII 07/22	3.925	19	3.959	29/11/2017	-3
GII 08/24	4.061	3	4.057	28/11/2017	0
GII 09/26	4.268	63	4.310	28/11/2017	-4
GII 07/27	4.272	10	4.266	29/11/2017	1
GII 12/28	4.420	10	4.262	28/09/2017	16
GII 10/35	4.752	1	4.780	01/11/2017	-3
		<u>2159</u>			

## Daily Trades: PDS / Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
DanaInfra Nasional Berhad	11/24	GG	4.320	5	0.000	00/01/1900	-
DanaInfra Nasional Berhad	04/45	GG	5.300	5	5.140	09/10/2017	16
AI Dzahab Assets Berhad	06/21	AAA	4.451	10	4.787	26/05/2017	-34
AI Dzahab Assets Berhad	09/21	AAA	4.549	10	4.650	24/10/2017	-10
Gulf Investment Corporation G.S.C	06/22	AAA	5.157	1	5.101	31/10/2017	6
Danga Capital Berhad	04/20	AAA	4.089	15	4.089	23/11/2017	0
Putrajaya Holdings Sdn Berhad	04/25	AAA	4.512	1	4.478	02/06/2017	3
Manjung Island Energy Berhad	11/31	AAA	4.925	4	4.960	07/11/2017	-4
West Coast Expressway Sdn Berhad	08/32	AAA	5.049	4	5.049	28/11/2017	0
Sabah Credit Corporation	08/20	AA1	4.538	10	4.534	01/11/2017	0
Sabah Development Bank Berhad	09/20	AA1	5.064	2	4.952	27/09/2017	11
Malaysia Building Society Berhad	12/22	AA1	4.850	10	4.789	27/02/2017	6
Public Bank Berhad	09/23	AA1	4.320	10	4.330	27/11/2017	-1
Sarawak Energy Berhad	08/35	AA1	5.260	4	5.259	26/10/2017	0
United Growth Berhad	06/22	AA2	4.491	10	4.491	08/08/2017	0
SPR Energy (M) Sdn Berhad	07/19	AA3	4.452	5	4.468	23/10/2017	-2
SPR Energy (M) Sdn Berhad	07/20	AA3	4.549	5	4.573	15/09/2017	-2
IJM Corporation Berhad	06/22	AA3	4.491	10	4.487	13/10/2017	0
SPR Energy (M) Sdn Berhad	07/24	AA3	4.910	20	4.940	26/07/2017	-3
RHB Islamic Bank Berhad	04/27	AA3	4.777	6	4.838	25/10/2017	-6
Malakoff Power Berhad	12/21	AA-	4.551	4	4.518	23/11/2017	3
UEM Edgenta Berhad [fka Faber Group Berhad]	04/22	AA-	4.640	10	4.636	28/11/2017	0
Jimah East Power Sdn Berhad	12/24	AA-	4.659	10	4.688	26/10/2017	-3
MMC Corporation Berhad	11/25	AA-	5.278	4	5.279	29/11/2017	0
MMC Corporation Berhad	11/27	AA-	5.357	5	5.358	24/11/2017	0
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	11/29	AA-	5.000	20	4.896	03/10/2017	10
Celcom Networks Sdn Berhad [fka Celcom Transmission	08/27	AA+	5.086	4	5.087	28/11/2017	0
Bank Muamalat Malaysia Berhad	11/21	A	5.195	2	5.196	29/11/2017	0
			<u>205</u>				

