

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.81	-1
5-yr UST	2.13	-2
10-yr UST	2.34	-1
30-yr UST	2.73	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.44	4	3.47	1
5-yr	3.60	2	3.88	0
7-yr	3.92	7	4.06	0
10-yr	3.94	8	4.26	1
15-yr	4.44	4	4.66	0
20-yr	4.59	0	4.79	0
30-yr	4.89	0	4.98	0

*Market indicative

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.64	0
3-yr	3.74	0
5-yr	3.82	0
7-yr	3.93	0
10-yr	4.05	0

Source: Bloomberg

US Treasuries

- US Treasury yields generally ended lower as market lacked catalysts with gains seen in the belly of the curve with the 5s30s spread marginally wider by 1bps. The much-watched 10Y closed lower at 2.34%. Latest consensus reveals market pricing-in another 1.5 hikes for 2018. On the data front we have the initial jobless claims for the week, unemployment rate and NFP figures for November to be released within the next 2 days. Expect some appetite in longer-dated UST's by foreign investors as the long-end remains well-supported in view of stubbornly low inflation.

MGS/GII

- Volume for local govies was RM2.52b; with attention focused on the 10Y auction of MGS 11/27, which saw an average of 3.496% printed on a weak BTC of 1.53x. Overall yields were higher by 2-8bps across the curve as most investors were sidelined following the weaker than expected results for the tender. The benchmark 7Y MGS 9/24 and MGS 11/27 closed 3.92% and 3.94% respectively reversing the inversion between the two. The surge in GII trades the day before tapered off as yesterday with slight interest in the 3Y, 5Y and 10Y tenures. We expect a cautious stance with some local investors' interest mainly in GII-space.

Upcoming Government Bond Tenders

Nil

PDS/Sukuk

- Transactions in Corporate bonds spiked to RM523m with trades seen across the curve. Govt-Guaranteed papers were beneficiary of trades as DANAINFRA 28-44's closed 0-11bps higher compared to previously-done levels. Likewise in the AA-space we saw RM92m trades done on DUKE 33-39 tenures. DUKE 8/38 and 8/39 closed 4-5bps higher at 5.48% and 5.53%. We expect continued interest in the secondary space for Corporate Bonds on yield-carry requirements

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/18	3.049	142	2.596	05/12/2017	45
MGS	09/18	2.753	75	2.693	05/12/2017	6
MGS	07/19	3.000	1	3.055	04/12/2017	-6
MGS	11/19	3.126	2	3.136	04/12/2017	-1
MGS	03/20	3.264	79	3.287	04/12/2017	-2
MGS	10/20	3.379	61	3.343	05/12/2017	4
MGS	02/21	3.440	40	3.400	30/11/2017	4
MGS	07/21	3.460	185	3.446	05/12/2017	1
MGS	09/21	3.595	86	3.623	05/12/2017	-3
MGS	11/21	3.606	10	3.585	05/12/2017	2
MGS	03/22	3.600	99	3.625	05/12/2017	-2
MGS	08/22	3.746	0	3.733	04/12/2017	1
MGS	03/23	3.785	75	3.838	04/12/2017	-5
MGS	08/23	3.819	82	3.848	04/12/2017	-3
MGS	07/24	3.972	3	3.963	05/12/2017	1
MGS	09/24	3.923	53	3.886	05/12/2017	4
MGS	09/25	4.045	1	4.037	05/12/2017	1
MGS	09/26	4.906	1	4.250	30/11/2017	66
MGS	11/26	4.115	95	4.101	05/12/2017	1
MGS	11/27	3.939	1008	3.838	05/12/2017	10
MGS	04/30	4.466	51	4.498	05/12/2017	-3
MGS	04/33	4.441	121	4.399	05/12/2017	4
MGS	05/35	4.602	4	4.559	04/12/2017	4
MGS	09/43	4.863	0	4.867	04/12/2017	0
MGS	03/46	4.887	6	4.850	04/12/2017	4
GII	08/18	3.108	10	3.083	05/12/2017	2
GII	04/20	3.470	50	3.461	05/12/2017	1
GII	08/21	3.844	30	3.791	04/12/2017	5
GII	04/22	3.884	50	3.882	05/12/2017	0
GII	07/22	3.905	2	3.925	30/11/2017	-2
GII	11/22	3.957	1	3.923	27/11/2017	3
GII	08/24	4.061	11	4.055	05/12/2017	1
GII	06/27	3.886	2	4.003	11/10/2016	-12
GII	07/27	4.264	80	4.256	05/12/2017	1
GII	10/35	4.740	1	4.752	30/11/2017	-1
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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 MGS*
Jambatan Kedua Sdn Berhad	07/26	GG	4.422	5	4.480	42744	-6	44
DanaInfra Nasional Berhad	10/28	GG	4.556	75	4.530	42891	3	60
DanaInfra Nasional Berhad	07/29	GG	4.599	20	4.600	42879	0	65
DanaInfra Nasional Berhad	04/39	GG	5.065	50	4.955	42985	11	46
DanaInfra Nasional Berhad	07/44	GG	5.243	40	5.210	42930	3	64
Cagamas Berhad	09/20	AAA	3.961	30	3.991	43042	-3	53
Guif Investment Corporation G.S.C	06/22	AAA	5.152	6	5.157	43069	0	156
Sabah Credit Corporation	05/22	AA1	4.706	4	4.639	43027	7	119
Sabah Credit Corporation	06/23	AA1	4.797	4	4.728	43027	7	100
TRIplic Medical Sdn Berhad	10/23	AA1	4.699	5	4.709	43055	-1	91
Hong Leong Islamic Bank Berhad	06/24	AA1	4.361	6	4.527	42991	-17	44
Hong Leong Bank Berhad	06/24	AA1	4.839	1	4.968	43066	-13	92
TRIplic Medical Sdn Berhad	10/24	AA1	4.748	10	4.750	43055	0	83
YTL Power International Berhad	05/27	AA1	4.875	42	4.877	43067	0	89
Lafarge Cement Sdn Berhad	01/20	AA2	4.434	5	4.507	42971	-7	126
UMW Holdings Berhad	10/21	AA2	4.597	20	4.601	43073	0	108
Konsortium ProHAWK Sdn Berhad	12/21	AA2	4.473	5	4.531	42940	-6	95
BGSM Management Sdn Berhad	12/23	AA3	4.695	2	4.707	43066	-1	90
Golden Assets International Finance Limited	08/18	A1	5.040	10	5.061	43068	-2	225
Malakoff Power Berhad	12/18	AA-	4.195	4	4.185	43066	1	140
WCT Holdings Berhad	12/18	AA-	4.562	10	4.576	43061	-1	177
Northport (Malaysia) Berhad	12/22	AA-	4.998	5	-	-	-	-
MMC Corporation Berhad	11/27	AA-	5.355	10	5.357	43073	0	140
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/33	AA-	5.195	2	5.090	43004	11	79
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/35	AA-	5.305	15	5.344	43060	-4	70
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/36	AA-	5.360	15	5.299	43027	6	75
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/38	AA-	5.481	30	5.430	43027	5	88
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/39	AA-	5.529	30	5.488	43025	4	92
Celcom Networks Sdn Berhad [fka Celcom Transmission	08/19	AA+	4.504	20	4.488	43020	2	133
AMMB Holdings Berhad	03/27	A1	4.854	20	4.857	43063	0	87
CIMB Bank Berhad	05/16	A1	5.301	1	-	-	-	-
CIMB Group Holdings Berhad	05/16	A1	5.206	21	5.241	43074	-3	60
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

