

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries came under pressure ahead of one more auction comprising \$15bn of 30Y bonds tonight. Yields rose 1-2bps across the tenors and the curve continued to bear flattened, with 5s30s spread staying low at 78bps. The 10Y and 30Y yields inched up a bp to 2.32% and 2.79% respectively at close while the shorter tenor 2Y and 5Y saw yields rising 2bps to 1.65% and 2.01% respectively. Auctions of \$23b of 10Y notes attracted a decent bid-cover of 2.48x at a high yield of 2.314%. Lingering concerns over potential delay on Trump's Tax Plan will likely keep UST supported while initial jobless claims tonight will be scrutinized in this data-light week.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.65	2
5-yr UST	2.01	2
10-yr UST	2.32	1
30-yr UST	2.79	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.51	0	3.50	1
5-yr	3.71	-1	3.82	-1
7-yr	3.95	-1	4.04	0
10-yr	3.98	0	4.15	0
15-yr	4.57	-1	4.67	0
20-yr	4.71	2	4.82	4
30-yr	4.95	-2	4.85	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.52	0
3-yr	3.66	0
5-yr	3.77	0
7-yr	3.91	1
10-yr	4.03	1

Source: Bloomberg

Upcoming Government Bond Tenders

Expected announcement of 10Y GII 7/27 auction this week

MGS/GII

- Trading in the local govies space softened a little with RM1.7bn dealt, down from RM2.1bn a day ago. Yields were seen 1-2bps lower in most tenors with the exception of 20Y MGS which closed 2bps higher at 4.71% amid razor thin trade. Interests continued to skew towards the front end, with MGS 3/18 saw RM436m traded at 2.94%. Sizeable trades were also seen in MGS 10/19 and 11/19, which closed flat at 3.31%. On the other hand, trading in GII was muted with only RM232m changed hands, dominated by GII 4/20 at 3.50%. All eyes will be on BNM OPR decision and policy guidance today. We are expecting no change in OPR and neutral policy tone although growth assessment may continue to stay upbeat. IPI is also scheduled for noon today and shall offer a better gauge on 3Q GDP performance due next Friday.

PDS/Sukuk

- Tracking momentum in the local bonds, trading in corporate bonds also tapered off to RM263m yesterday, about half the volume seen in the preceding day. Interests remained focus on the AA-rated segments with BGSM remaining in the leading pack, seeing a combined RM40m dealt across 8/21 (RM10m), 12/22 (RM10m) and 8/25 (RM20m). YTLP 5/27 also attracted RM20m done at 4.88% and so is Bank Islam 12/25 at 4.60% with RM30m changed hands. We expect selective interests to continue on AAA and AA-rated papers as market awaits the RM2.5b of Danainfra papers ranging from 7Y to 30Y.

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 02/18	2.957	36	2.924	08/11/2017	3
MGS 03/18	2.940	436	2.949	08/11/2017	-1
MGS 09/18	3.033	5	2.977	07/11/2017	6
MGS 03/19	3.236	51	3.225	08/11/2017	1
MGS 07/19	3.342	16	3.342	08/11/2017	0
MGS 10/19	3.310	103	3.305	08/11/2017	0
MGS 11/19	3.306	114	3.350	08/11/2017	-4
MGS 03/20	3.447	4	3.447	08/11/2017	0
MGS 07/21	3.660	65	3.638	08/11/2017	2
MGS 09/21	3.727	17	3.708	08/11/2017	2
MGS 11/21	3.746	36	3.740	06/11/2017	1
MGS 03/22	3.710	22	3.700	08/11/2017	1
MGS 08/22	3.822	0	3.827	07/11/2017	0
MGS 03/23	3.902	111	3.919	08/11/2017	-2
MGS 08/23	3.985	17	3.940	07/11/2017	4
MGS 09/24	3.950	110	3.950	08/11/2017	0
MGS 09/25	4.162	33	4.165	08/11/2017	0
MGS 04/26	4.181	2	4.200	06/11/2017	-2
MGS 11/26	4.194	74	4.167	07/11/2017	3
MGS 03/27	4.241	46	4.241	08/11/2017	0
MGS 05/27	4.273	1	4.273	08/11/2017	0
MGS 04/30	4.498	1	4.498	08/11/2017	0
MGS 06/31	4.591	0	4.591	08/11/2017	0
MGS 04/33	4.572	153	4.591	08/11/2017	-2
MGS 05/35	4.677	0	4.677	08/11/2017	0
MGS 04/37	4.706	2	4.706	08/11/2017	0
MGS 03/46	4.950	25	4.950	08/11/2017	0
GII 04/20	3.503	230	3.503	08/11/2017	0
GII 08/24	4.044	2	4.044	08/11/2017	0
		<u>1712</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*
GB Services Berhad	11/19 AAA	4.353	10	4.353	08/11/2017	0	76
YTL Power International Berhad	06/22 AA1	4.574	10	4.478	08/09/2017	10	80
Public Bank Berhad	10/23 AA1	4.257	10	4.261	16/10/2017	0	42
Malayan Banking Berhad	01/24 AA1	4.399	1	4.399	08/11/2017	0	56
Maybank Islamic Berhad	04/24 AA1	4.450	1	4.450	08/11/2017	0	61
YTL Power International Berhad	05/27 AA1	4.882	20	4.882	08/11/2017	0	85
Danajamin Nasional Berhad	10/27 AA1	4.778	3	4.778	08/11/2017	0	75
UMW Holdings Berhad	10/26 AA2	4.986	10	4.986	08/11/2017	0	105
Anih Berhad	11/18 AA	4.040	5	4.040	08/11/2017	0	52
Jimah Energy Ventures Sdn Berhad	11/18 AA3	4.072	2	4.072	08/11/2017	0	55
Jimah Energy Ventures Sdn Berhad	05/20 AA3	4.301	10	4.301	08/11/2017	0	65
KT Kira Sertifikalari Varlik Kiralama A.S.	05/20 AA3	5.474	9	5.474	08/11/2017	0	182
TF Varlik Kiralama A. S	05/20 AA3	5.805	9	5.805	08/11/2017	0	215
Bandar Serai Development Sdn Berhad (fka Temasek Eksklusif Sdn Berhad)	10/20 AA3	4.398	10	4.398	08/11/2017	0	74
BGSM Management Sdn Berhad	08/21 AA3	4.581	10	4.569	09/10/2017	1	87
BGSM Management Sdn Berhad	12/22 AA3	4.677	10	4.677	08/11/2017	0	91
BGSM Management Sdn Berhad	08/25 AA3	4.829	20	4.829	08/11/2017	0	89
Al Dzahab Assets Berhad	03/26 AA3	5.896	10	5.896	08/11/2017	0	196
Tadaw Energy Sdn Berhad	07/28 AA3	5.517	10	5.517	08/11/2017	0	149
CIMB Group Holdings Berhad	04/60 AA3	5.703	0	4.749	06/11/2017	95	149
Malakoff Power Berhad	12/18 AA-	4.173	5	4.173	08/11/2017	0	65
MMC Corporation Berhad	11/20 AA-	4.896	2	4.896	08/11/2017	0	124
Quantum Solar Park (Semenanjung) Sdn Berhad	10/25 AA-	5.238	5	5.238	08/11/2017	0	130
MMC Corporation Berhad	11/25 AA-	5.289	6	5.289	08/11/2017	0	135
MMC Corporation Berhad	04/27 AA-	5.338	10	5.338	08/11/2017	0	131
Golden Assets International Finance Limited	08/18 A1	5.065	4	5.065	08/11/2017	0	155
Special Power Vehicle Berhad	05/21 A1	5.044	2	5.044	08/11/2017	0	133
Bank Islam Malaysia Berhad	12/25 A1	4.596	30	4.556	20/09/2017	4	66
AMMB Holdings Berhad	03/27 A1	4.878	10	4.878	08/11/2017	0	85
Mah Sing Group Berhad	02/17 -	6.799	1	6.630	01/11/2017	17	259
Bank Muamalat Malaysia Berhad	11/21 A	5.219	9	5.219	08/11/2017	0	150
DRB-Hicom Berhad	11/18 A+	5.420	9	5.420	08/11/2017	0	190
			<u>263</u>				

