

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

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#### US Treasuries

- UST advanced sending bond yields lower across the curve with 10-year closing at 2.20%, circa 5 bps tighter. Sale of \$15b 30-year note auction drew a BTC of 2.32x, which was a tad higher versus previous average demand of 2.31x. Initial jobless claims was within the market expected range coming in at 244K versus prior level of 241K. All eyes on CPI release tonight on inflation outlook.

#### MGS/GII

- Local govies saw levels supported, with benchmark yields on the short to belly of MYR curve generally lower. 5-year MGS ended 2 bps inside to close at 3.64%. New issue details for 3-year MGS 2/21 was announced with tender size coming in at RM3.5b. Recall we had earlier penciled in a tender size of RM4b. We expect the upcoming 3-year benchmark issue to be well supported as the current MGS 3/19 has a remaining modified duration of only 1.5 years.

#### PDS/Sukuk

- In the corporate bonds/sukuk space, we saw RM518m traded with transacted skewed towards the AAA/AA space. In the GG segment, we saw RM50m of PASB '2/23 traded at 4.10% level. MACB '12/22 and Aquasar '7/24 meanwhile traded at 4.36% and 4.49% level respectively. Also traded were MEX '4/32 and '4/34 with levels changing hands at 5.40% and 5.55% level respectively.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.34	-1
5-yr UST	1.81	0
10-yr UST	2.20	-5
30-yr UST	2.77	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.27	0	3.55	-1
5-yr	3.64	-2	3.77	-1
7-yr	3.90	-1	3.99	-2
10-yr	3.98	0	4.10	0
15-yr	4.39	0	4.53	0
20-yr	4.57	1	4.74	0
30-yr	4.74	0	4.91	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.43	0
3-yr	3.64	0
5-yr	3.75	-1
7-yr	3.86	0
10-yr	3.98	-1

Source: Bloomberg

#### Upcoming Government Bond Tenders

3-year MGS 2/21 New Tender, RM3.5b (with tender date scheduled on 14<sup>th</sup> August, Monday)

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	09/17	3.021	32	2.962	09/08/2017	6
MGS	02/18	3.079	25	3.107	09/08/2017	-3
MGS	03/18	3.110	30	3.112	09/08/2017	0
MGS	09/18	3.194	90	3.233	09/08/2017	-4
MGS	11/19	3.379	2	3.388	09/08/2017	-1
MGS	03/20	3.451	3	3.471	08/08/2017	-2
MGS	10/20	3.456	17	3.407	09/08/2017	5
MGS	09/21	3.587	65	3.732	08/08/2017	-15
MGS	11/21	3.619	3	3.657	08/08/2017	-4
MGS	03/22	3.642	240	3.662	09/08/2017	-2
MGS	09/22	3.773	30	3.779	09/08/2017	-1
MGS	03/23	3.871	8	3.830	08/08/2017	4
MGS	08/23	3.890	16	3.886	08/08/2017	0
MGS	07/24	3.952	71	3.956	08/08/2017	0
MGS	09/24	3.903	50	3.908	09/08/2017	0
MGS	09/25	4.060	11	4.064	09/08/2017	0
MGS	04/26	4.120	1	4.122	07/08/2017	0
MGS	11/26	4.069	12	4.049	09/08/2017	2
MGS	03/27	4.166	10	4.187	31/07/2017	-2
MGS	11/27	3.976	223	3.982	09/08/2017	-1
MGS	06/31	4.426	0	4.436	08/08/2017	-1
MGS	05/35	4.484	12	4.500	08/08/2017	-2
MGS	04/37	4.568	40	4.560	08/08/2017	1
GII	11/17	3.047	3	3.061	09/08/2017	-1
GII	04/20	3.553	303	3.558	09/08/2017	0
GII	05/20	3.605	100	3.724	10/07/2017	-12
GII	05/20	3.659	0	3.632	08/08/2017	3
GII	06/20	3.665	10	3.701	21/07/2017	-4
GII	08/21	3.837	1	3.863	27/07/2017	-3
GII	04/22	3.766	350	3.782	09/08/2017	-2
GII	07/23	4.005	3	4.027	08/08/2017	-2
GII	05/24	4.040	30	4.026	09/08/2017	1
GII	08/24	3.999	30	4.007	09/08/2017	-1
GII	09/26	4.149	1	4.185	03/08/2017	-4
GII	08/37	4.735	20	4.736	08/08/2017	0
			<u>1842</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	4.102	50	4.113	09/08/2017	-1	34
Prasarana Malaysia Berhad	03/30	GG	4.729	10	4.354	30/09/2016	38	56
LPPSA	08/38	GG	4.868	21	4.901	12/07/2017	-3	70
Cagamas Berhad	09/17	AAA	3.668	10	3.511	25/05/2017	16	18
Cagamas Berhad	09/17	AAA	3.641	35	3.438	28/06/2017	20	15
Rantau Abang Capital Berhad	08/19	AAA	4.057	15	4.072	08/08/2017	-1	49
Gas Malaysia Berhad	11/19	AAA	4.157	10	4.125	25/01/2017	3	59
Danga Capital Berhad	04/20	AAA	4.096	20	4.102	06/07/2017	-1	46
Aquasar Capital Sdn Berhad	07/22	AAA	4.390	10	4.459	10/04/2017	-7	63
Malaysia Airports Capital Berhad	12/22	AAA	4.355	40	4.362	02/08/2017	-1	59
Aquasar Capital Sdn Berhad	07/24	AAA	4.498	40	4.568	16/03/2017	-7	64
Gulf Investment Corporation G.S.C	06/27	AAA	5.311	10	5.338	04/07/2017	-3	132
Sarawak Hidro Sdn Berhad	08/30	AAA	4.900	20	4.900	31/07/2017	0	73
Malaysia Building Society Berhad	12/17	AA1	4.168	2	4.198	08/06/2017	-3	68
Public Bank Berhad	09/18	AA1	4.191	1	4.271	08/08/2017	-8	70
Public Bank Berhad	04/22	AA1	4.657	20	4.697	26/05/2017	-4	89
YTL Power International Berhad	05/27	AA1	4.939	20	4.948	07/08/2017	-1	95
Westports Malaysia Sdn Berhad	08/19	AA+	4.140	10	-	-	-	58
Bright Focus Berhad	01/23	AA2	4.555	4	4.598	26/08/2016	-4	79
RHB Bank Berhad	11/17	AA3	4.136	20	4.142	17/07/2017	-1	65
CIMB Thai Bank Public Company Limited	07/19	AA3	4.520	1	5.002	09/08/2017	-48	96
IJM Corporation Berhad	06/22	AA3	4.498	20	4.511	03/08/2017	-1	74
Tanjung Bin Energy Issuer Berhad	03/32	AA3	5.147	10	5.137	25/05/2017	1	98
Lebuhraya DUKE Fasa 3 Sdn Berhad	01/00	AA-	5.399	40	5.399	08/08/2017	0	191
Alpha Circle Sdn Berhad	11/17	AA-	4.286	1	4.329	19/07/2017	-4	80
MEX II Sdn Berhad	04/32	AA-	5.395	45	5.349	22/06/2017	5	123
MEX II Sdn Berhad	04/34	AA-	5.545	10	5.425	05/07/2017	12	138
CIMB Group Holdings Berhad	05/21	A1	5.106	21	5.150	09/08/2017	-4	142
Tan Chong Motor Holdings Berhad	11/21	A1	6.070	2	5.957	09/08/2017	11	238
				<u>518</u>				

