

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

Chang Wai Ming

Fixed Income Strategist

Hong Leong Bank Berhad, Global Markets

Fixed Income & Economic Research

WMChang@hlbb.hongleong.com.my

(603) 2773 0532

US Treasuries

- UST yields were higher as data from US pointed to tightening labor market. June non- farm payroll exceeded expectation, rising 222k after increasing 138k in May, while unemployment rate hovered around a sixteen year low of 4.40%. Benchmark two year yield was flat while five year and ten year yields were 1 and 2 bps higher at 1.95% and 2.39%. Long term 30 year yield rose 3 bps to 2.93%.

MGS/GII

- Total local govies transacted on Friday was RM 3.80 billion and MGS yields were mostly higher other the 30 years. Three, five and seven year yields were 3 bps, 6 bps and 2 bps higher at 3.40%, 3.75% and 3.94%. RM 450 million and RM 802 million MGS 2022 and MGS 2024 were transacted on Friday. Separately, only RM 32 million of GII was transacted.

PDS/Sukuk

- Trading volume for corporate bonds/sukuk remained thin with only RM45m changing hands. Financial papers issued by Public, CIMB and RHB were traded.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.40	0
5-yr UST	1.95	1
10-yr UST	2.39	2
30-yr UST	2.93	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.40	3	3.59	-2
5-yr	3.75	6	3.84	1
7-yr	3.94	2	4.01	0
10-yr	3.97	0	4.11	3
15-yr	4.46	1	4.08	0
20-yr	4.61	2	4.60	0
30-yr	4.75	-5	4.88	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.51	2
3-yr	3.67	2
5-yr	3.81	3
7-yr	3.89	0
10-yr	4.05	3

Source: Bloomberg

Upcoming Government Bond Tenders

Nil

Daily Trades : Government Bonds

Securities		Closing	Vol	Previous	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
		YTM	(RM mil)	YTM		
MGS	10/17	3.069	2	3.103	06/07/2017	-3.4
MGS	02/18	3.115	56	3.254	04/07/2017	-13.9
MGS	02/18	3.115	56	3.254	04/07/2017	-13.9
MGS	09/18	3.281	272	3.29	06/07/2017	-0.9
MGS	09/18	3.281	272	3.29	06/07/2017	-0.9
MGS	09/21	3.647	44	3.712	05/07/2017	-6.5
MGS	09/21	3.647	44	3.712	05/07/2017	-6.5
MGS	11/21	3.666	0	3.749	06/07/2017	-8.3
MGS	03/22	3.693	176	3.693	06/07/2017	0
MGS	03/22	3.693	176	3.693	06/07/2017	0
MGS	09/22	3.741	99	3.783	04/07/2017	-4.2
MGS	09/22	3.741	99	3.783	04/07/2017	-4.2
MGS	08/23	3.818	481	3.926	06/07/2017	-10.8
MGS	08/23	3.818	481	3.926	06/07/2017	-10.8
MGS	07/24	3.91	2	3.991	06/07/2017	-8.1
MGS	09/24	3.92	400	3.922	06/07/2017	-0.2
MGS	09/24	3.92	400	3.922	06/07/2017	-0.2
MGS	09/25	3.926	170	4.031	06/07/2017	-10.5
MGS	09/25	3.926	170	4.031	06/07/2017	-10.5
MGS	11/26	3.925	79	4.029	06/07/2017	-10.4
MGS	11/26	3.925	79	4.029	06/07/2017	-10.4
MGS	04/30	4.151	42	4.452	06/07/2017	-30.1
MGS	04/30	4.151	42	4.452	06/07/2017	-30.1
MGS	04/33	4.43	1	4.448	06/07/2017	-1.8
MGS	04/37	4.591	63	4.591	06/07/2017	0
MGS	04/37	4.591	63	4.591	06/07/2017	0
Gil	05/18	70	4	3.228	08/06/2017	6677.2
Gil	05/18	70	4	3.228	08/06/2017	6677.2
Gil	04/20	33	4	3.606	06/07/2017	2939.4
Gil	04/20	33	4	3.606	06/07/2017	2939.4
Gil	04/22	40	4	3.829	06/07/2017	3617.1
Gil	04/22	40	4	3.829	06/07/2017	3617.1
Gil	07/27	40	4	4.078	06/07/2017	3592.2
Gil	07/27	40	4	4.078	06/07/2017	3592.2
			<u>3801</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**
RHB Islamic Bank Berhad	05/19	AA3	4.524	20	4.524	06/07/2017	0	92.9
Affin Bank Berhad	05/27	A1	5.052	10	5.052	06/07/2017	0	154.7
CIMB Bank Berhad	08/21	AA+	4.765	5	4.976	23/06/2017	-21.1	104.5
Krung Thai Bank Public Company Limited	07/20	AA2	4.484	1	4.785	06/07/2017	-30.1	81.4
Public Bank Berhad	08/17	AA1	3.88	0	4.441	30/06/2017	-56.1	37.5
CIMB Group Holdings Berhad	04/20	AA3	4.683	6	4.687	06/07/2017	-0.4	101.3
Mah Sing Berhad	99/99	-	-	3	6.478	07/06/2017	-	-
				<u>45</u>				

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

Market/Corporate News: What's Brewing

Felda Global Ventures Holdings Bhd's wholly-owned subsidiary Felda Prodata Sdn Bhd will provide private cloud software 'ProTruz Cloud', which is powered by SAP's digital core platform SAP S/4HANA, to Sinergi Perdana Sdn Bhd under a five year deal. In a media statement today, FGV said that Felda Prodata is an ICT-based system integrators and a SAP Certified Partner and 'ProTruz Cloud' will be powered by SAP's digital core platform SAP S/4HANA. "This private cloud deployment of SAP S/4HANA for Sinergi Perdana marks an exciting chapter for us. It has a direct impact on both our business and talent development strategy. "Our infrastructure, ProTruz Cloud is ready, and as SAP certified partner, Felda Prodata is fully committed to provide onsite and offsite support, system implementation, as well as support of SAP S/4HANA for five years," said Felda Prodata chief executive officer Azly Sham Kamaruddin. Sinergi Perdana is a consortium formed by three of Malaysia's biggest plantation agencies: Federal Land Development Authority (Felda), Felcra Berhad and The Rubber Industry Smallholders Development Authority (Risda). (Source: NST online)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Tan Chong Motor Holdings Berhad	RM1.50 billion CP Programme (2014/2021) RM1.50 billion MTN Programme (2014/2034)	P1 A1	Reaffirmed Reaffirmed; Outlook revised to Negative
CIMB Thai Bank Public Company Limited	Financial institution ratings RM2 billion Tier-2 Subordinated Debt Programme	AA2/Stable/P1 AA3/Stable	Reaffirmed Reaffirmed

CIMB Thai Bank Public Company Limited
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

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.