SAJ Capital yesterday made a lodgement with the Securities Commission Malaysia for the issuance of the sukuk, which will have a tenure of up to 12 years, Ranhill said in a filing with Bursa Malaysia. The proceeds from the sukuk will be used by the issuer partly to finance the redemption of Ranhill Capital Sdn Bhd's outstanding RM800 million Islamic medium-term notes. Ranhill Capital is another wholly-owned subsidiary of Ranhill. It will also be used for the general corporate purposes of Ranhill and its group of companies, which include capital expenditure, working expenditure, and general funding requirements. Additionally, the proceeds will go towards financing additional payments arising from the redemption of existing securities, financing the service reserve account, and paying fees and expenses related to the sukuk. The Malaysian Rating Corp Bhd has assigned a preliminary AA-IS rating to the issuance with a stable outlook, Ranhill said. Ranhill has appointed CIMB Investment Bank Bhd as the principal adviser and lead arranger for the sukuk, while both CIMB and MIDF Amanah Investment Bank Bhd are joint lead managers. ZJ Advisory Sdn Bhd has been appointed the financial adviser.

(Source: The Edge)

The outlook for the global shipping industry remains negative, Fitch Ratings said, adding that it does not expect a material improvement in market fundamentals in 2018 due to lingering overcapacity. In a report entitled "Fitch 2018 Outlook: Global Shipping" released on Tuesday, Fitch said container and bulk shipping showed signs of a revival, but this trend's longevity remains uncertain due to limited adherence to capacity discipline in the sector. The rating agency said improving market sentiment and a focus on scale and vessel size have stimulated new orders. The supply and demand dynamics is likely to support container, bulk and liquefied natural gas rates, but tanker rates could remain under pressure, it added. Fitch cites the tanker shipping segment is the most exposed, following a glut of new vessel deliveries in 2017. "We expect demand for tankers to grow around 4% in 2018, helped by rising global oil consumption, higher US exports and declining oil inventories." "However, this would still only broadly match the expected growth in tanker supply. Rates therefore may not fall further, but a sustained increase is unlikely." It added that container shipping freight rates have increased this year, but overcapacity makes this recovery fragile and previous rate increases have proved short-lived. "We expect supply growth to be over 5.5% in 2018, outpacing a likely over 4.5% increase in container transport volume growth." (Source: The Edge)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
DRB-HICOM Berhad (DRB-HICOM)	Islamic Medium-Term Notes (IMTN) Programme of up to RM1.8 billion	A+ IS	Affirmed
	Perpetual Sukuk Musharakah Programme (Perpetual Sukuk) of up to RM2.0 billion	A- IS	Affirmed

Source: RAM Ratings; MARC

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