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

### Market/Corporate News: What's Brewing

THE KL-Singapore high-speed rail (HSR) project, which some have heralded as a “game-changer”, looks set to play a big role in the country’s transformation plan... not just in the way of public transport, but also in terms of property development. Expected to be operational in 2026, it will include seven stations in Malaysia – Bandar Malaysia, Bangi-Putrajaya, Seremban, Melaka, Muar, Batu Pahat and Iskandar Puteri – before reaching its last destination in Jurong East, Singapore. ZerIn Properties chief executive officer Previn Singhe says the development of the HSR, which will cut travel time to a mere 90 minutes from KL to Singapore via six cities in Malaysia, will lead to numerous positive impacts and will become growth catalyst to local property market at proposed station locations. “As per the norm in international railway projects, Bandar Malaysia will see the most prominent growth as the terminus location of HSR,” he tells StarBizWeek. “Bandar Malaysia, a mixed-use urban development, is set to become the next major transportation hub and serve as KL’s gateway to Singapore with excellent connectivity to other parts of Greater KL via MRT lines 2 and 3, KTM Komuter, ERL, and future access to major highway networks.” Previn says the location of the terminal station in Bandar Malaysia, which is only 7km away from the KL city centre, will result in a multiplier effect on other mega developments such as Tun Razak Exchange and Bukit Bintang City Centre. “The KL city centre property market and Taman Desa (located within close proximity to Bandar Malaysia) will see growth in property values and rental yield as a result of increased demand for housings. This would augur well in addressing the oversupply situation in Kuala Lumpur high-end condominium market. “Moreover, it will also improve demand for office spaces and benefit tourism and retail sectors in Klang Valley due to tourist influx from Singapore (Singaporeans and foreigners alike).” As for the HSR stations, Previn says the growth of the local property market in these areas will be mostly driven by major property developers with landbanks at or near the proposed stations. “These transit stations are surrounded mostly by agricultural land as well as development land. It is expected that the proposed HSR stations will result in change of land use surrounding the stations in order to capitalise on development potential.” UEM Sunrise Bhd, developer of Gerbang Nusajaya that will house Iskandar Puteri HSR station, is the biggest beneficiary considering the size of its landbank and proximity to Singapore,” he adds. “Brisk sales of residential products in Gerbang Nusajaya, namely Melia Residence and Leisure Farm resort styled villas which is located two minutes away, is a testament to the HSR’s impact on surrounding property market. “Apart from residential market which is expected to benefit from increased demand for cheaper homes from Singaporeans and expats, HSR Iskandar Puteri station is also anticipated to create opportunities in other niche markets such as development of retirement villages, healthcare and wellness, education hub, hospitality, retail and office sectors.” Similarly, Previn says the Seremban and Muar HSR stations are located within Sime Darby’s development – namely Malaysian Vision Valley (MVV) and Bandar Universiti Pagoh respectively. “MVV is a public-private integrated economic development area focusing on high-tech manufacturing, tourism, skill-based education and research and specialised services while Bandar Universiti Pagoh is an education hub comprising three universities, student village, business park, commercial areas and residential areas. “Locations of these HSR stations are intended to act as catalyst for the developments through improved connectivity.” Meanwhile, Previn says Genting Plantation Bhd and Johor Corp are the major players with landbanks near Batu Pahat HSR station. “The Batu Pahat station is proposed within the township of Genting Pura Kencana in Sri Gading, a project launched by Genting Plantations Bhd in 2006. Pura Kencana spans 8,000 acres and will comprise residential areas, shopping centres, schools, various public amenities and a clubhouse. The proposed locations of Ayer Keroh and Bangi-Putrajaya HSR stations, on the other hand, will likely to benefit a larger share of beneficiaries, he says. “Located in Durian Tunggal, 16km from Melaka town, Ayer Keroh station is anticipated to boost tourism and hospitality industry in Melaka. “It will also benefit various townships and developments namely Bukit Katil Development by Encorp and Felda, IOI City by IOI Properties, Taman Tasik Utama by MTD Capital Bhd, Tiara Melaka Golf Club & Baba Nyonya Resort, to name a few.” The proposed location of Bangi-Putrajaya HSR station in Precinct 14, next to Kampung Abu Bakar Baginda, meanwhile, will result in gentrification of the area, says Previn. He says the area is presently occupied by village homes on Malay reserve land plots.

“The proposed connection to Putrajaya Sentral and Cyberjaya via tram services, if materialised, will greatly improve connectivity and will encourage developments of new neighbourhoods and commercial areas.” To the uninitiated, the HSR is a type of rail transport that operates significantly faster than traditional rail traffic, using an integrated system of specialized rolling stock and dedicated tracks. Among the countries that have developed HSR include Austria, Belgium, China, France, Germany, Italy, Japan, Poland, Portugal, Russia, South Korea, Spain, Sweden, Taiwan, Turkey, United Kingdom, United States and Uzbekistan. (Source: The Star)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
ANIH Berhad	RM2.5 billion Senior Sukuk Musharakah Programme	AA-IS	Affirmed

Source: RAM Ratings; MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; Economic Research, Global Markets

Level 8, Menara Hong Leong

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: [HLMarkets@hibb.hongleong.com.my](mailto:HLMarkets@hibb.hongleong.com.my)**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.