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

**Market/Corporate News: What's Brewing**

Foreign direct investment (FDI) inflows into Asean have been steadily increasing this year and are expected to reach over US\$100bil from the current US\$96.7bil, said International Trade and Industry Minister, Datuk Seri Mustapa Mohamed. He said this would continue to benefit Malaysian companies in terms of trade and investments, sharing of technology and job creation. "It's been a great and successful journey for Asean and everyone is proud to be citizens of Asean, including Malaysia," he told reporters at the Intra-Asean Investment Forum here yesterday. Mustapa said there has been a modest recovery in the global FDI flows and as a community consisting of more than 630 million people, Asean has the opportunity to gain from that. The FDI inflows into Asean member states for the last five years (2012-2016) amounted US\$565.5bil with major investors coming from Asean, the European Union, Japan and the US, he said. On intra-Asean trade, he said, there was an upward trend due to lower cost of doing business in the region. Last year, Asean companies invested US\$23.9bil in the region, up 12.2% from 2015, he said. Inflows from Asean member states into Malaysia have been growing steadily, from RM1.8bil in 2010 to RM11.6bil in 2015, Mustapa said, adding that among the prominent Asean companies that had invested in Malaysia were Charoen Pokphand, Wilmar, Musim Mas, Tipco Asphalt and TCC Group. On the development of the Regional Comprehensive Economic Partnership (RCEP), Mustapa said, the 10 participating countries were pushing hard to get things done. "We might have some challenges as there are 22 chapters listed and so far we have only completed two chapters which are on SMEs and economic and technical cooperation. "We have more things to do and only four to five months to go. We got to be realistic. If we can't finish it this year, then perhaps, in the first half of 2018," he said. RCEP is a proposed free trade agreement between Asean member states comprising Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam

and the six countries that have free trade agreements with Asean namely Australia, China, India, Japan South Korea and New Zealand. (Source : The Star)

Suria Capital Holdings Bhd said it had held talks with MMC Corp Bhd about a possible equity sale in wholly owned unit Sabah Ports Sdn Bhd, but no decision had been made on the matter. "The discussion between MMC Corp and Suria Capital with regards to the proposed acquisition of a stake in Sabah Ports by MMC Port Holdings Sdn Bhd, a wholly owned subsidiary of MMC Corp, has taken place. "However, as at to date, the board of directors of Suria Capital have yet to make any firm decision in relation to the same," it said. Similarly, MMC Corp also confirmed the talks in a separate Bursa Malaysia filing. Sabah Ports manages and operates eight major ports in the state. Four of Suria Capital's ports are located on the west coast of Sabah and four on the east coast. In 2016, Suria Capital derived 84% of its revenue from port operations. Meanwhile, MMC Corp, which is also in the business of port operations, has targeted to list its port operations next year. MMC Corp's stable of ports include the Port of Tanjung Pelepas, Johor Port, NCB Holdings Bhd that operates Northport in Port Klang, and Penang Port. (Source : The Star)

### Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Puncak Wangi Sdn Bhd	Guaranteed IMTN Programme of up to RM200 million (2014/2022).	AAA (fg) / Stable	Reaffirmed

Source: MARC and RAM ratings

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