

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.80	-1
5-yr UST	2.14	0
10-yr UST	2.38	1
30-yr UST	2.77	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.41	-1	3.47	0
5-yr	3.65	1	3.88	-1
7-yr	3.94	2	4.10	4
10-yr	3.96	1	4.28	0
15-yr	4.41	-1	4.67	0
20-yr	4.59	-1	4.79	0
30-yr	4.85	-3	4.98	0

\*Market indicative

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.65	0
3-yr	3.74	0
5-yr	3.82	0
7-yr	3.93	0
10-yr	4.06	1

Source: Bloomberg

#### Upcoming Government Bond Tenders

Nil

#### US Treasuries

- US Treasury yields moved in a narrow range before ending slightly mixed with the longer-end higher by 1bps as the 5s30s spread widened to above 64bps. The 2Y closed 1bps lower at 1.80% whilst the much-watched 10Y closed at 2.38%. The strong jobs data i.e. headline NFP numbers rose more than expected with the odds of a December rate hike holding @ 92% with marginal change in in the 2018 consensus of two hikes by June. On the data front we have the PPI, CPI and the FOMC Rate decision coming up.

#### MGS/GII

- Local govies printed lower trades of only RM1.07b; somewhat unchanged from RM1.18b the previous session with some attention scattered across the off-the-runs MGS 21's mainly the 2/21, 9/21 and 11/21 closing between 3.41-3.62% levels. Yields were mixed across the curve with both benchmark 7Y MGS 9/24 and MGS 11/27 closing weaker at 3.94% and 3.96% respectively. GII trades tapered off unlike the earlier sessions. We expect a slightly positive stance with investor interest rising on the back of the stability in Ringgit along with the jump in foreign holdings of govies by 3.0% to about RM178.2b for the month of November.

#### PDS/Sukuk

- Interest in Corporate bonds continued to persist with commendable volume of RM513m with trades seen across the curve. Despite very little interest in GG-papers; investors and inter-bank players were seen nibbling Cagamas 9/20 (closed 3.97%) and also the 24-29 tenors which closed lower between 4.77-4.95% levels. In the AA-rated space we note RM80m traded on Jimah Energy Power (JEP) papers across the 2029-2032 tenors closing mixed between 4.90-5.14% levels. BGSM 12/18 closed 1bps higher at 4.20%. We expect interest to flow into the secondary space for Corporate Bonds on yield-carry requirements.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	02/18	2.898	37	3.005	05/12/2017	-11
MGS	09/18	2.835	20	2.778	06/12/2017	6
MGS	10/19	3.212	23	3.160	05/12/2017	5
MGS	11/19	3.176	41	3.136	04/12/2017	4
MGS	03/20	3.286	23	3.296	06/12/2017	-1
MGS	10/20	3.286	1	3.324	06/12/2017	-4
MGS	02/21	3.413	40	3.440	06/12/2017	-3
MGS	07/21	3.473	14	3.460	06/12/2017	1
MGS	09/21	3.622	90	3.595	06/12/2017	3
MGS	11/21	3.587	212	3.606	06/12/2017	-2
MGS	03/22	3.650	0	3.600	06/12/2017	5
MGS	08/22	3.784	1	3.746	06/12/2017	4
MGS	09/22	3.771	90	3.794	05/12/2017	-2
MGS	03/23	3.801	3	3.785	06/12/2017	2
MGS	07/24	3.972	28	3.972	06/12/2017	0
MGS	09/24	3.940	20	3.923	06/12/2017	2
MGS	09/25	4.045	49	4.045	06/12/2017	0
MGS	04/26	4.128	3	4.129	05/12/2017	0
MGS	11/27	3.960	175	3.939	06/12/2017	2
MGS	04/30	4.508	6	4.466	06/12/2017	4
MGS	06/31	4.481	1	4.491	04/12/2017	-1
MGS	04/33	4.413	70	4.394	06/12/2017	2
MGS	05/35	4.598	2	4.602	06/12/2017	0
MGS	04/37	4.593	0	4.585	04/12/2017	1
MGS	09/43	4.901	10	4.863	06/12/2017	4
MGS	03/46	4.853	10	4.880	06/12/2017	-3
GII	07/22	3.941	60	3.905	06/12/2017	4
GII	08/24	4.096	15	4.061	06/12/2017	4
GII	09/26	4.290	7	4.172	04/12/2017	12
GII	10/35	4.740	2	4.740	06/12/2017	0
GII	04/21	3.699	13	3.751	07/11/2017	-5
			<u>1065</u>			

