

Global Markets Research

Fixed Income

Chang Wai Ming

Fixed Income Strategist

Hong Leong Bank Berhad, Global Markets

Fixed Income & Economic Research

WMChang@hlbb.hongleong.com.my

(603) 2773 0532

Fixed Income Daily Market Snapshot

US Treasuries

- UST yields were higher across the maturity curve following the sell-off in European government bonds spurred by weak demand for French debt. Dollar index had weakened after ADP report showing lower than expected private sector employment. Two year yield was flat at 1.40% while belly of the curve five year and ten year yields were 3 and 5 bps higher at 1.94% and 2.37% on Thursday. Thirty year yield surged 5 bps higher at 2.90%.

MGS/GII

- Total local govies transacted on Thursday was RM 3.59 billion and MGS yields were mostly lower other the 15 years and 30 years. Three, five and seven year yields were 2 bps, 1 bps and 2 bps lower at 3.37%, 3.69% and 3.92%. Total traded volume for MGS 09/21 and MGS 09/24 were RM 276 million and RM 1830 million. On the other hand, total GII transaction volume was RM 624 million. Yield was almost unchanged other than the three year which slipped 1 bps to 3.61%.

PDS/Sukuk

- Trading volume for corporate bonds/sukuk remained thin with only RM156m changing hands. A combined volume of RM 50 million was transacted in the AAA space while RM 93 million changed hands in the AA space with financial papers being transacted the most in the latter. Meanwhile, five year, seven year and ten year IRS yields were 1bps, 2bps and 1 bps higher at 3.78%, 3.89% and 4.02%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.40	0
5-yr UST	1.94	3
10-yr UST	2.37	5
30-yr UST	2.90	5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.37	-2	3.61	-1
5-yr	3.69	-1	3.83	0
7-yr	3.92	-2	4.01	0
10-yr	3.97	0	4.01	0
15-yr	4.45	2	4.08	0
20-yr	4.59	-1	4.60	0
30-yr	4.80	3	4.88	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.49	0
3-yr	3.85	0
5-yr	3.78	1
7-yr	3.89	2
10-yr	4.02	1

Source: Bloomberg

Upcoming Government Bond Tenders

Nil

Daily Trades : Government Bonds

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	09/17	3.039	50	3.049	05/07/2017	-1
MGS	09/17	3.039	50	3.049	05/07/2017	-1
MGS	07/19	3.465	0	3.306	03/07/2017	15.9
MGS	11/19	3.497	51	3.564	05/07/2017	-6.7
MGS	11/19	3.497	51	3.564	05/07/2017	-6.7
MGS	03/20	3.515	0	3.572	04/07/2017	-5.7
MGS	10/20	3.551	44	3.619	05/07/2017	-6.8
MGS	10/20	3.551	44	3.619	05/07/2017	-6.8
MGS	09/21	3.659	138	3.725	05/07/2017	-6.6
MGS	09/21	3.659	138	3.725	05/07/2017	-6.6
MGS	08/23	3.834	30	3.911	03/07/2017	-7.7
MGS	08/23	3.834	30	3.911	03/07/2017	-7.7
MGS	09/24	3.94	915	3.94	05/07/2017	0
MGS	09/24	3.94	915	3.94	05/07/2017	0
MGS	09/25	3.945	56	4.041	05/07/2017	-9.6
MGS	09/25	3.945	56	4.041	05/07/2017	-9.6
MGS	11/26	3.944	40	4.041	05/07/2017	-9.7
MGS	11/26	3.944	40	4.041	05/07/2017	-9.7
MGS	04/30	4.159	0	4.435	05/07/2017	-27.6
MGS	04/32	4.341	0	4.596	03/07/2017	-25.5
MGS	04/37	4.61	160	4.614	05/07/2017	-0.4
MGS	04/37	4.61	160	4.614	05/07/2017	-0.4
GII	04/20	3.61	143	3.611	05/07/2017	-0.1
GII	04/20	3.61	143	3.611	05/07/2017	-0.1
GII	04/22	3.831	20	3.831	05/07/2017	0
GII	04/22	3.831	20	3.831	05/07/2017	0
GII	05/24	3.995	20	4.073	05/07/2017	-7.8
GII	05/24	3.995	20	4.073	05/07/2017	-7.8
GII	08/24	4.012	80	4.012	05/07/2017	0
GII	08/24	4.012	80	4.012	05/07/2017	0
GII	09/26	4.056	29	4.201	04/07/2017	-14.5
GII	09/26	4.056	29	4.201	04/07/2017	-14.5
GII	07/27	4.081	20	4.081	05/07/2017	0
GII	07/27	4.081	20	4.081	05/07/2017	0
			<u>3592</u>			

