

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

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US Treasuries

- UST ended range-bound with bond yields inched a tad higher. 10-year yields closed 1 bp higher to settle at 2.26% as per yesterday's closing. Incoming supply of new investment grade papers seen pressuring UST yields to inch higher. Sale of 3-year note meanwhile drew a BTC cover of 3.13x which was higher than previous BTC of 2.87x. Upcoming auctions this week include \$23b 10-year and \$15b 30-year UST prints.

MGS/GII

- Local govies stayed supported, with bond yields seen easing lower. GII curve saw yields on the wings shaved lower with 3-year and 30-year benchmarks closing at 3.55% and 4.91% level respectively. Trading volume surged higher to reach RM4b, with trades skewed towards 7-year MGS. SPK 7/22 and 2/24 saw a combined amount of RM60m traded, with levels closing at 3.95% and 4.04% level respectively.

PDS/Sukuk

- In the corporate bonds/sukuk space, RM738m seen changing hands. Long-dated DanaInfra '5/37 closed unchanged at 4.99% level with RM45m traded. A slew of short-dated Cagamas maturing 2018 and 2022 seen emerging as well. Meanwhile Genting Capital '8/25 saw levels exchanged at 4.78% with RM140m traded. Other notable trades include UMW Holdings '6/20 dealt at 4.63% level.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.35	0
5-yr UST	1.82	1
10-yr UST	2.26	1
30-yr UST	2.84	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.29	0	3.55	-2
5-yr	3.66	-3	3.80	-1
7-yr	3.92	0	4.01	0
10-yr	3.99	0	4.10	0
15-yr	4.39	1	4.53	0
20-yr	4.56	0	4.74	0
30-yr	4.74	0	4.91	-2

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.49	0
3-yr	3.64	-1
5-yr	3.76	0
7-yr	3.86	-1
10-yr	3.99	-1