## Daily Trades: PDS / Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*	
Perbadanan Tabung Pendidikan Tinggi Nasional	08/23	GG	4.273	5	4.275	25/10/2017	0	46
Jambatan Kedua Sdn Berhad	07/26	GG	4.420	5	4.422	06/12/2017	0	42
Cagamas Berhad	09/20	AAA	3.971	20	3.961	06/12/2017	1	56
Cagamas Berhad	07/24	AAA	4.948	15	5.518	07/11/2017	-57	103
Suria KLCC Sdn Berhad	12/24	AAA	4.448	75	4.389	02/08/2017	6	53
Cagamas Berhad	07/29	AAA	4.769	20	5.010	18/04/2014	-24	79
Sabah Development Bank Berhad	07/19	AA1	4.752	30	4.752	22/11/2017	0	157
YTL Power International Berhad	03/23	AA1	4.564	3	4.517	19/09/2017	5	96
Sabah Credit Corporation	06/23	AA1	4.795	4	4.797	06/12/2017	0	99
UMW Holdings Berhad	10/19	AA2	4.405	6	4.413	07/11/2017	-1	122
Lafarge Cement Sdn Berhad	01/20	AA2	4.428	5	4.434	06/12/2017	-1	124
Konsortium ProHAWK Sdn Berhad	12/21	AA2	4.469	5	4.473	06/12/2017	0	94
UMW Holdings Berhad	10/26	AA2	4.957	10	4.959	04/12/2017	0	96
Bright Focus Berhad	01/30	AA2	5.157	2	5.147	29/11/2017	1	118
Bright Focus Berhad	01/31	AA2	5.337	2	5.308	04/07/2017	3	92
Konsortium ProHAWK Sdn Berhad	06/32	AA2	5.119	4	5.152	03/07/2017	-3	71
PBFIN Berhad	06/59	AA2	4.240	0	4.848	22/11/2017	-61	-38
Malayan Banking Berhad	09/68	AA2	4.522	10	4.501	05/12/2017	2	-9
CIMB Group Holdings Berhad	11/27	AA	4.900	10	4.900	27/11/2017	0	92
BGSM Management Sdn Berhad	12/18	AA3	4.203	30	4.189	23/11/2017	1	138
Jimah Energy Ventures Sdn Berhad	11/21	AA3	4.443	10	4.459	11/09/2017	-2	92
Jimah Energy Ventures Sdn Berhad	05/22	AA3	4.493	9	5.120	13/02/2015	-63	97
BGSM Management Sdn Berhad	12/22	AA3	4.637	5	4.677	08/11/2017	-4	103
BGSM Management Sdn Berhad	06/24	AA3	4.728	3	4.739	26/09/2017	-1	81
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	11/24	AA3	5.250	10	-	-	-	133
Hong Leong Assurance Berhad	02/25	AA3	4.739	3	4.727	15/08/2017	1	82
Tanjung Bin Energy Issuer Berhad	03/25	AA3	4.708	10	4.718	20/11/2017	-1	79
SPR Energy (M) Sdn Berhad	07/25	AA3	4.987	10	4.989	26/07/2017	0	102
RHB Islamic Bank Berhad	04/27	AA3	4.779	5	4.777	30/11/2017	0	78
Besraya (M) Sdn Berhad	07/28	AA3	4.899	1	4.949	12/01/2017	-5	92
Tanjung Bin Energy Issuer Berhad	03/31	AA3	5.059	10	5.049	27/09/2017	1	65
Tanjung Bin Energy Issuer Berhad	09/31	AA3	5.090	2	5.078	06/12/2017	1	68
Special Power Vehicle Berhad	11/21	A1	5.078	10	5.112	05/12/2017	-3	155
AMMB Holdings Berhad	03/27	A1	4.846	2	4.854	06/12/2017	-1	85
CIMB Group Holdings Berhad	05/16	A1	4.811	1	5.206	06/12/2017	-40	20
Hong Leong Financial Group Berhad	11/17	A1	4.886	17	4.884	06/12/2017	0	27
Anih Berhad	11/29	AA	4.942	2	4.999	17/08/2017	-6	96
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	08/18	AA-	4.236	10	-	-	-	141
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	12/18	AA-	4.342	10	4.345	04/12/2017	0	152
Quantum Solar Park (Semenanjung) Sdn Berhad	10/22	AA-	4.984	10	4.986	06/12/2017	0	138
Malakoff Power Berhad	12/22	AA-	4.578	10	4.608	11/09/2017	-3	98
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	05/23	AA-	4.790	4	4.791	20/10/2017	0	119
Southern Power Generation Sdn Berhad	10/25	AA-	4.898	10	-	-	-	94
Jimah East Power Sdn Berhad	06/29	AA-	4.908	10	4.919	16/11/2017	-1	93
Jimah East Power Sdn Berhad	06/30	AA-	4.958	30	4.900	18/09/2017	6	98
Jimah East Power Sdn Berhad	12/30	AA-	4.999	10	5.018	17/11/2017	-2	59
Jimah East Power Sdn Berhad	06/32	AA-	5.143	30	5.106	11/10/2017	4	73
Southern Power Generation Sdn Berhad	10/33	AA-	5.422	1	5.444	16/11/2017	-2	101
MEX II Sdn Berhad	04/34	AA-	5.573	7	5.591	16/11/2017	-2	116
			<u>513</u>					