Daily Trades: PDS / Sukuk

Securities		Rating	Closing	Vol	Previous	Previous	Chg	Spread
			YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against IRS**
Genting Capital Berhad	06/22	AAA	4.699	40	4.659	20/06/2017	4	92.4
Berjaya Land Berhad	12/21	AAA (FG)	4.888	10	4.897	17/04/2017	-0.9	118.3
Public Bank Berhad	09/18	AA1	4.283	1	4.158	03/07/2017	12.5	79.3
Malayan Banking Berhad	01/19	AA1	4.684	20	4.684	04/07/2017	0	110.9
Malayan Banking Berhad	10/20	AA1	4.826	10	4.877	22/05/2017	-5.1	118.1
CIMB Bank Berhad	09/18	AA+	4.346	20	4.356	22/06/2017	-1	85.6
Hong Leong Bank Berhad	06/19	AA2	4.615	0	4.596	28/06/2017	1.9	104
Krung Thai Bank Public Company Limited	07/20	AA2	4.484	1	4.446	19/06/2017	3.8	83.9
RHB Islamic Bank Berhad	05/19	AA3	4.523	10	4.552	09/06/2017	-2.9	94.8
RHB Bank Berhad	07/19	AA3	4.643	21	4.631	30/06/2017	1.2	106.8
CIMB Group Holdings Berhad	04/20	AA3	4.688	10	4.712	30/06/2017	-2.4	104.3
Affin Bank Berhad	01/00	A1	5.054	10	5.054	04/07/2017	0	156.4
AMMB Holdings Berhad	01/00	A1	4.961	1	4.837	04/07/2017	12.4	147.1
Mah Sing	09/99	-	-	2	-	-	-	-
				<u>156</u>				

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

Market/Corporate News: What's Brewing

Tenaga Nasional Bhd is setting up a RM5bil Islamic medium term notes (MTN) programme with a tenure of between of one to 50 years. It announced to Bursa Malaysia on Friday it had lodged with the Securities Commission for the proposed Sukuk programme. "The proceeds raised from the Sukuk programme will be utilised by Tenaga to finance capital expenditure, investment, general corporate purposes, working capital requirements and/or refinance any existing financing facilities of Tenaga and/or its subsidiaries and to defray any fees and expenses of the Sukuk programme," it said. Tenaga also said the proceeds would be for Shariah-compliant purposes. The Sukuk programme has been assigned a long term final rating of AAA by RAM Rating Services Bhd. Tenaga said the programme would provide the group with the flexibility to time its fund-raising exercises with varying nominal value and tenures for optimal asset-liability matching. (Source: The Star online)

A consortium of China Petroleum Pipeline Bureau (CPP) & CPP Petroleum Engineering (M) Sdn Bhd has been signed on to build additional olefins storage units in Pengerang for Petroliaam Nasional Bhd's unit. Petronas said on Thursday its unit PRPC Refinery & Cracker Sdn Bhd (PRPC RC) recently signed the engineering, procurement, construction and commissioning (EPCC) contract for the facilities within the Pengerang Integrated Complex. The national oil company said the consortium would undertake the EPCC for four 1,750MT butadiene bullet tanks; four 2,500MT propylene sphere tanks; and one 12,000MT double-walled cryogenic ethylene tank. "The construction of the butadiene bullet tanks is expected to be completed by end 2018, while the propylene sphere tanks and the cryogenic ethylene tanks are scheduled to be ready by end Q1 and Q3 2019, respectively," it said. The value of the contract was not disclosed. The signing of the agreement was held in Langfang, China. Signing on behalf of Petronas was senior vice president and CEO of Petronas Refinery and Petrochemical Corporation Sdn Bhd (PRPC) Colin Wong Hee Huing; president of China Petroleum Pipeline bureau, Zhao Yujian and chief manager of CPP Petroleum Engineering (M) Sdn Bhd, Wang Haitao. The Pengerang Integrated Complex, costing US\$27bil, is the largest downstream investment ever undertaken by Petronas. The complex is being built on a single site of 6,242 acres. The associated facilities comprise of the Pengerang Co-generation Plant (PCP), an LNG re-gasification terminal, a raw water supply project (PAMER), the Pengerang deepwater terminal, as well as centralised and shared utilities and facilities. (Source: The Star online)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: MARC and RAM ratings

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 6, Wisma Hong Leong

18, Jalan Perak

50450 Kuala Lumpur

Tel: 603-2773 0469

Fax: 603-2164 9305

Email: HLMarkets@hlbb.hongleong.com.my

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