

Global Markets Research

Fixed Income

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UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.39	-1
5-yr UST	1.94	0
10-yr UST	2.37	-1
30-yr UST	2.93	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.43	3	3.59	0
5-yr	3.79	4	3.84	0
7-yr	3.96	2	4.06	5
10-yr	3.98	1	4.14	3
15-yr	4.50	4	4.50	0
20-yr	4.61	0	4.70	10
30-yr	4.80	5	4.88	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.52	2
3-yr	3.68	2
5-yr	3.80	3
7-yr	3.91	2
10-yr	4.07	2

Source: Bloomberg

Fixed Income Daily Market Snapshot

US Treasuries

- UST ended steady with levels little changed on Monday, with 10-year moving 1 bp inside. We opine recent upwardly movement in UST may potentially attract some bargain hunt for investors, although yields are expected to trail higher on the back of upcoming tapering plans. Retail sales, Michigan index and industrial production are upcoming data for investors to look out for this week.

MGS/GII

- Local govies started the week on a softer note, with bond yields higher tracking recent surge in UST yields with sentiments turning a tad more cautious. Overall benchmark yields ended higher versus previous session close. 10-year MGS and GII seen hovering at 3.98% and 4.14% level respectively, with spread differential at circa 16 bps. Total MGS/GII transacted volume came in at RM3.13b yesterday. All eyes on BNM MPC meeting this week. We expect OPR to stay unchanged at 3.00%. Rhetoric of the policy tone will again be closely followed by investors.

PDS/Sukuk

- Razor thin volume seen on the corporate bonds/sukuk space with barely RM100m traded. Prasa '9/27 and DanaInfra '3/32 saw levels exchanged at 4.48% and 4.88% level respectively. UEM Edgenta '4/22 seen closing at 4.74%, whilst MMC '4/27 seen crossed at 5.43% level with RM20m traded each. Odd amounts of Mah Sing perpetual saw levels closing at 6.47%.

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	3.075	2	3.075	06/07/2017	0
MGS	10/17	3.092	34	3.097	07/07/2017	0
MGS	02/18	3.169	365	3.209	07/07/2017	-4
MGS	03/18	3.208	3	3.224	07/07/2017	-2
MGS	09/18	3.265	0	3.323	07/07/2017	-6
MGS	03/19	3.429	26	3.373	07/07/2017	6
MGS	07/19	3.493	30	3.451	06/07/2017	4
MGS	10/19	3.538	32	3.538	07/07/2017	0
MGS	11/19	3.539	30	3.569	07/07/2017	-3
MGS	03/20	3.607	93	3.572	06/07/2017	4
MGS	07/20	3.661	10	3.577	30/06/2017	8
MGS	10/20	3.694	15	3.560	06/07/2017	13
MGS	07/21	3.821	202	3.741	05/07/2017	8
MGS	09/21	3.865	20	3.763	07/07/2017	10
MGS	11/21	3.769	11	3.746	07/07/2017	2
MGS	03/22	3.787	334	3.750	07/07/2017	4
MGS	08/22	3.827	61	3.826	04/07/2017	0
MGS	09/22	3.858	11	3.858	07/07/2017	0
MGS	08/23	4.070	382	4.042	07/07/2017	3
MGS	07/24	4.049	75	4.000	07/07/2017	5
MGS	09/24	3.962	246	3.943	07/07/2017	2
MGS	09/25	4.128	259	3.847	07/07/2017	28
MGS	04/26	4.131	10	4.104	07/07/2017	3
MGS	09/26	4.166	10	4.160	07/07/2017	1
MGS	11/26	4.068	33	4.081	07/07/2017	-1
MGS	11/27	3.982	10	3.970	05/07/2017	1
MGS	04/30	4.533	178	4.461	07/07/2017	7
MGS	06/31	4.504	26	4.470	05/07/2017	3
MGS	04/32	4.553	10	4.535	06/07/2017	2
MGS	04/33	4.500	19	4.458	07/07/2017	4
MGS	05/35	4.609	1	4.626	07/07/2017	-2
MGS	04/37	4.614	334	4.606	07/07/2017	1
MGS	03/46	4.797	48	4.748	07/07/2017	5
GII	04/20	4.875	5	4.894	31/05/2017	-2
GII	05/20	3.724	5	3.739	07/06/2017	-1
GII	08/20	3.750	30	3.652	29/06/2017	10
GII	07/22	4.005	60	3.884	06/07/2017	12
GII	07/23	4.067	0	4.038	05/07/2017	3
GII	08/24	4.061	10	4.012	06/07/2017	5
GII	10/25	4.221	35	4.188	04/07/2017	3
GII	09/26	4.175	7	4.225	06/07/2017	-5
GII	07/27	4.135	34	4.105	07/07/2017	3
GII	10/35	4.703	24	4.604	14/06/2017	10
			<u>3130</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**
Pengurusan Air SPV Berhad	02/23	GG	4.200	15	4.202	06/07/2017	0	34
Prasarana Malaysia Berhad [fka Syarikat Pr	09/27	GG	4.483	10	4.438	15/06/2017	4	41
Danainfra Nasional Berhad	03/32	GG	4.876	10	4.891	07/07/2017	-1	63
Sabah State Government	12/19	AAA	3.901	0	4.362	04/07/2017	-46	31
YTL Power International Berhad	08/18	AA1	4.006	0	4.085	30/06/2017	-8	50
CIMB Bank Berhad	08/21	AA+	4.800	1	4.743	07/07/2017	6	106
RHB Bank Berhad	07/19	AA3	4.379	0	4.429	06/07/2017	-5	78
UEM Sunrise Berhad (fka UEM Land Holdin	06/19	AA-	4.493	10	4.501	04/07/2017	-1	90
UEM Edgenta Berhad [fka Faber Group Berl	04/22	AA-	4.742	20	4.717	29/06/2017	3	95
MMC Corporation Berhad	04/27	AA-	5.425	20	5.419	23/06/2017	1	136
Alliance Bank Malaysia Berhad	10/20	A2	4.703	0	5.151	05/07/2017	-45	102
DRB-Hicom Berhad	02/20	A-	7.970	9	7.535	28/03/2017	44	429
DRB-Hicom Berhad	04/20	A-	8.010	2	8.001	28/06/2017	1	433
Mah Sing	-	NR	6.477	1	-	-	-	-
				<u>98</u>				

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

Market/Corporate News: What's Brewing

Three companies have filed a claim for 181.57mil riyals (RM214.12mil) from WCT Holdings Bhd over payment for a government project in Doha, Qata where it was the main contractor. WCT, which is involved in construction and property, said on Monday the claimants are Trans Gulf International Electro-Mechanical WLL, Powermech Engineering WLL and the joint venture of Trans Gulf International Electro-Mechanical WLL–Powermech Engineering WLL JV. Its MiddleEast regional office had on Saturday received from the Court of Arbitration of the International Chamber of Commerce (ICC) a request for arbitration dated June 22, 2017. WCT said the claimants were its subcontractors for the mechanical, electrical and plumbing related works for the Ministry of Interior headquarters project in Doha, Qatar. They are claiming 181.57mil riyals being alleged sums due pursuant to and under the subcontract and further unquantified sums for legal costs, arbitration costs, and charges. “The company will take the necessary legal actions to defend and to oppose the claims,” it said. (Source : The Star)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
SPR Energy (M) Sdn Bhd	Senior Sukuk Ijarah of RM580 million (the Sukuk)	AA3 / Stable	Assigned

Source: MARC and RAM ratings

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