

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US treasuries advanced but left yields little changed as details from the FOMC minutes reiterating policy makers' concerns over low inflation came in very much expected. 5Y, 10Y and 30Y yields all ended 1bps lower at 1.95%, 2.35%, and 2.88% respectively. Treasuries were also supported by solid demand for yesterday's auction of USD20bn 10-year notes reopening, with a higher bid-cover of 2.54x with higher interests from indirect bidders at 69.1%. The auction attracts a high yield rate of 2.346%. The US Treasury will sell another USD12bn 30-year bonds in a reopening tonight and we have Fed speaks from Powell and Brainard as well as initial jobless claims and PPI to look up to tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.52	1
5-yr UST	1.95	-1
10-yr UST	2.35	-1
30-yr UST	2.88	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.39	1	3.51	0
5-yr	3.60	0	3.75	0
7-yr	3.89	0	4.01	0
10-yr	3.90	-1	4.12	0
15-yr	4.35	1	4.61	0
20-yr	4.51	-2	4.74	0
30-yr	4.78	0		

*Market indicative levels

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.51	1
3-yr	3.64	0
5-yr	3.75	0
7-yr	3.86	-1
10-yr	3.98	-1

Source: Bloomberg

Upcoming Government Bond Tenders

RM1.5bn Reopening of 20Y GII 8/37 and RM1.0bn via private placement (Today)

MGS/GII

- Trading activities in local govies continued to gather pace yesterday, with trade volume rising further to RM1.5bn. Yields were mixed and little changed with the biggest movement seen in the 20Y where yields traded 2bps inner at 4.51%. The front end and the belly of the curve remains the most actively traded with a combined RM1.1bn changed hands. 7Y MGS 07/24 and 09/24 alone saw RM502m dealt, at 3.875% and 3.892% respectively. Meanwhile, MGS 02/18 was traded 6bps inner at 2.979% with RM134m done. Trading in GII also picked up some steam with RM337m transactions done yesterday. Mirroring trades in MGS, all deals were done in the 1-7Y space with yields closing largely flat. The reopening of 20Y GII 8/37 (RM1.5bn) and private placement (RM1.0bn), coupled with the release of Malaysia IPI will be key events to watch in the local bond space today.

PDS/Sukuk

- Tracking momentum in local govies, MYR corporate bonds also gained some traction, with total volume done increasing to RM508m. The bulk of the interest was in the AAA and AA-rated segments while the GG space saw quiet trade of only RM10m of Dana '5/36, dealt at 4.939%. TNB '3/37 dominated the AAA segment, with RM110m changed hands at 5.099%, followed by Caga '10/18 and '11/18 which saw a combined RM125m done.

