

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- UST's were sold-off as risk-on mode continued on renewed optimism of announcement of tax reform plan by the Trump administration and as North Korean news flow abated. US data flow has also been positive. Yields were pushed higher by 1-2bps after \$20b of 10Y auction/reopening tailed. The 10Y benchmark lost 2 bps to end at 2.19%. Market players will be watching for clues from US data out later today i.e. initial jobless claims and CPI.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.35	1
5-yr UST	1.77	2
10-yr UST	2.19	2
30-yr UST	2.79	2

MGS			GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)	
3-yr	3.31	-1	3.44	0	
5-yr	3.50	0	3.70	1	
7-yr	3.77	-1	3.93	0	
10-yr	3.85	-1	4.02	0	
15-yr	4.26	-3	4.47	0	
20-yr	4.48	-1	4.67	-1	
30-yr	4.73	3	4.85	-1	

\*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	0
10-yr	3.94	0

Source: Bloomberg

#### Upcoming Government Bond Tender

RM4.0bn 5-year MGS 3/22 today

##### MGS/GII

- Govvies saw total volume jump to RM4.04b from RM3.23b the previous day with MGS bond yields reversing to end lower by 1-3 bps across 3-20y tenures. The 10-year benchmark MGS 11/27 closed 1bps lower at 3.85% whereas the 10Y GII 7/27 was unchanged at 4.02%. Trading was seen focused on the front end to the belly of the curve. Investors will continue to watch USDMYR levels and the upcoming 5Y MGS reopening/auction today for leads in the local govvies space.

##### PDS/Sukuk

- Total volume almost doubled to RM704m. GG bond yields moved up a little on the short-end whereas the rest of the bond yield curve closed unchanged. This comes on the back of strong secondary trades as well as issuance of the long-awaited RM4.0b primary issue of Prasarana Berhad with tenures ranging from 5-30 years at levels between 4.08% (5Y) and 5.23% (10Y). We also note volume spiked for GG bonds to RM245m led by Dana Infra Bhd, Prasarana and Lembaga Pembiayaan Sektor Awam Berhad.

**Daily Trades : Government Bonds**

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 09/17	3.000	350	3.934	12/09/2017	-93
MGS 10/17	2.869	411	3.115	12/09/2017	-25
MGS 02/18	2.943	114	2.876	12/09/2017	7
MGS 03/18	2.949	320	2.929	12/09/2017	2
MGS 09/18	2.957	465	2.919	12/09/2017	4
MGS 03/19	3.106	12	3.059	12/09/2017	5
MGS 07/19	3.181	54	3.187	12/09/2017	-1
MGS 10/19	3.236	6	3.212	12/09/2017	2
MGS 07/20	3.355	9	3.357	12/09/2017	0
MGS 10/20	3.348	3	3.367	08/09/2017	-2
MGS 02/21	3.312	229	3.319	12/09/2017	-1
MGS 07/21	3.434	30	3.452	12/09/2017	-2
MGS 09/21	3.512	3	3.471	08/09/2017	4
MGS 11/21	3.552	1	3.529	12/09/2017	2
MGS 03/23	3.713	6	3.723	12/09/2017	-1
MGS 08/23	3.781	20	3.781	12/09/2017	0
MGS 09/24	3.770	163	3.782	12/09/2017	-1
MGS 09/25	3.860	2	3.853	11/09/2017	1
MGS 11/26	3.843	0	3.841	11/09/2017	0
MGS 05/27	3.978	1	3.977	12/09/2017	0
MGS 11/27	3.848	136	3.857	12/09/2017	-1
MGS 04/30	4.260	44	4.265	12/09/2017	0
MGS 06/31	4.280	4	4.280	12/09/2017	0
MGS 04/33	4.260	140	4.237	11/09/2017	2
MGS 05/35	4.401	4	4.368	12/09/2017	3
MGS 04/37	4.483	110	4.491	12/09/2017	-1
MGS 03/46	4.733	55	4.701	12/09/2017	3
GII 11/17	3.020	20	2.986	07/09/2017	3
GII 08/18	3.164	5	3.128	11/09/2017	4
GII 04/20	3.442	219	3.445	12/09/2017	0
GII 04/20	3.510	60	3.602	23/08/2017	-9
GII 05/20	3.554	30	3.583	12/09/2017	-3
GII 04/22	3.703	10	3.699	12/09/2017	0
GII 07/23	3.914	21	3.840	08/09/2017	7
GII 08/24	3.930	217	3.928	12/09/2017	0
GII 10/25	4.078	1	4.070	08/09/2017	1
GII 09/26	4.117	1	4.137	08/09/2017	-2
GII 07/27	4.020	360	4.021	12/09/2017	0
GII 09/30	4.418	16	4.449	08/09/2017	-3
GII 08/33	4.471	270	4.476	12/09/2017	0
GII 10/35	4.597	28	4.600	12/09/2017	0
GII 08/37	4.665	90	4.677	12/09/2017	-1
GII 05/47	4.850	1	4.856	12/09/2017	-1
		<u>4041</u>			

