

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

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US Treasuries

- UST advanced as investors flock to flight to safety amid lingering concerns over geopolitical tensions resonating from North Korea. 10-year yields ended 10 bps tighter to close at 2.06%. On the data front, durable goods orders contracted further with a -6.8% print versus survey's -2.9%. All eyes on upcoming services and composite PMI release tonight.

MGS/GII

- Local govies ended supported with traded volume boosted higher to reach RM4b. Bond yields for benchmark 7-year and 10-year MGS continue to tighten further with levels closing 2-3 bps lower to end at 3.84% and 3.87% level respectively. Levels for benchmark 10-year MGS and GII have since widen back to 17-18 bps, which may prompt interest for GII. Expect focus to shift to BNM MPC tomorrow. We are reaffirming our views for OPR to stay unchanged at 3.00% in 2017.

PDS/Sukuk

- MYR corporate bonds/sukuk saw volume improved to RM536m. We saw DanaInfra '4/24 changing hands at 4.27%. We saw a collective RM200m traded for Danga Capital maturing 2026, 2027 and 2030. Levels ended at 4.48%, 4.52% and 4.79% level respectively. Power sector space saw YTLPI '5/27 traded at 4.89% with RM100m changing hands.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.29	-4
5-yr UST	1.64	-10
10-yr UST	2.06	-10
30-yr UST	2.68	-10

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.36	0	3.49	0
5-yr	3.58	2	3.71	0
7-yr	3.84	-2	3.97	0
10-yr	3.87	-3	4.04	-1
15-yr	4.30	-1	4.53	0
20-yr	4.53	0	4.87	-2
30-yr	4.71	0		

*Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.49	0
3-yr	3.62	0
5-yr	3.71	-2
7-yr	3.83	0
10-yr	3.96	0

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	2.904	204	2.998	30/08/2017	-9
MGS	10/17	3.005	92	2.983	30/08/2017	2
MGS	02/18	2.980	111	3.004	30/08/2017	-2
MGS	03/18	2.996	36	3.010	30/08/2017	-1
MGS	09/18	3.016	303	3.087	30/08/2017	-7
MGS	03/19	3.147	89	3.204	30/08/2017	-6
MGS	07/19	3.289	82	3.342	28/08/2017	-5
MGS	10/19	3.346	5	3.351	30/08/2017	0
MGS	11/19	3.377	175	3.367	30/08/2017	1
MGS	03/20	3.389	157	3.422	24/08/2017	-3
MGS	07/20	3.449	60	3.431	30/08/2017	2
MGS	10/20	3.436	48	3.470	30/08/2017	-3
MGS	02/21	3.357	122	3.363	30/08/2017	-1
MGS	07/21	3.538	105	3.530	30/08/2017	1
MGS	09/21	3.554	59	3.568	30/08/2017	-1
MGS	11/21	3.601	75	3.598	30/08/2017	0
MGS	03/22	3.579	40	3.561	25/08/2017	2
MGS	08/22	3.703	103	3.697	30/08/2017	1
MGS	09/22	3.699	48	3.718	30/08/2017	-2
MGS	03/23	3.808	72	3.806	30/08/2017	0
MGS	08/23	3.832	36	3.847	30/08/2017	-2
MGS	07/24	3.879	43	3.904	30/08/2017	-2
MGS	09/24	3.842	230	3.853	30/08/2017	-1
MGS	09/25	3.918	54	3.948	30/08/2017	-3
MGS	04/26	3.983	18	4.038	29/08/2017	-6
MGS	11/26	3.873	56	3.883	30/08/2017	-1
MGS	03/27	4.077	0	4.084	29/08/2017	-1
MGS	11/27	3.866	385	3.893	30/08/2017	-3
MGS	04/30	4.332	151	4.347	30/08/2017	-2
MGS	06/31	4.329	129	4.393	30/08/2017	-6
MGS	04/33	4.302	106	4.314	30/08/2017	-1
MGS	05/35	4.417	10	4.447	30/08/2017	-3
MGS	04/37	4.525	217	4.529	30/08/2017	0
MGS	09/43	4.760	1	4.820	24/08/2017	-6
MGS	03/46	4.710	40	4.723	30/08/2017	-1
GII	05/18	3.131	7	3.130	29/08/2017	0
GII	08/18	3.191	20	3.188	25/08/2017	0
GII	11/18	3.229	1	3.332	14/08/2017	-10
GII	04/19	3.361	20	3.408	24/08/2017	-5
GII	04/20	3.488	264	3.487	30/08/2017	0
GII	08/21	3.839	2	3.817	30/08/2017	2
GII	07/22	3.842	10	3.855	25/08/2017	-1
GII	08/24	3.970	20	3.972	30/08/2017	0
GII	09/26	4.163	2	4.136	25/08/2017	3
GII	07/27	4.042	74	4.047	30/08/2017	0
GII	09/30	4.490	0	4.479	25/08/2017	1
GII	10/35	4.678	1	4.691	31/07/2017	-1
GII	05/47	4.866	100	4.888	30/08/2017	-2
			<u>3983</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**
DanaInfra Nasional Berhad	04/24	GG	4.274	40	4.259	29/08/2017	1	46
Lembaga Pembiayaan Perumahan Sektor Awam	09/26	GG	4.397	3	4.430	16/08/2017	-3	45
Tenaga Nasional Berhad	08/37	AAA	5.070	10	5.070	29/08/2017	0	94
Putrajaya Holdings Sdn Berhad	05/25	AAA	4.457	20	4.448	30/08/2017	1	60
Danga Capital Berhad	02/26	AAA	4.480	15	4.481	24/08/2017	0	63
Danga Capital Berhad	09/27	AAA	4.520	160	-	-	-	57
Danga Capital Berhad	01/30	AAA	4.792	25	4.789	01/08/2017	0	84
YTL Power International Berhad	05/27	AA1	4.889	100	4.897	29/08/2017	-1	94
Malaysia Building Society Berhad	10/17	AA1	3.988	20	4.099	23/08/2017	-11	50
Sarawak Energy Berhad	07/24	AA1	4.499	10	4.499	30/08/2017	0	68
Northern Gateway Infrastructure Sdn Berhad	08/33	AA1	5.440	20	5.460	30/08/2017	-2	131
Imtiaz Sukuk Berhad	11/17	AA2	3.936	10	3.992	28/08/2017	-6	45
UMW Holdings Berhad	10/21	AA2	4.657	30	4.674	29/08/2017	-2	100
UMW Holdings Berhad	10/23	AA2	4.826	10	4.836	23/08/2017	-1	107
Sime Darby Plantation Sdn Bhd	03/26	AA	4.845	20	4.816	23/06/2017	3	99
Tadau Energy Sdn Berhad	07/25	AA3	5.216	1	-	-	-	136
BGSM Management Sdn Berhad	12/17	AA3	4.136	20	4.153	23/08/2017	-2	65
Perbadanan Kemajuan Negeri Selangor	08/18	AA3	4.318	20	4.325	28/08/2017	-1	83
Tan Chong Motor Holdings Berhad	11/21	A1	5.977	1	5.970	25/08/2017	1	232
Mah Sing	-	NR	6.480	1	-	-	-	-
				<u>536</u>				

