

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.34	2
5-yr UST	1.75	4
10-yr UST	2.17	4
30-yr UST	2.77	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.32	3	3.44	0
5-yr	3.50	2	3.69	1
7-yr	3.78	2	3.93	0
10-yr	3.86	3	4.02	-5
15-yr	4.29	5	4.48	-1
20-yr	4.49	3	4.68	0
30-yr	4.70	-3	4.86	0

*Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.48	0
3-yr	3.59	0
5-yr	3.69	0
7-yr	3.79	1
10-yr	3.94	1

Source: Bloomberg

Upcoming Government Bond Tender

RM4.0bn 5-year MGS 3/22 on 14-September

- UST's continue to dip to session lows with yields pushing higher by as much as 2-4bps after \$20b of 10Y auction/reopening tailed. The much-watched 10Y benchmark lost 4 bps to end at 2.17%. The auction tail signals caution ahead of PPI & CPI data out Wednesday & Thursday. The sentiment is seen triggered by renewed evidence that the global reflation trade may be resurfacing. US data front also sees the initial jobless claims Thursday, as well as retail sales and industrial production Friday.

MGS/GII

- Govvies saw volume dipping to RM3.2b as MGS bond yields continued to grind higher by 2-5 bps mainly in the belly of the curve. The 10-year benchmark MGS 11/27 closed higher at 3.86%. GII yields were seen muted save for the 10Y GII 7/27 which rallied back up by 5bps due to a skew in the curve based on a RM40m trade done the previous day. Investors will continue to watch USDMYR levels and the upcoming 5Y MGS reopening/auction for leads in the local govovies space.

PDS/Sukuk

- MYR corporate bonds trading softened on Tuesday taking the cue from local govovies as profit taking activities intensified. Volume of Govt Guaranteed bonds surged to about RM200m. Danaifra (GG) were the most active ones followed closed by LPPSA (GG). Danaifra 4y, 5y, 7y and 15y traded respectively at 3.97% (MGS+55bps), 4.03% (MGS+54bps), 4.27% (MGS+49bps), and 4.80% (MGS+54bps) for combined volume of RM115m. LPPSA 7y traded wider to 4.27%. We note zero transactions for Cagamas. Active names in the corporate issuance segment were UMW (AA2), CIMB Bank Subdebt (AA1), SPR Energy (AA3), Northern Gateway (AA1), Putrajaya (AAA), AMMB Subdebt (A1) as well as Berjaya Land (AAAFg).

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 09/17	3.934	312	3.092	11/09/2017	84
MGS 10/17	3.115	0	2.803	11/09/2017	31
MGS 02/18	2.876	20	2.961	11/09/2017	-9
MGS 03/18	2.929	1	2.893	07/09/2017	4
MGS 09/18	2.998	44	2.966	11/09/2017	3
MGS 03/19	3.012	15	3.066	11/09/2017	-5
MGS 07/19	3.187	1	3.242	11/09/2017	-6
MGS 10/19	3.212	39	3.222	11/09/2017	-1
MGS 11/19	3.262	10	3.265	11/09/2017	0
MGS 03/20	3.326	6	3.314	08/09/2017	1
MGS 07/20	3.357	15	3.345	11/09/2017	1
MGS 10/20	3.414	2	3.367	08/09/2017	5
MGS 02/21	3.319	238	3.291	11/09/2017	3
MGS 07/21	3.452	50	3.444	08/09/2017	1
MGS 11/21	3.529	6	3.537	11/09/2017	-1
MGS 03/22	3.496	46	3.470	08/09/2017	3
MGS 08/22	3.563	65	3.608	08/09/2017	-4
MGS 09/22	3.631	75	3.650	11/09/2017	-2
MGS 03/23	3.703	51	3.713	08/09/2017	-1
MGS 08/23	3.781	125	3.781	11/09/2017	0
MGS 07/24	3.800	33	3.803	11/09/2017	0
MGS 09/24	3.783	383	3.767	11/09/2017	2
MGS 09/25	3.853	1	3.845	08/09/2017	1
MGS 05/27	3.977	1	4.054	08/09/2017	-8
MGS 11/27	3.858	145	3.827	08/09/2017	3
MGS 04/30	4.265	7	4.260	08/09/2017	0
MGS 06/31	4.280	30	4.246	11/09/2017	3
MGS 04/33	4.287	10	4.237	11/09/2017	5
MGS 04/37	4.491	90	4.465	11/09/2017	3
MGS 03/46	4.701	1	4.730	11/09/2017	-3
GII 04/19	3.295	300	3.302	11/09/2017	-1
GII 08/19	3.348	50	3.349	11/09/2017	0
GII 04/20	3.443	272	3.445	11/09/2017	0
GII 08/21	3.674	30	3.622	08/09/2017	5
GII 04/22	3.693	90	3.689	11/09/2017	0
GII 11/22	3.849	8	3.844	08/09/2017	1
GII 10/23	3.965	5	4.093	14/07/2017	-13
GII 05/24	3.962	20	3.971	08/09/2017	-1
GII 08/24	3.928	340	3.928	11/09/2017	0
GII 07/27	4.020	120	4.006	11/09/2017	1
GII 08/33	4.476	40	4.485	08/09/2017	-1
GII 10/35	4.600	60	4.597	08/09/2017	0
GII 08/37	4.677	70	4.685	11/09/2017	-1
GII 05/47	4.856	1	4.853	11/09/2017	0
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Daily Trades: PDS / Sukuk

