

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- UST's mild sell-off continued as economic data seem to favor higher yields going forward as CPI gain of 1.9% YOY signals that inflation is back on investor radar. Lower Initial jobless claim data also served as a dampener pushing yields at the front end up by approximately 1bp while the 10Y benchmark closed little changed at 2.19%. Traders are now pricing in a 47% chance of a 3rd rate hike this year. However the ongoing assessment and impact of both Hurricane Harvey and Irma may be mitigating factors. Market players will also be watching for further clues from the North Korea threat.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.36	1
5-yr UST	1.78	1
10-yr UST	2.19	0
30-yr UST	2.77	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.32	0	3.51	0
5-yr	3.50	0	3.70	0
7-yr	3.78	1	3.94	1
10-yr	3.85	0	4.02	0
15-yr	4.27	1	4.48	1
20-yr	4.49	1	4.67	0
30-yr	4.74	1	4.85	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.48	0
3-yr	3.59	1
5-yr	3.69	-1
7-yr	3.80	0
10-yr	3.93	1

Source : Bloomberg

MGS/GII

- MGS were sold off marginally pushing yields up by 1bps across most tenures. The 5Y MGS 3/22 auction/reopening saw relatively decent demand with BTC at 1.90x; better than its debut in March 2017. It led gains; closing 3.495% compared to WI which was traded at 3.505%. Both the 10-year benchmark MGS 11/27 and 10Y GII 7/27 closed unchanged at 3.85% and 4.02% respectively. Decent volume seen on the long-tenured i.e. 20-30Y MGS. Investors continue to watch for stable USDMYR levels and geopolitical news for leads in the local govies space.

PDS/Sukuk

- Govt Guaranteed bonds volume increased on Thursday mainly due to the new and on-the-run Prasarana's bonds. The 5-30Y bonds rallied 2-7 bps lower from coupon. Stripping off Prasarana trades, GG volume would have been RM100m in total, dominated by Danainfra 7y and 15y which changed hands at 4.27% and 4.80% respectively. All in all, ultra long end of GG (20-30y) is seen to portray value compared to recent historical levels.