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 10/17	3.043	42	3.043	11/10/2017	0
MGS 02/18	2.979	134	3.042	11/10/2017	-6
MGS 03/18	3.077	8	3.077	11/10/2017	0
MGS 09/18	3.056	29	3.067	11/10/2017	-1
MGS 03/19	3.102	48	3.180	06/10/2017	-8
MGS 07/19	3.331	1	3.331	11/10/2017	0
MGS 10/19	3.291	3	3.293	06/10/2017	0
MGS 11/19	3.302	37	3.283	11/10/2017	2
MGS 03/20	3.372	59	3.372	11/10/2017	0
MGS 07/20	3.386	53	3.386	11/10/2017	0
MGS 10/20	3.405	20	3.405	11/10/2017	0
MGS 02/21	3.392	10	3.392	11/10/2017	0
MGS 07/21	3.548	10	3.533	11/10/2017	2
MGS 09/21	3.570	3	3.562	11/10/2017	1
MGS 11/21	3.617	22	3.617	11/10/2017	0
MGS 03/22	3.597	41	3.597	11/10/2017	0
MGS 08/22	3.668	61	3.713	11/10/2017	-4
MGS 09/22	3.706	5	3.717	11/10/2017	-1
MGS 03/23	3.819	0	3.809	10/10/2017	1
MGS 07/24	3.875	103	3.909	11/10/2017	-3
MGS 09/24	3.892	399	3.887	11/10/2017	0
MGS 09/25	3.977	1	3.999	10/10/2017	-2
MGS 04/26	4.058	10	4.058	11/10/2017	0
MGS 11/26	3.985	2	3.985	11/10/2017	0
MGS 03/27	4.064	0	4.064	11/10/2017	0
MGS 11/27	3.895	3	3.895	11/10/2017	0
MGS 06/31	4.374	1	4.374	11/10/2017	0
MGS 04/33	4.349	10	4.335	10/10/2017	1
MGS 05/35	4.477	41	4.481	11/10/2017	0
MGS 09/43	4.846	10	4.846	11/10/2017	0
GII 05/18	3.022	10	3.022	11/10/2017	0
GII 08/18	3.137	20	3.137	11/10/2017	0
GII 08/18	3.137	10	3.137	11/10/2017	0
GII 10/18	3.025	7	3.025	11/10/2017	0
GII 08/19	3.398	80	3.398	11/10/2017	0
GII 04/20	3.487	40	3.487	11/10/2017	0
GII 08/20	3.565	80	3.565	11/10/2017	0
GII 04/22	3.753	10	3.753	11/10/2017	0
GII 07/23	3.986	20	3.978	29/09/2017	1
GII 08/24	4.011	60	4.011	11/10/2017	0
		<u>1503</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	05/36	GG	4.939	10	4.939	11/10/2017	0	76
Cagamas Berhad	10/18	AAA	3.617	85	3.617	11/10/2017	0	11
Cagamas Berhad	11/18	AAA	3.624	40	3.624	11/10/2017	0	11
Danga Capital Berhad	04/20	AAA	4.091	5	4.091	11/10/2017	0	52
Tenaga Nasional Berhad	03/37	AAA	5.099	110	5.099	11/10/2017	0	92
Sabah Development Bank Berhad	02/18	AA1	4.289	10	4.289	11/10/2017	0	78
YTL Corporation Berhad	06/19	AA1	4.286	20	4.265	08/09/2017	2	72
Teknologi Tenaga Perlis Consortium Sdn Berhad	01/21	AA1	4.331	15	4.331	11/10/2017	0	70
Teknologi Tenaga Perlis Consortium Sdn Berhad	07/21	AA1	4.371	15	4.371	11/10/2017	0	70
Teknologi Tenaga Perlis Consortium Sdn Berhad	01/22	AA1	4.413	15	4.413	11/10/2017	0	74
UniTapah Sdn Berhad	12/27	AA1	4.780	5	5.529	10/06/2015	-75	80
UniTapah Sdn Berhad	12/29	AA1	4.901	15	0.000	00/01/1900	490	92
UniTapah Sdn Berhad	06/32	AA1	5.040	10	5.059	16/06/2017	-2	86
Sarawak Energy Berhad	04/36	AA1	5.299	10	5.299	11/10/2017	0	112
CIMB Islamic Bank Berhad	09/19	AA+	4.315	4	4.315	11/10/2017	0	75
CIMB Bank Berhad	08/21	AA+	5.501	0	5.501	11/10/2017	0	183
Malayan Banking Berhad	09/18	AA2	4.440	10	4.440	11/10/2017	0	93
Kesas Sdn Berhad	10/21	AA2	4.401	10	4.401	11/10/2017	0	73
UMW Holdings Berhad	10/26	AA2	4.948	10	4.948	11/10/2017	0	105
Gamuda Berhad	03/18	AA3	4.065	10	3.999	10/10/2017	7	56
Besraya (M) Sdn Berhad	07/18	AA3	4.058	2	4.058	11/10/2017	0	55
Gamuda Berhad	10/18	AA3	4.144	5	4.144	10/10/2017	0	63
Gamuda Berhad	03/19	AA3	4.206	20	4.228	11/10/2017	-2	70
IJM Corporation Berhad	10/24	AA3	4.661	10	4.661	11/10/2017	0	80
Tanjung Bin Energy Issuer Berhad	09/29	AA3	4.949	10	4.949	11/10/2017	0	97
Tanjung Bin Energy Issuer Berhad	09/31	AA3	5.081	3	5.081	11/10/2017	0	90
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/21	AA-	4.549	5	4.549	11/10/2017	0	87
UEM Edgenta Berhad [fka Faber Group Berhad]	02/26	AA-	4.625	10	4.625	11/10/2017	0	73
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/31	AA-	5.078	0	5.078	11/10/2017	0	90
Jimah East Power Sdn Berhad	06/32	AA-	5.106	1	5.106	11/10/2017	0	93
CIMB Group Holdings Berhad	05/21	A1	4.820	2	4.820	11/10/2017	0	115
Special Power Vehicle Berhad	11/21	A1	5.188	10	5.188	11/10/2017	0	151
Affin Bank Berhad	02/27	A1	4.887	10	4.887	11/10/2017	0	91
AMMB Holdings Berhad	03/27	A1	4.927	10	4.927	11/10/2017	0	-
Mah Sing Group Berhad	03/15	-	6.462	1	6.474	10/10/2017	-1	-
				<u>508</u>				