Securities	Maturity (dd/mm/yyyy)	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against IRS**
Khazanah Nasional Berhad	03/20	GG	3.900	20	4.031	12/04/2017	-13	32
DanaInfra Nasional Berhad	04/21	GG	3.970	5	4.003	03/08/2017	-3	34
DanaInfra Nasional Berhad	05/22	GG	4.030	20	0.000	00/01/1900	403	34
DanaInfra Nasional Berhad	11/22	GG	4.032	20	4.058	29/08/2017	-3	34
DanaInfra Nasional Berhad	04/24	GG	4.270	20	4.274	05/09/2017	0	48
DanaInfra Nasional Berhad	03/32	GG	4.800	50	4.800	08/09/2017	0	67
Lembaga Pembiayaan Perumahan Sektor Awam	04/24	GG	4.270	60	4.260	18/08/2017	1	-
Berjaya Land Berhad	12/17	AAA	4.208	20	4.304	22/08/2017	-10	73
Berjaya Land Berhad	12/17	AAA	3.991	10	4.116	07/06/2017	-13	51
Putrajaya Holdings Sdn Berhad	07/24	AAA	4.400	10	4.442	17/08/2017	-4	61
Putrajaya Bina Sdn Bhd	09/27	AAA	4.600	5	-	10/09/2027	-	86
Putrajaya Bina Sdn Bhd	09/24	AAA	4.400	10	-	12/09/2024	-	61
Public Bank Berhad	10/18	AA1	4.295	5	4.352	08/09/2017	-6	82
Northern Gateway Infrastructure Sdn Berhad	08/33	AA1	5.430	10	5.440	05/09/2017	-1	130
CIMB Bank Berhad	11/17	AA+	4.950	0	3.992	03/07/2017	96	147
CIMB Bank Berhad	08/21	AA+	4.690	10	4.667	08/09/2017	2	106
CIMB Bank Berhad	08/21	AA+	4.800	2	4.801	08/09/2017	0	117
Celcom Networks Sdn Berhad	10/21	AA+	4.640	15	4.699	24/08/2017	-6	101
UMW Holdings Berhad	02/19	AA2	4.378	10	4.373	11/09/2017	0	90
PBFIN Berhad	06/19	AA2	4.730	4	4.852	08/09/2017	-12	119
UMW Holdings Berhad	10/19	AA2	4.446	5	4.454	08/09/2017	-1	91
UMW Holdings Berhad	02/21	AA2	4.587	10	4.687	13/07/2017	-10	100
UMW Holdings Berhad	10/21	AA2	4.620	10	4.654	06/09/2017	-3	99
UniTapah Sdn Berhad	06/22	AA2	4.400	10	0.000	00/01/1900	440	71
Lafarge Cement Sdn Berhad	01/18	AA2	4.038	10	4.150	08/08/2017	-11	-
SPR Energy (M) Sdn Berhad	07/33	AA3	5.480	15	5.649	21/08/2017	-17	-
SPR Energy (M) Sdn Berhad	07/34	AA3	5.570	15	5.830	19/07/2017	-26	-
Tadau Energy Sdn Berhad	07/23	AA3	4.970	5	0.000	27/07/2023	497	-
MMC Corporation Berhad	04/27	AA-	5.370	5	5.377	11/09/2017	-1	143
Alliance Bank Malaysia Berhad	12/17	A1	4.000	9	4.200	31/05/2017	-20	52
Tan Chong Motor Holdings Berhad	11/21	A1	5.980	1	5.981	08/09/2017	0	235
AMMB Holdings Berhad	03/27	A1	5.064	10	4.983	24/08/2017	8	-
				<u>411</u>				

