

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

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US Treasuries

- UST yields reversed to inch higher versus Wednesday levels, after softer demand from 30-year UST note auction. BTC for the mentioned print came in at circa 2.31x. On the macro front, jobless claims was within expected range with 247K. We expect continue range-bound trading in UST ahead of upcoming FOMC meeting this month. Investors may continue to adopt a more vigilant stance ahead of looming tapering measures by the Fed which is expected to remain gradual.

MGS/GII

- Local govvsies saw thinner trading volume ahead of BNM MPC. As expected the central bank held OPR unchanged at 3.00%. We are reaffirming our views, for OPR to stay pat at 3.00% in 2017. Expect focus to shift towards today's 30-year GII reopening tender, with benign tender size of RM2b. Total MGS/GII transacted was over RM1.7b. 7-year MGS 9/24 saw RM244m traded at 3.94%, whilst 15-year MGS tighten circa 5 bps to end at 4.45%. We expect focus to shift towards Malaysia's CPI release next week.

PDS/Sukuk

- In the corporate bonds and sukuk space, we saw RM206m transacted. Most trades skewed towards the AAA/AA space. Notable trades emerging include Maybank '1/19 at 4.69%, Kapar Energy '7/18 at 4.27% and Westport '4/22 at 4.39%. In the AA – space, MMC '11/20 and '11/25 saw levels exchanged at 4.92% and 5.32% respectively, with combined amounts of RM70m.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.37	2
5-yr UST	1.89	1
10-yr UST	2.35	3
30-yr UST	2.92	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.41		3.61	0
5-yr	3.75	-1	3.84	0
7-yr	3.93	-2	4.06	-2
10-yr	3.97	0	4.07	-4
15-yr	4.45	-5	4.56	-4
20-yr	4.59	-1	4.71	1
30-yr	4.82	0	4.88	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.51	0
3-yr	3.65	-1
5-yr	3.78	-1
7-yr	3.88	-1
10-yr	4.03	-1

Source: Bloomberg

Upcoming Government Bond Tenders

Reopening of 30-year GII, tender size : RM2b (Tender : Friday)

