

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries remained soft even though debt sales this week was somewhat offset by lingering concerns over a potential delay and revision in the US Tax Bill. 10s and 30s ended up 2-3bps at 2.34% and 2.82% respectively whilst 2s closed 1bp lower at 1.64%, steepening the curve again. Auction of the US\$15bn 30Y bonds attracted a lower bid-cover of 2.23x, with its high yield rate at 2.801%. Overnight release of initial jobless claims that points to a stabilizing job market post hurricanes are expected to reaffirm continuous growth prospects in the US. Tonight's consumer sentiments gauge from the University of Michigan will be watched.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.64	-1
5-yr UST	2.01	0
10-yr UST	2.34	2
30-yr UST	2.82	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.51	0	3.54	4
5-yr	3.71	0	3.89	7
7-yr	3.98	3	4.08	4
10-yr	4.15	16	4.22	7
15-yr	4.63	6	4.70	4
20-yr	4.70	0	4.87	4
30-yr	4.95	0	4.986	14

* Market indicative levels

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.60	9
3-yr	3.77	11
5-yr	3.84	7
7-yr	3.95	4
10-yr	4.06	3

Source: Bloomberg

Upcoming Government Bond Tenders

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

MGS/GII

- Trading in local govies picked up tremendously witnessing RM4.2bn dealt with yields jumping post-BNM MPC announcement that shifted to a slightly hawkish tone, spurring expectations that BNM is prepared to raise OPR next year. 10Y yields rallied the most, by 16bps to 4.15%, followed by the 15Ys and 7Ys which saw yields nudging up by 3-6bps. Interests remained concentrated on the front end and belly of the curve. MGS 2/18 and 3/18 continued to dominate, making up approximately 60% of total volume for the day, with RM2.5bn changed hands. In the GII space, yields also climbed higher by 4-14bps across the curve, even though trading volume remained soft at RM131m. With MPC out of the way, markets will focus on the release of 3Q GDP growth numbers next week. Another upside surprise will definitely reinforce the case for policy tightening.

PDS/Sukuk

- Tracking momentum in local govies, trading in corporate bonds also picked up to RM713m, from RM263m a day ago. Investors continued to keep their eyes on the AAA to AA-rated segments. Issuers that saw sizeable trades include Sarawak Energy, PLUS, and Konsortium Lebuh Raya Utara-Timur. It is also observed that IRS made some big moves post-BNM MPC announcement, with levels spiking between 3-11bps across the tenors.

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 02/18	3.028	688	2.881	09/11/2017	15
MGS 03/18	3.030	1806	2.950	09/11/2017	8
MGS 09/18	3.033	57	3.086	09/11/2017	-5
MGS 03/19	3.294	3	3.294	09/11/2017	0
MGS 07/19	3.300	0	3.300	09/11/2017	0
MGS 10/19	3.335	35	3.330	09/11/2017	0
MGS 11/19	3.280	195	3.382	09/11/2017	-10
MGS 03/20	3.010	4	3.413	09/11/2017	-40
MGS 07/20	3.461	1	3.413	09/11/2017	5
MGS 10/20	3.387	2	3.387	09/11/2017	0
MGS 07/21	3.690	209	3.732	09/11/2017	-4
MGS 09/21	3.741	51	3.713	09/11/2017	3
MGS 11/21	3.754	4	3.746	08/11/2017	1
MGS 03/22	3.709	21	3.810	09/11/2017	-10
MGS 08/22	3.834	8	3.815	09/11/2017	2
MGS 09/22	3.851	10	3.851	09/11/2017	0
MGS 03/23	3.866	1	3.929	09/11/2017	-6
MGS 08/23	3.936	0	3.936	09/11/2017	0
MGS 07/24	4.027	13	4.027	09/11/2017	0
MGS 09/24	3.979	669	4.058	09/11/2017	-8
MGS 09/25	4.188	31	4.188	09/11/2017	0
MGS 04/26	4.249	3	4.196	09/11/2017	5
MGS 11/26	4.164	0	4.164	09/11/2017	0
MGS 03/27	4.248	0	4.248	09/11/2017	0
MGS 05/27	4.242	0	4.242	09/11/2017	0
MGS 11/27	4.145	94	4.109	09/11/2017	4
MGS 06/28	4.245	0	4.245	09/11/2017	0
MGS 09/28	4.243	0	4.243	09/11/2017	0
MGS 04/30	4.492	0	4.492	09/11/2017	0
MGS 06/31	4.601	3	4.601	09/11/2017	0
MGS 04/32	4.536	0	4.536	09/11/2017	0
MGS 04/33	4.630	14	4.577	09/11/2017	5
MGS 05/35	4.638	0	4.638	09/11/2017	0
MGS 04/37	4.702	0	4.702	09/11/2017	0
MGS 09/43	4.935	10	4.935	09/11/2017	0
MGS 03/46	4.950	112	4.981	09/11/2017	-3
GII 11/17	3.036	10	3.006	06/11/2017	3
GII 04/20	3.551	10	3.551	09/11/2017	0
GII 04/22	3.898	30	3.898	09/11/2017	0
GII 09/26	4.274	10	4.274	09/11/2017	0
GII 07/27	4.226	30	4.226	09/11/2017	0
GII 08/33	4.754	41	4.754	09/11/2017	0
GII 05/47	4.986	0	4.986	09/11/2017	0
		<u>4175</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	04/18 GG	3.420	200	-	-	-	-
Cagamas Berhad	12/18 AAA	3.729	20	3.729	09/11/2017	0	13
Projek Lebuhraya Usahasama Berhad	01/20 AAA	4.086	25	4.086	09/11/2017	0	36
Projek Lebuhraya Usahasama Berhad	01/21 AAA	4.165	5	4.165	09/11/2017	0	40
Putrajaya Holdings Sdn Berhad	12/21 AAA	4.262	35	4.262	09/11/2017	0	47
Projek Lebuhraya Usahasama Berhad	01/22 AAA	4.260	25	4.260	09/11/2017	0	47
Cagamas Berhad	04/22 AAA	4.148	20	4.148	09/11/2017	0	35
Aquasar Capital Sdn Berhad	07/28 AAA	4.669	30	4.676	09/11/2017	-1	61
Aquasar Capital Sdn Berhad	07/29 AAA	4.749	10	4.756	09/11/2017	-1	69
Malayan Banking Berhad	01/24 AA1	4.679	1	4.679	09/11/2017	0	79
Sarawak Energy Berhad	08/25 AA1	4.630	30	4.630	09/11/2017	0	66
Sarawak Energy Berhad	01/27 AA1	4.730	50	4.730	09/11/2017	0	67
Sarawak Energy Berhad	07/29 AA1	4.920	65	4.920	09/11/2017	0	86
Lafarge Cement Sdn Berhad	01/18 AA2	3.760	4	3.815	27/10/2017	-6	16
Imtiaz Sukuk II Berhad	11/19 AA2	4.343	6	4.343	09/11/2017	0	62
Anih Berhad	11/18 AA	4.074	20	4.074	09/11/2017	0	47
Anih Berhad	11/26 AA	4.730	4	4.730	09/11/2017	0	67
BGSM Management Sdn Berhad	12/18 AA3	4.203	10	4.207	09/11/2017	0	60
BGSM Management Sdn Berhad	08/25 AA3	4.818	20	4.818	09/11/2017	0	84
Tanjung Bin Energy Issuer Berhad	09/31 AA3	5.109	10	5.109	09/11/2017	0	86
Tanjung Bin Energy Issuer Berhad	03/32 AA3	5.161	10	5.161	09/11/2017	0	91
Quantum Solar Park (Semenanjung) Sdn Berhad	10/24 AA-	5.157	10	5.157	09/11/2017	0	121
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/26 AA-	4.739	40	4.739	09/11/2017	0	68
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/28 AA-	4.854	10	4.854	09/11/2017	0	79
Southern Power Generation Sdn Berhad	04/29 AA-	5.048	10	5.048	09/11/2017	0	99
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/31 AA-	5.079	20	5.079	09/11/2017	0	83
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/32 AA-	5.169	10	5.169	16/10/2017	0	92
Southern Power Generation Sdn Berhad	04/34 AA-	5.489	1	5.489	09/11/2017	0	124
Special Power Vehicle Berhad	11/21 A1	5.154	10	5.154	09/11/2017	0	136
CIMB Group Holdings Berhad	05/16 A1	5.015	1	5.015	09/11/2017	0	77
Mah Sing Group Berhad	04/17 -	6.342	1	6.799	08/11/2017	-46	209
			713				