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

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

**Oil and gas service provider T7 Global Bhd (formerly known as Tanjung Offshore Bhd)** expects its new ventures in the aerospace and infrastructure development sector to start contributing to its bottom line from the first quarter of 2019 (1Q19). Chairman Datuk Seri Dr Nik Norzrul Thani said while the group is maintaining its foothold in the oil and gas industry with the oil price starting to stabilise, it is also undergoing diversification for alternative sources of income. "Petronas did mention that they will be cutting down [on projects], so we have to be sensitive to the market landscape. That is why we are diversifying now. We want to be prudent in that sense," Nik Norzrul told a media briefing last Friday. T7 Global inked a strategic partnership with KOV Ltd in May to set up and operate a metal treatment plant in Serendah, Selangor. Concurrently, it also signed a heads of agreement with MARA Aerospace & Technologies Sdn Bhd to work together on human capital development in the aerospace industry. "The new venture is not really a quantum leap because it is still within engineering and we are an engineering company," said Nik Norzrul. "But we do need some reskilling of our employees, so we have sent some of our staff for skills training in the UK." In the area of infrastructure development, T7 Global entered into a memorandum of understanding in October with three private companies to form a strategic partnership for the construction of the East Coast Rail Line project. The three companies are Terengganu state-linked Eastern Pacific Industrial Corp Bhd, CMC Engineering Sdn Bhd and China State Construction Engineering (M) Sdn Bhd. Nik Norzrul said he expects the infrastructure development work to start by the last quarter of 2018. At the same time, T7 Global has maintained its focus on the oil and gas sector going into 2018 and is still bidding for contracts from Petronas. Nik Norzrul said the group's tender book stands at about RM3 billion, and its outstanding order book is at approximately RM700 million. Last Friday's media briefing was for T7 Global to clarify its position on the ongoing investigation and civil suit against former executive directors of the group. The case, which started in 2015, involved the purchase of an eight-storey office building in Birmingham, the UK, for RM35.3 million with a refurbishment cost of RM27.4 million, as well as an alleged overvaluation of certain shares purchased within the company. Nik Norzrul clarified that the case has nothing to do with the current management as reported by a local Chinese daily last Thursday. "We have done our part to report to the police and so we will leave it to the authority to decide. We maintain that we will give full cooperation for the investigation," he said. Last month, T7 Global reported a net profit of RM2.98 million for the third quarter ended Sept 30, 2017, compared with a net loss of RM703,000 a year earlier. Quarterly revenue almost doubled to RM38.07 million from RM19.49 million, mainly due to contributions from the origins and construction work request contract secured from Petronas. (Source: The Edge)

**Oil prices fell on Monday**, pulled down as the latest rise in the U.S. rig count pointed to a further increase in American production, potentially undermining efforts led by OPEC to tighten markets. U.S. West Texas Intermediate (WTI) crude futures were at \$57.10 a barrel at 0019 GMT, down 25 cents, or 0.4 percent, from their last settlement. Brent crude futures, the international benchmark for oil prices, were down 32 cents, or 0.5 percent, at \$63.08 a barrel. "The largest concern for investors currently remains the rise in the U.S. rig count, which could potentially jeopardize the OPEC and Russian agreement when they meet for a review in June, 2018," said Shane Chanel, equities and derivatives adviser at ASR Wealth Advisers. The amount of rigs drilling for new oil production in the United States rose by two in the week to Dec.8, to 751, the highest level since September, General Electric Co's Baker Hughes energy services firm said on Friday. A higher rig count points to a further rise in U.S. crude production, which has already increased by more than 15 percent since mid-2016 to 9.71 million barrels per day (bpd). That's the highest level since the early 1970s, and close to levels from top producers Russia and Saudi Arabia. Rising U.S. output threatens to undermine efforts led by the Organization of the Petroleum Exporting Countries (OPEC) and a group of non-OPEC producers, most importantly Russia, to support prices by withholding supplies. OPEC and its allies started withholding supplies last January and currently plan to continue doing so throughout 2018. (Source: The Edge)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
RHB Investment Bank Berhad	Financial Institution ratings (FIR)	AA2/Stable/P1	Assigned
KMCOB Capital Berhad	Guaranteed serial bonds of up to RM320.0 million	AAA(FG)	Affirmed

Source: RAM Ratings; MARC

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