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

Market/Corporate News: What's Brewing

Eco World International Bhd (EWI), which already has three projects in London, plans to develop 12 sites in Greater London and the South East of England in partnership with UK construction and interior fit-out firm Willmott Dixon. In a statement, the property developer said it had entered into a heads of agreement (HoA) to partner with the UK company with over 160 years' history. "After considering numerous proposals offered to us we are delighted to be partnering with a company of the experience and stature of Willmott Dixon in a deal that potentially expands our presence in the UK to four times our current size," said EWI executive vice chairman Tan Sri Liew Kee Sin. Apart from growing its development pipeline substantially, the announcement will also enable EcoWorld International to gain substantial local market share due to the location of the projects and the nature and affordable price points of the developments proposed. EWI president and chief executive officer Datuk Teow Leong Seng said the long-term goal was for EWI to be a truly international developer with a strong local presence and customer following in the UK similar to what the EcoWorld brand enjoyed in Malaysia today. "Apart from the acquisition of a 70% interest in the project sites, we will also be acquiring a 70% interest in Willmott Dixon's development management arm with full multi-disciplinary team of highly experienced personnel. This will provide us with a strong pool of talent and manpower resources to bring our UK business to greater heights going forward," he added. The heads of agreement, which is still subject to EWI's board approval, will potentially see the acquisition by EWI of 70% interest in Willmott Dixon's residential development business, held under Be Living. EWI said subject to agreement on final terms, the proposed acquisition was expected to be formalised in December and had the potential to increase EWI's total presence in the UK fourfold by giving it access to a sizeable land bank of about 6,700 residential units with a total gross development value (GDV) of at least £2.5bil (RM13.9bil). According to the company, there is also a framework agreement in place for the development of a further 1,500 units of which the GDV is too early to determine. "This will add circa 8,200 units in addition to the EWI group's current Prime Central London land bank of circa 2,500 residential units which is being developed under its existing joint venture with Ballymore," EWI said. "More importantly, the proposed acquisition will enable EcoWorld International to enter an extensive part of the popular London property market, including projects in Barking and Dagenham, Barnet, Brent, Bromley, Ealing, Hounslow, Lambeth, Tower Hamlets and Westminster, all of which are a short commute from Central London and international airports. "It also includes one project outside of London in Woking, a busy commercial town, with a rapidly expanding artistic and cultural life within 25 minutes of Central London and close to London Heathrow." (Source: *The Star Online*)

Genting Malaysia Berhad's (GenM) Birmingham, England-based indirect unit, Genting Solihull Ltd, has acquired the remaining 49% shareholding in restaurant operator Waters Solihull Ltd. Genting Malaysia, which operates Resorts World Genting and other resorts locally and overseas, told Bursa Malaysia that the considerations for the acquisitions were nil pursuant to the shareholders' agreement previously agreed between the shareholders of WSL. It acquired 25 'A' ordinary shares from James Driscoll Associates Ltd and 24 'A' ordinary shares from Andrew Mark Waters. Waters Solihull was incorporated in the UK in July 2015 for the purpose of operating a restaurant. October 2015 saw the opening of Resorts World Birmingham, which features Waters Restaurant that showcases the talent of award-winning chef Andy Waters. (Source: *The Star Online*)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM Ratings; MARC

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