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	3.071	61	3.040	07/08/2017	3
MGS	10/17	3.082	546	3.031	02/08/2017	5
MGS	02/18	3.124	152	3.106	04/08/2017	2
MGS	03/18	3.131	89	3.078	04/08/2017	5
MGS	09/18	3.215	7	3.216	07/08/2017	0
MGS	03/19	3.292	73	3.286	07/08/2017	1
MGS	07/19	3.385	101	3.386	03/08/2017	0
MGS	10/19	3.370	180	3.394	07/08/2017	-2
MGS	11/19	3.384	261	3.430	07/08/2017	-5
MGS	03/20	3.471	5	3.491	07/08/2017	-2
MGS	07/20	3.453	173	3.514	07/08/2017	-6
MGS	10/20	3.490	134	3.497	07/08/2017	-1
MGS	07/21	3.552	250	3.596	07/08/2017	-4
MGS	09/21	3.732	44	3.745	07/08/2017	-1
MGS	11/21	3.657	59	3.687	04/08/2017	-3
MGS	03/22	3.662	131	3.690	04/08/2017	-3
MGS	08/22	3.771	114	3.815	04/08/2017	-4
MGS	09/22	3.783	153	3.794	07/08/2017	-1
MGS	03/23	3.830	9	3.860	07/08/2017	-3
MGS	08/23	3.886	46	3.903	04/08/2017	-2
MGS	07/24	3.956	30	3.973	07/08/2017	-2
MGS	09/24	3.918	306	3.909	07/08/2017	1
MGS	09/25	4.058	13	4.072	07/08/2017	-1
MGS	05/27	4.178	1	4.178	02/08/2017	0
MGS	04/30	4.367	1	4.385	07/08/2017	-2
MGS	06/31	4.436	2	4.407	04/08/2017	3
MGS	04/32	4.451	4	4.501	01/08/2017	-5
MGS	04/33	4.386	2	4.376	07/08/2017	1
MGS	05/35	4.500	12	4.500	04/08/2017	0
MGS	04/37	4.560	40	4.556	04/08/2017	0
GII	11/17	3.193	334	3.089	04/08/2017	10
GII	05/18	3.249	100	3.232	31/07/2017	2
GII	04/20	3.554	220	3.572	07/08/2017	-2
GII	05/20	3.632	10	3.720	31/07/2017	-9
GII	08/20	3.659	139	3.635	01/08/2017	2
GII	04/22	3.795	70	3.813	02/08/2017	-2
GII	07/23	4.027	9	3.997	07/08/2017	3
GII	05/24	4.052	20	4.061	02/08/2017	-1
GII	08/37	4.736	20	4.743	04/08/2017	-1
GII	05/47	4.914	180	4.928	31/07/2017	-1
SPK	07/22	3.954	20	3.961	03/08/2017	-1
SPK	02/24	4.038	40	4.037	07/08/2017	0
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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**
Pengurusan Air SPV Berhad	09/20	GG	4.021	10	3.898	01/06/2017	12	38
Prasarana Malaysia Berhad	05/23	GG	4.191	10	4.176	20/06/2017	1	38
Danainfra Nasional Berhad	05/37	GG	4.999	45	4.999	16/06/2017	0	83
Cagamas Berhad	03/18	AAA	3.700	5	3.718	31/07/2017	-2	21
Cagamas Berhad	10/18	AAA	3.819	10	3.900	31/05/2017	-8	33
Cagamas Berhad	10/18	AAA	3.789	10	3.802	03/08/2017	-1	30
Cagamas Berhad	11/18	AAA	3.823	20	3.864	23/05/2017	-4	33
Projek Lebuhraya Usahasama Berhad	01/19	AAA	4.027	5	4.005	20/06/2017	2	54
Sarawak Hidro Sdn Berhad	08/19	AAA	4.168	10	4.189	28/03/2017	-2	60
Rantau Abang Capital Berhad	08/19	AAA	4.072	10	4.054	12/07/2017	2	51
Rantau Abang Capital Berhad	12/20	AAA	4.097	10	4.101	28/07/2017	0	46
Telekom Malaysia Berhad	06/21	AAA	4.104	10	4.119	17/07/2017	-1	41
Tenaga Nasional Berhad	06/21	AAA	5.101	10	5.116	04/08/2017	-1	141
Cagamas Berhad	04/22	AAA	4.115	5	4.122	01/08/2017	-1	35
Cagamas Berhad	12/22	AAA	4.131	10	4.165	17/05/2017	-3	37
Projek Lebuhraya Usahasama Berhad	01/23	AAA	4.275	5	4.277	04/08/2017	0	51
Putrajaya Holdings Sdn Berhad	07/24	AAA	4.438	10	4.438	01/08/2017	0	58
GENM Capital Berhad	08/25	AAA	4.779	140	4.829	20/06/2017	-5	87
Putrajaya Holdings Sdn Berhad	05/26	AAA	4.579	10	4.579	02/08/2017	0	67
Bank Pembangunan Malaysia Berhad	03/27	AAA	4.594	20	4.601	02/08/2017	-1	60
Bank Pembangunan Malaysia Berhad	03/32	AAA	4.954	20	4.959	01/08/2017	0	78
Sabah Credit Corporation	10/17	AA1	4.129	10	4.127	14/06/2017	0	64
Public Bank Berhad	09/18	AA1	4.271	10	4.196	02/08/2017	8	78
Public Islamic Bank Berhad	06/19	AA1	4.329	10	4.346	19/07/2017	-2	76
Sarawak Energy Berhad	08/25	AA1	4.619	10	4.619	04/08/2017	0	71
Kuala Lumpur Kepong Berhad	04/26	AA1	4.615	20	4.628	19/04/2017	-1	71
CIMB Bank Berhad	08/21	AA+	4.800	0	4.634	07/08/2017	17	111
Imtiaz Sukuk Berhad	11/17	AA2	3.974	5	3.995	18/07/2017	-2	48
First Resources Limited	12/17	AA2	4.238	46	4.128	31/07/2017	11	75
Telekom Malaysia Berhad	05/22	AAA	4.177	10	4.250	20/03/2017	-7	41
Lafarge Cement Sdn Berhad	01/18	AA2	4.150	6	4.159	02/08/2017	-1	66
UMW Holdings Berhad	06/20	AA2	4.628	45	4.600	21/06/2017	3	99
United Growth Berhad	06/22	AA2	4.491	10	4.436	09/06/2017	5	73
UMW Holdings Berhad	06/22	AA2	4.819	10	4.748	29/06/2017	7	106
Benih Restu Berhad	06/25	AA2	4.613	10	4.615	01/08/2017	0	71
UniTapah Sdn Berhad	12/30	AA2	4.999	2	4.979	21/07/2017	2	83
Mumtaz Rakyat Sukuk Berhad	06/21	AA3	4.728	10	4.689	21/06/2017	4	104
RHB Islamic Bank Berhad	04/22	AA3	4.857	10	4.857	27/07/2017	0	109
Tanjung Bin Energy Issuer Berhad	09/24	AA3	4.674	10	4.519	05/10/2016	16	81
Jimah East Power Sdn Berhad	12/21	AA-	4.468	10	4.518	20/04/2017	-5	78
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/26	AA-	5.290	25	5.290	21/07/2017	0	130
Jimah Energy Ventures Sdn Berhad	11/18	AA3	4.239	3	4.248	06/06/2017	-1	75
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/35	AA-	5.220	30	5.229	19/07/2017	-1	105
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/37	AA-	5.350	10	5.340	04/08/2017	1	118
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/38	AA-	5.399	30	5.400	04/08/2017	0	123
CIMB Group Holdings Berhad	05/21	A1	5.151	0	4.881	01/08/2017	27	146
Tan Chong Motor Holdings Berhad	11/21	A1	5.956	8	5.956	07/08/2017	0	227
Mah Sing	-	NR	6.478	3	-	-	-	-
				<u>738</u>				

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

Market/Corporate News: What's Brewing

Hartalega Holdings Bhd recorded a net profit of RM96.38mil for its first quarter ended June 30, 2017, marking a 71% increase over RM56.3mil in the corresponding quarter in the previous year. According to Hartalega, the jump in profit was mainly due to higher sales volume and average selling price, strengthening of the USD and improvement in operation efficiency. The improved profit came on the back of strong turnover of RM601mil, 49.6% higher than the RM401.8mil recorded in the same quarter last year. Earnings per share for the quarter stood at 5.86 sen, while net assets per share was 106.87 sen as at the end of the current quarter. The company says its capacity growth is on track to meet the increasing demand for rubber gloves. "We are pleased that our capacity is fully sold, hence we are focused on ensuring that new capacities from Plants 4 and 5 of our NGC come on-stream as scheduled. Plant 4 is expected to be completed by March 2018, which will contribute further to the group's earnings in the year ahead," said Kuan Mun Leong, managing director of Hartalega, in a press release issued today. "Beyond this, construction of Plant 5 of the NGC commenced in end-July 2017 and the first production line is expected to come on-stream in April 2018, after which lines will be progressively commissioned. Once completed, Plant 5 will expand our capacity by an additional 4.7 billion pieces of gloves per annum," he added. (Source : The Star)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: MARC and RAM ratings

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