

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- UST yields ended marginally higher circa 1 bp despite mounting event risk of Hurricane Irma & Jose upgraded to Category 4 from 3. The 10-year yields climbed 1bp higher to close at 2.05%. Data front looks light in the earlier part of the week until upcoming CPI & initial jobless claims Thursday, as well as retail sales and industrial production Friday. Fed funds futures seen pricing in slightly shallower upward path for rates.

##### MGS/GII

- Local govies saw bond yields continued tightening further with 3-7-year benchmark MGS and GII closing lower circa 2-6 bps on demand seen by institutions & inter-bank traders. MGS 11/27 & GII 7/27 benchies closed strong at 3.83% & 3.97% respectively. Transacted volume was boosted higher prompted by rebound in local currency strength. Performance of ringgit this week will most likely be the catalyst attracting continued interest in the local govies space.

##### PDS/Sukuk

- MYR corporate bonds saw RM589m worth of trades with most interest largely seen in the AA space on yield requirements by investors. Notable trades seen changing hands include YTLP 22 & 27, UMW 19, DUKE 32-35 along with short bank papers i.e. Public 18, Maybank 19 & CIMB 21's crossing at 4.35%, 4.60% & 4.66% respectively. On the GG space we note RM60m trades on Prasa 9/24 seen changing hands 1bps lower @ 4.27% We expect bargain-hunting to continue on the back of tighter govies levels seen last week.

UST					
Tenure	Closing (%)	Chg (bps)			
2-yr UST	1.26			0	
5-yr UST	1.63			1	
10-yr UST	2.05			1	
30-yr UST	2.67			1	
MGS					
Tenure	Closing (%)	Chg (bps)		GII*	Chg (bps)
3-yr	3.29		-5	3.47	-2
5-yr	3.47		-6	3.69	-2
7-yr	3.77		-4	3.93	-2
10-yr	3.83		-2	4.01	-2
15-yr	4.46		-2	4.48	-1
20-yr	4.46		-2	4.71	-1
30-yr	4.72		0	4.831	-1
*Market indicative levels					
MYR IRS Levels					
IRS	Closing (%)	Chg (bps)			
1-yr	3.48			-1	
3-yr	3.59			-1	
5-yr	3.67			-3	
7-yr	3.78			-2	
10-yr	3.93			-2	