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

Market/Corporate News: What's Brewing

Malaysia Debt Ventures Bhd (MDV) aims to finance the operations of more than 300 companies over the next 20 years via potential disbursements amounting to RM4bil raised through its newly-launched third fund. Managing director/chief executive officer Datuk Md Zubir Ansori Yahaya said the fund, to be raised via Islamic Medium-Term Notes (iMTN), was expected to finance between 400-500 projects, mostly in the 4.0 Industry. "This time around, we will focus (disbursements) on new technologies, namely artificial intelligence, virtual reality, augmented reality and the 4D printing, among others. "We are also trying to fund the earlier stage companies with good ideas and business plans," he told reporters after the launching of the fund by Second Finance Minister Datuk Seri Johari Abdul Ghani here yesterday. For the third fund, Zubir said MDV had already identified 15 companies, with about RM100mil worth of projects in hand, ranging from 3D printing, robotics, e-commerce and others, that would receive disbursements over the next six months. Meanwhile, Johari said the new fund reflected the government's continued endorsement and confidence in the way MDV managed both its funds, namely the RM1.6bil sourced from the Japanese Bank of International Cooperation in 2002 and the issuance of RM1.5bil in iMTN in 2008. "As technology-based projects are deemed high risk, traditional modes of financing are hard to secure. "However, the government believes that such projects hold great promise of success and carry an immense potential to contribute to the economy. "This is precisely the reason why the government believes that alternative funding must be made available for these companies to ensure that they are able to develop and grow to their utmost potential," he said in his opening speech. With the launch of the third fund, Johari said MDV would be able to continue its role in financing the technology sector and ensure that companies continue to have adequate funding to meet their mandate in supporting Malaysia's technology agenda. Since its inception in 2002, MDV had disbursed more than RM11 billion in financing to more than 680 technology companies, enabling them to complete and deliver about 773 projects in various technology areas. Small and medium enterprises accounted for 82% of companies that received financing and 68% of the total were Bumiputra companies. (Source : The Star)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Axis REIT Sukuk Berhad	RM110.0 million of Class A, Class B, Class C and Class D sukuk (collectively, the First Sukuk)	AAA / Stable AA1 / Stable AA2 / Stable AA3 / Stable	Affirmed
Bahrain Mumtalakat Holding Company BSC	RM3 billion Sukuk Murabahah Programme (2012/2032)	A3 / Stable	Downgraded from A1

Source: MARC and RAM ratings

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