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

Market/Corporate News: What's Brewing

George Kent (Malaysia) Bhd has teamed up with the Siemens Group to bid for the Kuala Lumpur-Singapore High Speed Rail (HSR) tender, the first group to do so for the multi-billion ringgit rail project. George Kent said on Wednesday it had entered into a pre-consortium agreement with Siemens Aktiengesellschaft, Germany and Siemens Pte Ltd, Singapore. George Kent and Siemens will form an engineering, procurement and construction (EPC) pre-consortium to prepare a joint offer on EPC level to the special purpose company (SPC). They will bid for the development, financing, construction and technical operation and maintenance of the HSR. "The agreement may lead to the participation of the company in the KL-Singapore HSR project which could contribute positively to the company's earnings and net assets in the future," it said. George Kent chairman, Tan Sri Tan Kay Hock said the HSR project is one of the most prestigious and coveted project in the rail industry as it is the first cross-border high speed rail project in South East Asia. "George Kent is pleased to be partnering with Siemens who have one of the most impressive track records in delivering successfully the safest and most reliable high speed rail systems in the world. "We hope to be able to contribute our part as the local Malaysian company in delivering the HSR project," he said. On Sept 13, Bloomberg reported MyHSR Corp chief executive officer Mohd Nur Ismal Mohamed Kamal as saying the project is still "wide open" to all and both countries will choose the builder based on merits from tender expected to be opened in December. MyHSR Corp chief executive officer Mohd Nur Ismal Mohamed Kamal said it's not true when some countries had claimed the project is already in the bag. On Sept 26, Malaysia and Singapore held a second industry briefing in London to share more information on the high-speed rail

project. About 40% of participants at the July briefing were from Europe, 20% from Malaysia, 10% from North America, 15% from Singapore, 10% from Asia and 5% from Australia. MyHSR is a Malaysian government's project delivery vehicle for the Kuala Lumpur-Singapore high-speed rail project. (Source: The Star Online)

The Government has decided to impose a provisional anti-dumping duties ranging from 7.27% to 111.61% on cold-rolled stainless steel (CRSS) imports from China, South Korea, Chinese Taipei and Thailand. In a statement on Wednesday, the International Trade and Industry Ministry (Miti) said the measure would be effective not more than 120 days from Oct 12, 2017. "The Government has completed the preliminary anti-dumping investigation concerning imports of CRSS from these countries and found that there are sufficient evidences to continue with further investigation on the importation of CRSS from the alleged countries," it said. Miti said the investigation had been initiated in accordance with the Countervailing and Anti-Dumping Duties Act 1993 and Countervailing and Anti-Dumping Duties Regulation 1994 on May 15, 2017 based on a petition filed by Bahru Stainless Sdn Bhd (the petitioner) on behalf of the domestic industry producing CRSS. It said the petitioner alleged that imports of CRSS from the alleged countries were being dumped into Malaysia at a price much lower than their domestic price, causing material injury to the industry in Malaysia. (Source: The Star Online/ Bernama)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM Ratings; MARC

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