Source : Bloomberg

#### 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 10/17	3.048	7	3.004	07/09/2017	4
MGS 02/18	2.941	12	2.931	07/09/2017	1
MGS 09/18	2.846	0	2.924	07/09/2017	-8
MGS 03/19	3.041	94	3.147	07/09/2017	-11
MGS 07/19	3.185	0	3.259	07/09/2017	-7
MGS 10/19	3.218	467	3.286	07/09/2017	-7
MGS 11/19	3.243	500	3.322	06/09/2017	-8
MGS 03/20	3.314	182	3.401	06/09/2017	-9
MGS 07/20	3.356	128	3.405	06/09/2017	-5
MGS 10/20	3.367	0	3.418	06/09/2017	-5
MGS 02/21	3.294	1070	3.332	07/09/2017	-4
MGS 07/21	3.444	153	3.506	07/09/2017	-6
MGS 09/21	3.471	0	3.545	06/09/2017	-7
MGS 11/21	3.491	1	3.555	07/09/2017	-6
MGS 03/22	3.470	698	3.533	07/09/2017	-6
MGS 08/22	3.608	154	3.686	06/09/2017	-8
MGS 09/22	3.633	0	3.683	07/09/2017	-5
MGS 03/23	3.713	2	3.788	06/09/2017	-7
MGS 08/23	3.775	60	3.781	07/09/2017	-1
MGS 07/24	3.820	30	3.845	07/09/2017	-3
MGS 09/24	3.766	1290	3.806	07/09/2017	-4
MGS 09/25	3.845	30	3.896	07/09/2017	-5
MGS 04/26	3.943	0	3.976	07/09/2017	-3
MGS 09/26	4.041	5	4.166	10/07/2017	-13
MGS 11/26	3.854	40	3.848	07/09/2017	1
MGS 11/27	3.827	318	3.847	07/09/2017	-2
MGS 09/28	4.180	0	4.273	29/08/2017	-9
MGS 04/30	4.260	7	4.280	07/09/2017	-2
MGS 06/31	4.285	8	4.290	07/09/2017	0
MGS 04/33	4.278	215	4.282	07/09/2017	0
MGS 05/35	4.389	13	4.417	06/09/2017	-3
MGS 04/37	4.461	141	4.481	07/09/2017	-2
MGS 09/43	4.756	0	4.760	05/09/2017	0
MGS 03/46	4.723	20	4.723	06/09/2017	0
GII 05/18	3.029	30	3.131	05/09/2017	-10
GII 10/18	3.017	0	3.292	17/08/2017	-28
GII 04/19	3.195	0	3.360	07/09/2017	-17
GII 08/19	3.307	80	3.399	07/09/2017	-9
GII 04/20	3.420	180	3.467	07/09/2017	-5
GII 08/20	3.493	200	3.602	06/09/2017	-11
GII 03/21	3.521	2	3.848	20/07/2017	-33
GII 04/21	3.676	0	3.822	07/08/2017	-15
GII 08/21	3.622	60	3.743	06/09/2017	-12
GII 04/22	3.666	532	3.701	07/09/2017	-4
GII 11/22	3.844	0	3.973	31/07/2017	-13
GII 07/23	3.840	0	3.928	07/09/2017	-9
GII 05/24	3.971	30	3.997	07/09/2017	-3
GII 08/24	3.925	460	3.940	07/09/2017	-2
GII 10/25	4.070	0	4.134	29/08/2017	-6
GII 09/26	4.137	0	4.137	06/09/2017	0
GII 07/27	3.974	350	4.015	07/09/2017	-4
GII 12/28	4.172	0	4.285	17/08/2017	-11
GII 08/33	4.485	160	4.493	07/09/2017	-1
GII 10/35	4.597	31	4.666	06/09/2017	-7
GII 08/37	4.700	20	4.712	24/08/2017	-1
GII 05/47	4.831	1	4.840	07/09/2017	-1
		<u>7781</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**
Prasarana Malaysia Berhad	03/19	GG	3.714	10	3.958	14/03/2017	-24	17
Pengurusan Air SPV Berhad	06/23	GG	4.121	5	4.177	20/06/2017	-6	40
Prasarana Malaysia Berhad	09/24	GG	4.272	60	4.284	07/09/2017	-1	50
Pengurusan Air SPV Berhad	02/26	GG	4.350	20	4.460	02/08/2017	-11	52
Danainfra Nasional Berhad	03/32	GG	4.800	10	4.800	07/09/2017	0	69
The Export-Import Bank of Korea	03/18	AAA	3.787	10	3.964	03/05/2017	-18	31
Gulf Investment Corporation G.S.C	06/22	AAA	5.020	2	5.032	30/08/2017	-1	135
Telekom Malaysia Berhad	12/24	AAA	4.302	10	4.329	18/08/2017	-3	53
Malaysia Airports Capital Berhad	08/20	AAA	4.230	10	4.261	05/05/2017	-3	65
Danga Capital Berhad	01/30	AAA	4.718	25	4.792	05/09/2017	-7	79
EKVE Sdn Berhad	01/31	AAA	4.839	3	4.920	01/08/2017	-8	73
Rantau Abang Capital Berhad	01/32	AAA	4.838	20	4.850	06/09/2017	-1	73
Sepangar Bay Power Corporation Sdn Berhad	07/18	AA1	4.102	4	4.187	28/06/2017	-9	62
YTL Power International Berhad	08/18	AA1	4.114	10	4.151	28/08/2017	-4	63
Public Bank Berhad	10/18	AA1	4.352	30	4.347	06/09/2017	0	87
Malayan Banking Berhad	05/19	AA1	4.614	10	4.381	18/08/2017	23	107
Malaysia Building Society Berhad	05/19	AA1	4.424	14	4.480	29/06/2016	-6	88
YTL Corporation Berhad	06/19	AA1	4.265	10	4.380	29/05/2017	-12	73
Sarawak Energy Berhad	06/21	AA1	4.277	10	4.341	23/08/2017	-6	66
YTL Power International Berhad	06/22	AA1	4.478	10	4.478	29/08/2017	0	80
YTL Power International Berhad	05/27	AA1	4.869	50	4.894	06/09/2017	-3	94
CIMB Bank Berhad	08/21	AA+	4.667	50	4.812	14/07/2017	-15	105
CIMB Bank Berhad	08/21	AA+	4.801	1	5.601	29/08/2017	-80	118
UMW Holdings Berhad	02/19	AA2	4.381	20	4.945	13/12/2016	-56	90
PBFIN Berhad	06/19	AA2	4.852	0	4.548	18/08/2017	30	131
Hong Leong Islamic Bank Berhad	06/19	AA2	4.533	10	4.539	24/08/2017	-1	99
Tanjung Bin Power Sdn Berhad	08/19	AA2	4.254	10	4.314	21/07/2017	-6	71
UMW Holdings Berhad	10/19	AA2	4.454	15	4.547	18/08/2017	-9	91
Tanjung Bin Power Sdn Berhad	08/27	AA2	4.719	10	4.929	23/11/2016	-21	79
UniTapah Sdn Berhad	12/30	AA2	4.949	2	4.999	08/08/2017	-5	84
BGSM Management Sdn Berhad	12/23	AA3	4.748	10	4.842	09/08/2017	-9	102
BGSM Management Sdn Berhad	06/24	AA3	4.768	15	4.884	31/07/2017	-12	99
SPR Energy (M) Sdn Berhad	07/26	AA3	5.038	2	5.060	19/07/2017	-2	-
Tadau Energy Sdn Berhad	07/25	AA3	5.219	1	5.216	05/09/2017	0	-
Celcom Networks Sdn Berhad	08/27	AA+	4.999	10	5.099	06/09/2017	-10	107
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	06/21	AA-	4.677	10	4.694	19/07/2017	-2	106
Jimah East Power Sdn Berhad	06/27	AA-	4.774	10	4.760	22/06/2017	1	85
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/28	AA-	4.819	10	4.891	19/07/2017	-7	89
Jimah East Power Sdn Berhad	06/30	AA-	4.899	10	4.942	03/08/2017	-4	79
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/32	AA-	5.050	20	5.070	04/08/2017	-2	-
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/33	AA-	5.090	30	5.109	28/08/2017	-2	-
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/35	AA-	5.199	10	5.220	08/08/2017	-2	-
Tan Chong Motor Holdings Berhad	11/21	A1	5.981	0	5.980	07/09/2017	0	236
				<u>589</u>				