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

Market/Corporate News: What's Brewing

Nazir Razak, chairman of CIMB Group Holdings Bhd. and brother of Malaysia's prime minister, is helping start a regional private equity fund that will seek as much as US\$1bil, people with knowledge of the matter said. Nazir will keep his role at CIMB, Malaysia's second-largest bank, while acting as one of the fund's five partners, according to the people. He will be joined by Kenny Kim, who previously worked under Nazir as chief financial officer of CIMB, the people said, asking not to be identified because the information is private. David Heng, who recently resigned from his role as a senior managing director at Temasek Holdings Pte, will also help direct investments at the new fund, the people said. The fund, which isn't connected to CIMB, will be based in Singapore, according to one of the people. It plans to target investments in the consumer, technology, logistics and financial services industries in Southeast Asia, the person said. Private equity deals in Southeast Asia have more than doubled to US\$37.4bil this year, from US\$16.4bil during the same period in 2016, according to data compiled by Bloomberg. An investor group agreed in July to pay US\$11.6bil for Singapore warehouse operator Global Logistic Properties Ltd. in Asia's biggest-ever buyout, the data show. Government Experience Gita Irawan Wirjawan, who was Indonesian trade minister under the country's last president, and former Philippine finance secretary Cesar Purisima will also be partners at the new fund, the people said. The five partners are planning to seek about US\$700mil to US\$1bil from investors, according to one of the people. Deliberations are at an early stage, and details could change, the people said. A spokeswoman for CIMB declined to comment. A representative for Temasek said Heng will be leaving the Singapore state investment company at the end of this year to pursue other opportunities. Nazir, 50, and the other four partners either said they have no comment or couldn't be reached for comment. (Source: The Star Online)

Zecon Berhad plans to undertake a mixed property development project in Kota Petra, Kuching, Sarawak, with a total gross development value (GDV) of RM11bil. Chief executive officer Syed Muzakir Al Joofre said the Kota Petra project would be the group's largest property development. "The project comprises multiple clusters, including proposed state and federal new administrative centres, tourism enclave, education city, resort destination, integrated affordable homes and a medical city," he told reporters after an investors' briefing on its financial year 2017 full-year results on Thursday. The state planning authority has approved the 1,203ha Kota Petra project, he said. Syed Muzakir said the 49.4ha 1Malaysia People's Housing (PR1MA) project, with a contract sum of RM286.9mil, would have 1,065 units of residential houses. He said the proposed 105.6ha 1Malaysia Civil Servants Housing (PPA1M) project, with a contract sum of RM839.6mil, would have 2,332 units. As at June 30, 2017, Zecon Group's outstanding order book stood at RM3.6bil. (Source: *The Star Online/ Bernama*)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM Ratings; MARC

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