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 10/17	2.933	66	2.933	14/09/2017	0
MGS 02/18	2.916	31	2.916	14/09/2017	0
MGS 07/20	3.353	70	3.353	14/09/2017	0
MGS 02/21	3.315	190	3.315	14/09/2017	0
MGS 07/21	3.458	77	3.458	14/09/2017	0
MGS 03/22	3.500	1752	3.493	14/09/2017	1
MGS 03/23	3.693	47	3.693	14/09/2017	0
MGS 09/24	3.778	561	3.778	14/09/2017	0
MGS 11/26	3.867	41	3.867	14/09/2017	0
MGS 11/27	3.851	102	3.857	14/09/2017	-1
MGS 06/31	4.266	110	4.266	14/09/2017	0
MGS 04/33	4.273	121	4.260	14/09/2017	1
MGS 04/37	4.493	152	4.492	14/09/2017	0
GII 05/18	2.993	103	3.029	08/09/2017	-4
GII 08/19	3.351	60	3.351	14/09/2017	0
GII 08/24	3.936	50	3.936	14/09/2017	0
GII 10/25	4.114	40	4.114	14/09/2017	0
GII 07/27	4.024	130	4.026	14/09/2017	0
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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**	
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	09/22	GG	4.020	100	4.020	09/14/2017	0	-
DanaInfra Nasional Berhad	04/24	GG	4.268	80	4.268	09/14/2017	0	48
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	09/24	GG	4.272	515	4.272	09/14/2017	0	-
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	12/25	GG	4.310	35	4.310	09/14/2017	0	48
DanaInfra Nasional Berhad	03/32	GG	4.801	20	4.801	09/14/2017	0	67
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	09/37	GG	4.990	335	4.990	09/14/2017	0	-
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	02/41	GG	5.039	30	5.049	05/12/2017	-1	91
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	12/42	GG	5.090	135	5.090	09/14/2017	0	96
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	09/47	GG	5.210	155	5.159	09/14/2017	5	-
Aman Sukuk Berhad	02/18	AAA	3.830	4	3.830	09/14/2017	0	35
Cagamas Berhad	10/18	AAA	3.632	10	3.632	09/14/2017	0	15
AI Dzahab Assets Berhad	06/19	AAA	4.517	10	4.517	09/14/2017	0	98
Rantau Abang Capital Berhad	08/19	AAA	3.950	5	3.950	09/14/2017	0	41
GENM Capital Berhad	08/20	AAA	4.360	10	4.360	09/14/2017	0	78
Public Bank Berhad	02/21	AAA	4.308	10	4.202	06/21/2016	11	72
Aman Sukuk Berhad	04/22	AAA	4.359	10	4.359	09/14/2017	0	67
Manjung Island Energy Berhad	11/22	AAA	4.249	10	4.228	05/30/2017	2	56
Putrajaya Bina Sdn Berhad	12/22	AAA	4.289	50	4.289	09/14/2017	0	60
DiGi Telecommunications Sdn Berhad	12/24	AAA	4.338	10	4.338	09/14/2017	0	55
Projek Lebuhraya Usahasama Berhad	01/25	AAA	4.354	20	4.352	09/13/2017	0	57
GENM Capital Berhad	08/25	AAA	4.660	5	4.660	09/14/2017	0	83
Bank Pembangunan Malaysia Berhad	11/26	AAA	4.560	10	4.560	09/14/2017	0	62
DiGi Telecommunications Sdn Berhad	04/27	AAA	4.380	0	4.470	09/07/2017	-9	-
Telekom Malaysia Berhad	09/27	AAA	4.360	0	4.450	09/07/2017	-9	42
Sarawak Hidro Sdn Berhad	08/30	AAA	4.809	10	4.809	09/14/2017	0	68
Tenaga Nasional Berhad	03/32	AAA	4.800	5	4.800	09/14/2017	0	67
EKVE Sdn Berhad	01/35	AAA	5.079	10	5.079	09/14/2017	0	95
Tenaga Nasional Berhad	03/37	AAA	5.028	25	5.028	09/14/2017	0	90
Teknologi Tenaga Perlis Consortium Sdn Berhad	07/20	AA1	4.305	10	4.323	09/14/2017	-2	72
Sabah Development Bank Berhad	09/20	AA1	4.929	7	4.929	09/14/2017	0	134
YTL Power International Berhad	03/27	AA1	4.856	20	4.856	09/14/2017	0	92
Sarawak Energy Berhad	04/31	AA1	4.958	15	4.958	09/14/2017	0	83
Imtiaz Sukuk Berhad	11/17	AA2	3.914	6	3.914	09/14/2017	0	43
Lafarge Cement Sdn Berhad	01/18	AA2	3.991	10	3.991	09/14/2017	0	-
Tanjung Bin Power Sdn Berhad	08/19	AA2	4.230	20	4.254	09/08/2017	-2	69
UMW Holdings Berhad	02/21	AA2	4.577	10	4.577	09/14/2017	0	99
UMW Holdings Berhad	10/26	AA2	4.967	10	4.967	09/14/2017	0	103
RHB Bank Berhad	11/17	AA3	4.037	30	4.037	09/14/2017	0	56
BGSM Management Sdn Berhad	12/17	AA3	4.079	10	4.079	09/14/2017	0	60
Perbadanan Kemajuan Negeri Selangor	10/18	AA3	4.259	10	4.259	09/14/2017	0	78
Cahaya Mata Sarawak Berhad	05/22	AA3	4.528	15	4.528	09/14/2017	0	84
Tadaw Energy Sdn Berhad	07/23	AA3	4.968	5	4.968	09/14/2017	0	-
BGSM Management Sdn Berhad	06/24	AA3	4.751	10	4.751	09/14/2017	0	97
Celcom Networks Sdn Berhad [fka Celcom Transmission (M) Sdn Berhad]	08/24	AA+	4.869	10	4.869	09/14/2017	0	108
MMC Corporation Berhad	11/25	AA-	5.278	10	5.278	09/14/2017	0	144
Tanjung Bin O&M Berhad	07/26	AA-	4.719	15	4.719	09/14/2017	0	88
MMC Corporation Berhad	04/27	AA-	5.370	5	5.370	09/14/2017	0	143
MMC Corporation Berhad	11/27	AA-	5.397	55	5.397	09/14/2017	0	146
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/34	AA-	5.140	5	5.140	09/14/2017	0	-
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/35	AA-	5.200	5	5.200	09/14/2017	0	-
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/36	AA-	5.260	5	5.260	09/14/2017	0	-
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/37	AA-	5.320	5	5.320	09/14/2017	0	-
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/39	AA-	5.451	5	5.451	09/14/2017	0	197
Golden Assets International Finance Limited	11/17	A1	4.813	34	4.813	09/14/2017	0	133
Special Power Vehicle Berhad	11/21	A1	5.339	10	5.339	09/14/2017	0	171
Tan Chong Motor Holdings Berhad	11/21	A1	5.986	1	5.986	09/14/2017	0	236
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*spread against nearest indicative tenured IRS (Source : BPAM)

Market/Corporate News: What's Brewing

Steel stocks on Bursa Malaysia continued their steady climb yesterday on improving prospects, following China's stringent move to slash its output and clamp down on more illegal steel mills. According to Malaysian Iron and Steel Industry Federation president Datuk Soh Thian Lai, the current uptrend in steel prices was mainly triggered by the China factor. In the past two years, China has already cut down its steel production by 100 million tonnes compared with its initial target to reduce it to 150 million tonnes within five years," he told StarBiz. Last year, China was focusing on clamping down on its steel "zombie" plants, but it is expected to target the operational capacity this year, explained Soh. The domestic price of long steel products to date has surged to about RM2,600 per tonne compared with RM2,200-RM2,400 per tonne in January this year. Even the imported flat hot-rolled coils are trading higher at US\$600 per tonne, while imported cold-rolled coils are at US\$630-US\$650 per tonne. (Source: The Star)

Tenaga Nasional Bhd (TNB) announced that its 51%-owned Southern Power Generation Sdn Bhd plans to raise RM4 billion via the issuance of sukuk, which will have a tenure of up to 20 years. According to TNB, proceeds of the sukuk will be used by Southern Power Generation to fund up to 80% of the total construction cost of the 2X720MW combined-cycle gas turbine power plant in Pasir Gudang, Johor, previously code-named Project 4A. It was previously reported that the project will cost some RM4.7 billion. The sukuk, said TNB in its Bursa Malaysia filing today, will be issued in one lump sum. While the issuance may not have an immediate material impact to earnings, TNB said the exercise could potentially raise its consolidated gearing. (Source: The Edge)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM; MARC

Level 6, Wisma Hong Leong
18, Jalan Perak
50450 Kuala Lumpur
Tel: 603-2773 0469
Fax: 603-2164 9305
Email: HLMarkets@hlbb.hongleong.com.my

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