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

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

Weak liquidity is still a concern for many companies in Asia though Moody's Investors Service's Asian Liquidity Stress Index (Asian LSI) showed an improvement in August. The ratings agency said on Monday its Asian LSI improved in August, decreasing to 26.8% from 28.5% in July 2017. The Asian LSI measures the percentage of high-yield companies with SGL-4 scores as a proportion of high-yield corporate family ratings (CFRs) and decreases when speculative-grade liquidity improves. A Moody's vice-president and senior credit officer Brian Grieser said the reading remained above the long-term average of 23.0%, highlighting that weak liquidity is still a concern for many companies in Asia. "Since the peak reading of 34.2% in April 2016, the number of companies with the weakest score of SGL-4 has declined by four, while the total number of high-yield companies increased by 18," he added. Moody's analysis is contained in its just-released monthly report titled "Asian Liquidity Stress Index: Asian LSI decreases to 26.8% in August from 28.5% in July". The Moody's report points out the liquidity stress sub-index for North Asian high-yield companies decreased to 25.0% in August from 27.6% in July. Within this portfolio, the Chinese sub-index decreased to 25.6% from 28.6%. Meanwhile, the Chinese high-yield property sub-

index decreased to 9.5% from 9.8%, and the Chinese high-yield industrials sub-index decreased to 44.4% from 50%. As for South and Southeast Asian high-yield companies the liquidity stress sub-index for remained at 30%, while the Indonesian sub-index remained at 26.1%. Moody's pointed out the strong high-yield issuance momentum continued in August. Rated high-yield issuance totaled US\$4.4bil in August, raising year-to-date issuance to a record level of US\$29.6bil. (Source: The Star)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Gas Malaysia Bhd	RM700m Islamic CP & IMTN	AAA – IS/ MARC-1 IS (Stable)	Affirmed
Genting Capital Bhd & GB Services Bhd	RM2.0b MTM programme (2012/32) & RM1.6b MTM programme (2009/24)	AAA (Stable)	Reaffirmed

Source: MARC and RAM ratings

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