

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

UST*		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.51	0
5-yr UST	1.96	0
10-yr UST	2.36	0
30-yr UST	2.89	0

MGS			GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)	
3-yr	3.38	0	3.51	-1	
5-yr	3.61	3	3.76	0	
7-yr	3.89	0	4.02	0	
10-yr	3.90	0	4.12	0	
15-yr	4.36	0	4.61	0	
20-yr	4.53	0	4.74	0	
30-yr	4.78	0			

*Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.50	0
3-yr	3.62	0
5-yr	3.75	2
7-yr	3.87	3
10-yr	3.99	3

Source : Bloomberg

*UST closing as at 6-October

Upcoming Government Bond Tenders

Nil

- US markets were closed for Columbus Day holiday. We expect UST yields to continue gyrate within recent ranges while awaiting FOMC minutes for more cues on the Fed monetary policy path.

MGS/GII

- Trading interests in local govies thinned substantially by two thirds of preceding day trading volume to only RM783m dealt. There was little change in yields across both the MGS and GII curves. Interests remained highly centered on the front end, with MGS 09/18 and MGS 07/19 saw a combined RM369m changed hands at 2.94% and 3.31% respectively. In the GII space, RM110m of GII 04/20 was changed hands at 3.50%, the only deal in the segment. SPK 03/23 and 02/24 was also dealt at 4.03% and 4.04% respectively. Interests in local govies could potentially remain subdued as investors look for fresh leads and await the release of FOMC minutes on Thursday.

PDS/Sukuk

- Mirroring interests in the local govies space, trading in MYR corporate bonds also witnessed lower transactions, with RM350m done, down from RM462m a day ago. It was relatively quiet in the GG sector with only RM30m of Dana '4/45 and Dana '5/47 done collectively. There were a lot of interest in the AAA-AA segment. Names like Rantau '8/19, MACB '8/20, UMW '6/20 and '6/22, BGSM '8/21 and '3/26, Malakoff Power '12/21 made it to the list. RHBIB '11/27 was the most heavily traded issuance with RM200m changed hands.

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 10/17	3.059	10	3.059	09/10/2017	0
MGS 02/18	3.062	5	3.062	09/10/2017	0
MGS 03/18	3.067	5	3.056	06/10/2017	1
MGS 09/18	2.943	169	2.943	09/10/2017	0
MGS 07/19	3.313	200	3.313	09/10/2017	0
MGS 07/20	3.379	59	3.379	09/10/2017	0
MGS 07/21	3.571	34	3.571	09/10/2017	0
MGS 03/22	3.615	20	3.585	06/10/2017	3
MGS 03/23	3.809	80	3.809	09/10/2017	0
MGS 09/25	3.999	19	3.999	09/10/2017	0
MGS 04/26	4.063	10	4.063	09/10/2017	0
MGS 04/33	4.335	2	4.362	05/10/2017	-3
MGS 04/37	4.529	0	4.525	04/10/2017	0
GII 04/20	3.499	110	3.499	09/10/2017	0
SPK 03/23	4.028	20	4.028	09/10/2017	0
SPK 02/24	4.038	40	4.038	09/10/2017	0
		<u>783</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**	
Danainfra Nasional Berhad	04/45	GG	5.140	10	4.909	10/11/2016	23	95
Danainfra Nasional Berhad	05/47	GG	5.179	20	5.179	09/10/2017	0	99
Rantau Abang Capital Berhad	08/19	AAA	3.938	20	3.938	09/10/2017	0	38
Malaysia Airports Capital Berhad	08/20	AAA	4.224	10	4.224	09/10/2017	0	60
Purple Boulevard Berhad	11/22	AAA	4.520	5	4.520	09/10/2017	0	77
Telekom Malaysia Berhad	09/27	AAA	4.360	0	4.360	05/10/2017	0	38
TNB Western Energy Berhad	07/32	AAA	4.936	2	4.936	09/10/2017	0	75
Malayan Banking Berhad	01/19	AA1	4.151	1	4.151	09/10/2017	0	65
YTL Power International Berhad	05/27	AA1	4.750	1	4.750	06/10/2017	0	125
Samalaju Industrial Port Sdn Berhad	12/28	AA1	5.018	1	5.018	09/10/2017	0	103
First Resources Limited	12/17	AA2	3.829	10	3.829	09/10/2017	0	33
UMW Holdings Berhad	06/20	AA2	4.492	10	4.492	09/10/2017	0	87
UMW Holdings Berhad	06/22	AA2	4.663	10	4.663	09/10/2017	0	92
CIMB Group Holdings Berhad	04/20	AA3	5.700	0	5.700	09/10/2017	0	214
Gamuda Berhad	04/21	AA3	4.370	5	4.370	09/10/2017	0	70
BGSM Management Sdn Berhad	08/21	AA3	4.569	10	4.569	09/10/2017	0	89
RHB Islamic Bank Berhad	04/22	AA3	4.837	15	4.837	09/10/2017	0	109
BGSM Management Sdn Berhad	03/26	AA3	4.898	10	4.898	09/10/2017	0	99
RHB Investment Bank Berhad	11/27	AA3	4.900	200	-	-	-	92
Malakoff Power Berhad	12/21	AA-	4.541	10	4.541	09/10/2017	0	87
			<u>350</u>					