## Daily Trades: PDS / Sukuk

Securities	Rating	Closing	Vol	Previous	Chg	Spread		
							YTM	(RM mil)
Danainfra Nasional Berhad	04/22	GG	4.009	15	4.029	18/08/2017	-2	32
Danainfra Nasional Berhad	05/22	GG	3.998	110	4.028	12/09/2017	-3	31
Prasarana Malaysia Berhad	09/22	GG	4.020	100	4.079	17/07/2017	-6	34
Lembaga Pembiayaan Perumahan Sektor Awam	05/22	GG	4.056	20	4.083	06/09/2017	-3	-
Cagamas Berhad	09/17	AAA	3.324	5	3.641	10/08/2017	-32	-16
Al-Aqar Capital Sdn Berhad	05/18	AAA	4.264	10	4.145	01/08/2016	12	78
Telekom Malaysia Berhad	05/22	AAA	4.154	10	4.177	09/08/2017	-2	47
Berjaya Land Berhad	12/21	AAA	4.832	5	4.925	14/07/2017	-9	121
Projek Lebuhraya Usahasama Berhad	01/25	AAA	4.352	35	4.340	11/09/2017	1	56
Putrajaya Holdings Sdn Berhad	05/26	AAA	4.503	40	4.540	30/08/2017	-4	66
Malayan Banking Berhad	01/19	AA1	4.621	40	4.566	07/09/2017	6	114
Sabah Credit Corporation	10/19	AA1	4.455	20	4.511	08/06/2017	-6	92
Sabah Development Berhad	04/20	AA1	4.930	4	5.000	06/09/2017	-7	135
Sabah Credit Corporation	05/20	AA1	4.495	5	4.538	28/08/2017	-4	91
Sabah Credit Corporation	08/20	AA1	4.497	35	4.570	20/07/2017	-7	91
YTL Power International Berhad	03/23	AA1	4.519	20	4.557	22/08/2017	-4	78
YTL Power International Berhad	03/27	AA1	4.858	40	4.869	11/09/2017	-1	92
Hong Leong Islamic Bank Berhad	06/19	AA2	4.527	1	4.533	08/09/2017	-1	99
Tanjung Bin Power Sdn Berhad	08/24	AA2	4.577	30	4.501	04/10/2016	8	79
BEWG (M) Sdn Berhad	07/20	AA	4.998	10	5.003	06/09/2017	0	-
RHB Bank Berhad	11/17	AA3	3.953	12	4.009	28/08/2017	-6	47
Tadau Energy Sdn Berhad	07/29	AA3	5.569	8	-	-	-	-
Tadau Energy Sdn Berhad	07/32	AA3	5.869	10	-	-	-	-
Tadau Energy Sdn Berhad	07/31	AA3	5.769	10	-	-	-	-
Tadau Energy Sdn Berhad	07/30	AA3	5.669	8	5.750	26/07/2017	-8	-
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/32	AA-	5.049	20	5.050	08/09/2017	0	-
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/33	AA-	5.089	20	5.090	08/09/2017	0	-
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/34	AA-	5.139	10	5.130	29/05/2017	1	-
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/38	AA-	5.380	20	5.399	10/08/2017	-2	-
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/39	AA-	5.449	10	5.459	03/07/2017	-1	-
Tan Chong Motor Holdings Berhad	11/21	A1	5.983	1	5.982	12/09/2017	0	236
Affin Bank Berhad	05/27	A1	4.997	20	5.026	07/09/2017	-3	106
				<u>704</u>				

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

## Market/Corporate News: What's Brewing

**S&P Global Ratings** highlighted **global issuance of sukuk** in the first half of 2017 was good, but expects it to moderate in 2018 as the Islamic finance industry has moved into a "new normal" of slow growth. "We think that 2018 is less certain, as we don't see some of the large issuances of last year repeating next year," Dr. Mohamed Damak, senior director and global head of Islamic finance at S&P Global Ratings said, after noting the accelerated issuance of sukuk in the first half of this year. Among some of the downside trends relating to Islamic finance includes subdued economic performance in Islamic finance core countries, primarily due to low oil prices, as well as fragmentation and lack of integration by business line and geographical issues that impede growth. While there were some positive strides seen in the past few months, the absence of a strong response to the long-standing debate about standardisation will continue to stymie the industry. (Source: The Edge)

**Malaysian palm oil futures** gained for a third straight session to hit their highest in more than six months on Wednesday, as trading breached a psychological barrier

and market was upbeat about the industry outlook. The benchmark palm oil contract for November delivery on the Bursa Malaysia Derivatives Exchange shot up 1.56 percent to 2,873 ringgit (\$685.68). Trading volumes were 57,600 lots of 25 tonnes each. Earlier, the contract hit 2,876 ringgit, its highest since March 8. It has risen 4 percent in three days. ( Source: The Star )

### Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Klmanis Power Sdn Bhd	RM1.16b Sukuk Programme	AA-	Reaffirmed
Ara Bintang Berhad	RM330 million Second Senior MTN, RM730 million Third Junior MTN, RM10 million Fourth Junior MTN and RM10 million Fifth Junior MTN (collectively, the Junior MTN) under its RM1.25 billion MTN Programme	AAA (stable)/C3	Reaffirmed

Source: RAM; MARC

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