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 09/17	3.077	10	3.218	11/07/2017	-14
MGS 02/18	3.139	210	3.159	12/07/2017	-2
MGS 03/18	3.175	35	3.175	12/07/2017	0
MGS 09/18	3.285	198	3.322	12/07/2017	-4
MGS 03/19	3.413	2	3.414	12/07/2017	0
MGS 10/19	3.538	13	3.538	10/07/2017	0
MGS 11/19	3.511	43	3.557	12/07/2017	-5
MGS 03/20	3.616	6	3.647	12/07/2017	-3
MGS 10/20	3.674	9	3.694	10/07/2017	-2
MGS 07/21	3.793	6	3.807	12/07/2017	-1
MGS 09/21	3.831	21	3.847	12/07/2017	-2
MGS 11/21	3.795	30	3.815	12/07/2017	-2
MGS 03/22	3.751	65	3.758	12/07/2017	-1
MGS 08/23	4.024	100	4.061	12/07/2017	-4
MGS 07/24	4.103	23	4.098	12/07/2017	0
MGS 09/24	3.939	244	3.951	12/07/2017	-1
MGS 09/25	4.114	16	4.129	12/07/2017	-1
MGS 11/26	4.081	18	4.081	12/07/2017	0
MGS 03/27	4.203	11	4.112	29/06/2017	9
MGS 05/27	4.159	1	4.155	11/07/2017	0
MGS 11/27	3.970	3	3.970	12/07/2017	0
MGS 09/28	4.325	7	4.273	03/07/2017	5
MGS 04/30	4.508	128	4.523	12/07/2017	-1
MGS 06/31	4.540	40	4.544	12/07/2017	0
MGS 04/32	4.554	10	4.553	10/07/2017	0
MGS 04/33	4.451	22	4.495	11/07/2017	-4
MGS 05/35	4.601	30	4.609	10/07/2017	-1
MGS 04/37	4.589	1	4.614	11/07/2017	-2
GII 08/18	3.319	10	3.243	05/07/2017	8
GII 04/20	3.610	230	3.609	12/07/2017	0
GII 06/20	3.749	10	3.754	12/07/2017	0
GII 04/22	3.842	50	3.843	07/07/2017	0
GII 07/22	3.905	50	3.928	11/07/2017	-2
GII 08/24	4.061	12	4.077	12/07/2017	-2
GII 07/27	4.074	25	4.108	12/07/2017	-3
GII 08/33	4.564	20	4.599	12/07/2017	-4
GII 10/35	4.712	1	4.703	10/07/2017	1
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Daily Trades: PDS / Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against IRS**	
Cagamas Berhad	10/18	AAA	3.857	5	3.899	31/05/2017	-4	34
GENM Capital Berhad	03/22	AAA	4.730	2	4.688	22/06/2017	4	96
Cagamas Berhad	04/22	AAA	4.139	5	4.093	21/06/2017	5	36
Public Bank Berhad	09/18	AA1	4.150	0	4.185	06/07/2017	-3	64
Malayan Banking Berhad	01/19	AA1	4.687	20	4.679	06/07/2017	1	111
Kapar Energy Ventures Sdn Berhad	07/18	AA+	4.267	10	4.218	04/07/2017	5	75
Westports Malaysia Sdn Berhad	04/22	AA+	4.398	10	4.305	15/06/2017	9	62
PBFIN Berhad	11/19	AA2	4.611	1	4.459	16/06/2017	15	103
UMW Holdings Berhad	02/21	AA2	4.687	30	4.754	24/05/2017	-7	98
UMW Holdings Berhad	10/21	AA2	4.748	10	4.769	13/06/2017	-2	104
RHB Bank Berhad	07/19	AA3	4.721	2	4.316	11/07/2017	41	114
Cahaya Mata Sarawak Berhad	05/22	AA3	4.634	19	4.634	06/07/2017	0	86
MMC Corporation Berhad	11/20	AA-	4.917	30	4.862	30/06/2017	5	127
MMC Corporation Berhad	11/25	AA-	5.318	40	5.315	20/06/2017	0	139
Golden Assets International Finance Limitec	08/19	A1	6.403	1	5.347	20/03/2017	106	282
Affin Bank Berhad	02/22	A1	5.047	20	5.048	07/07/2017	0	127
Mah Sing	-	NR	6.476	1	-	-	-	-
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*spread against nearest indicative tenured IRS (Source : BPAM)

Market/Corporate News: What's Brewing

Yinson Holdings Bhd, which is bidding for three to six projects and fresh from inking a deal to sell part of its African unit to big-name Japanese investors, is now embarking on a massive perpetual securities programme of up to US\$500mil (RM2.13bil) to fund its growth. Yesterday, the floating production, storage and offloading (FPSO) service provider announced on Bursa Malaysia that it had established a US\$500mil multi-currency perpetual securities programme, which it has unconditionally guaranteed. Essentially, the establishment of this perpetual securities programme enables Yinson to issue perpetual securities when required for general corporate purposes. During the group's recent AGM, group CEO Lim Chern Yuan said that Yinson prefers not to tap into the primary equity market to raise funds. "We will instead rely on the ability of the company to velocitise the future cash flows from its firm contracts through strategic partnerships, any form of hybrid securities, or bond raising from the market," he said. Hence, there is no timeline for Yinson to issue the perpetual securities, as the group can decide to do so at any given time under the programme in full sum or in tranches, depending on the market reception, as well as preferred coupon, tenure and other relevant pricing supplements. Based on Yinson's past track records, when raising funds from the market, the proceeds are usually earmarked for the embarkment of new projects. In addition, Yinson has also received an approval-in-principle from the Singapore Exchange Securities Trading Ltd (SGX-ST) for permission to deal in, for any perpetual securities pursuant to the programme, the official list of the SGX-ST. The perpetual securities are to be listed on the SGX-ST as it is an international Regulation S bond, which has a wider range of investor base. (Source : The Star)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Krung Thai Bank Public Company Limited	Proposed Senior MTN programme	AA1 / Stable	Affirmed
United Overseas Bank (Malaysia) Bhd	Tier-2 Subordinated Notes Programme (2015/2045)	AA2 / Stable	Affirmed
	Financial institution ratings	AAA / Stable	
	RM1 billion tier-2 subordinated bonds.	AA1 / Stable	

Source: MARC and RAM ratings

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