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

Market/Corporate News: What's Brewing

The **Employees Provident Fund (EPF)** intends to invest US\$3-US\$4 billion to support infrastructure redevelopment in the United States, according to Prime Minister Datuk Seri Najib Razak. He also said Malaysia's sovereign fund, **Khazanah Nasional Bhd**, which has an office in Silicon Valley, has invested about US\$400 million, in terms of high-tech companies, and intends to increase that investment as well. (Source: The Edge)

Based on eight months of financial year 2017 (8MFY17), **Malaysia Airports Holdings Bhd** passengers, including Istanbul Sabiha Gokcen International Airport (ISG), registered growth of 9.1% year-on-year (y-o-y). For August, MAHB's passengers in Malaysia increased 9.4% y-o-y. International and domestic passengers were up 17.3% and 1.8% y-o-y respectively. The overall increase in international traffic was due to the haj travel season, the KL2017 Southeast Asian Games, visa relaxation for India and China, competitive fares and favourable exchange rate for foreign tourists. Average load factors were up 2.4 percentage points y-o-y to 77%. In August, the Kuala Lumpur International Airport's (KLIA) main terminal registered growth of 4.4% y-o-y with international passengers registering positive growth of 13.6%, while the domestic traffic contracted 21.6%. International growth was supported by increased seat capacity by airlines and stronger travel demand while domestic contraction was due to reduction in capacity by Malaysia Airlines, Firefly and Malindo Air. Meanwhile, klia2 traffic's positive growth continued at 21.4% y-o-y (international: 20.0%; domestic: 24.2%), (Source: The Edge)

Boustead Holdings Bhd has issued its first Islamic medium term notes worth RM500 million under the sukuk programme with a nominal value of up to RM2 billion. Affin Hwang Investment Bank said in a filing on behalf of Boustead that the proceeds will be used to refinance existing borrowings and financing. Part of the money will also be used to fund the group's reserve account to meet the minimum required balance under the terms and conditions of the sukuk programme and to pay fees and expenses relating to the programme. The sukuk programme was inked by Boustead on Aug 25, with a tenure of 10 years. (Source: The Edge)

Two shareholders of **PLUS Malaysia Bhd** – the Employees Provident Fund (EPF) and UEM Group Bhd – have reiterated that they have no intention to sell their stakes in the country's largest highway concessionaire. UEM Group has a 51% stake in PLUS, while the EPF owns the remaining 49%. Yesterday, the EPF and UEM Group confirmed that they had received a takeover offer from Maju Holdings Sdn Bhd for their stakes in PLUS, but said they "have no intention of selling our respective stakes". Maju is controlled by businessman Tan Sri Abu Sahid Mohamed, who has been in the news for his intention to buy PLUS highways. (The Star)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Al-Dzahab Assets Berhad	RM95.0 million Tranche 1 Class A Sukuk	AAA	Reaffirmed
	RM25.0 million Tranche 1 Class B Sukuk	AA1	Upgraded from AA3 to AA1
	RM120.0 million Tranche 2 Class A Sukuk	AAA	Reaffirmed
	RM35.0 million Tranche 2 Class B Sukuk	AA1	Upgraded from AA3 to AA1

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