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

Market/Corporate News: What's Brewing

The median monthly household income for Malaysians in 2016 improved 6.6% to RM5,228 from RM4,585 in 2014, said chief statistician of Malaysia Dr Mohd Uzir Mahidin. He said the mean monthly household income for Malaysians increased 6.2% to RM6,958 in 2016 from RM6,141 in 2014. "Although the median and mean household income grew higher in 2016, it however moved at a moderate pace due to the slower economic performance compared to 2014," he said at an event to launch the Household Income and Expenditure Statistics, Malaysia 2016 in Putrajaya on Monday. The mean household income for the

middle 40% (M40) group had the highest growth of 6.9% a year to RM6,502 in 2016 from RM5,662 in 2014. Overall, the median household income for all groups of Bottom 40 (B40), M40, and Top 20 (T20) increased in 2016 by 6.6%, 6.9% and 6.2%, respectively, versus 2014. Seven states surpassed the national median monthly household income of RM5,228, namely, the Federal Territory (FT) Kuala Lumpur (RM9,073) FT Putrajaya (RM8,275), Selangor (RM7,225), FT Labuan (RM5,928), Johor (RM5,652), Melaka (RM5,588) and Penang (RM5,409). In terms of income distribution, Mohd Uzir said the Gini coefficient measurement showed a decline to 0.399% in 2016 from 0.401% in 2014, indicating an improvement in the Malaysian household income distribution. A Gini coefficient of zero expresses perfect equality, where all values are the same (i.e., where everyone has the same income). The income disparity ratio also improved where the ratio between the rural and urban setting was 1:1.76 in 2016 from 1:1.78 in 2014. The incidence of poverty decreased to 0.4% in 2016 from 0.6% in 2014. Mohd Uzir said the survey also covered data at the district levels. "For the first time, we have included data on the districts of all states. It can be used to help state governments, district offices and organisations plan and address social and economic development more efficiently," he added. On consumption expenditure, he said Malaysians spent an average RM4,033 a month, an increase of 6% from 2014. "Almost 70% was spent on four main groups, namely, housing, water, electricity, gas and other fuels (24%), food and non-alcoholic beverages (18%), transport (13.7%) and restaurants and hotels (13.4%). The scenario is in line with the composition of a developed country's spending pattern. "Given the challenging economic environment and volatility of prices of goods in the country, these results for the income and expenditure of Malaysians is commendable. "It reflects that Malaysia is on track to achieving the aspirations of the National Transformation 2050, despite registering a higher inflation rate of about 3.5% in August," Mohd Uzir added. The 18th series of the survey report which involved 85,400 household premises throughout the country was conducted from May 2016 to April 2017. (Source: The Star Online)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM Ratings; MARC

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