

**Global Markets Research**

**Fixed Income**

**Fixed Income Daily Market Snapshot**

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**US Treasuries**

- UST yields ended lower on the short-end, mirroring slight bull steepening. 2-year and 5-year note tightened 1-2 bps lower versus previous session close. CPI in June eased 1.6% versus previous 1.9% level, whilst retail sales contracted -0.2% in the June. Michigan sentiment index meanwhile moderated to 93.1 versus a prior reading of 95.1. Upcoming PMI readings and housing starts details will be a close watch for market players on more sustained signs of economic recovery, before policymakers meet later this month at the July FOMC meeting.

**MGS/GII**

- Local govies traded on thinner volume with less than RM1b traded, circa RM794m changed hands. 30-year GII 5/47 seen closing at 4.94%, with spreads of circa 10-11 bps versus comparable 30-year benchmark MGS. We opine investors to focus on upcoming June CPI release this week, with Bloomberg consensus expecting a 3.8% print. We expect inflation prospects to moderate in 2H2017, paving the way for OPR to remain unchanged at 3.00% in 2017.

**PDS/Sukuk**

- In the corporate bonds and sukuk space, we saw RM689m traded. A slew of SPR Energy (AA3 rated, seen emerging on the secondary trading space). Prasa '12/25 ended at 4.36% with RM40m dealt, whilst DanaInfra '7/44 closed at 5.21% with RM60m changing hands. Alliance Bank sub-debt '10/20 and '12/20 meanwhile saw collective amount of RM30m, with levels closing at 4.96% and 4.99% level respectively.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.36	-1
5-yr UST	1.87	-2
10-yr UST	2.33	-2
30-yr UST	2.92	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.38	-3	3.61	0
5-yr	3.75	0	3.84	0
7-yr	3.93	0	4.06	0
10-yr	3.97	0	4.07	0
15-yr	4.45	0	4.56	0
20-yr	4.59	0	4.72	1
30-yr	4.83	1	4.94	6

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.51	0
3-yr	3.63	-2
5-yr	3.79	1
7-yr	3.88	0
10-yr	4.03	0

Source: Bloomberg

**Upcoming Government Bond Tenders**

**Nil**

**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	27	3.077	13/07/2017	-8
MGS	10/17	3.027	60	3.038	12/07/2017	-1
MGS	02/18	3.157	1	3.139	13/07/2017	2
MGS	03/18	3.191	0	3.175	13/07/2017	2
MGS	09/18	3.320	117	3.285	13/07/2017	3
MGS	03/19	3.376	34	3.413	13/07/2017	-4
MGS	10/19	3.528	13	3.538	13/07/2017	-1
MGS	11/19	3.488	3	3.511	13/07/2017	-2
MGS	03/20	3.608	10	3.616	13/07/2017	-1
MGS	07/20	3.639	0	3.661	10/07/2017	-2
MGS	10/20	3.648	31	3.674	13/07/2017	-3
MGS	07/21	3.779	13	3.776	13/07/2017	0
MGS	09/21	3.826	20	3.808	13/07/2017	2
MGS	11/21	3.800	0	3.795	13/07/2017	0
MGS	08/22	3.875	18	3.854	12/07/2017	2
MGS	09/25	4.129	0	4.142	12/07/2017	-1
MGS	11/26	4.074	4	4.081	13/07/2017	-1
MGS	03/27	4.214	4	4.203	13/07/2017	1
MGS	04/30	4.503	7	4.508	13/07/2017	0
MGS	06/31	4.524	5	4.540	13/07/2017	-2
MGS	04/32	4.568	4	4.554	13/07/2017	1
MGS	05/35	4.627	5	4.584	13/07/2017	4
MGS	04/37	4.598	1	4.589	13/07/2017	1
MGS	09/43	4.860	2	4.853	12/07/2017	1
MGS	03/46	4.833	3	4.820	12/07/2017	1
GII	04/19	3.428	10	3.413	05/07/2017	2
GII	04/20	3.607	20	3.610	13/07/2017	0
GII	06/20	3.747	10	3.749	13/07/2017	0
GII	08/21	3.848	1	3.821	30/06/2017	3
GII	11/22	4.003	8	4.003	26/04/2017	0
GII	07/23	4.079	10	4.065	11/07/2017	1
GII	10/23	4.093	5	4.058	07/02/2017	4
GII	05/24	4.098	6	4.122	12/07/2017	-2
GII	10/35	4.720	2	4.712	13/07/2017	1
GII	05/47	4.936	340	4.882	04/07/2017	5
			<u>794</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**	
Pengurusan Air SPV Berhad	02/23	GG	4.195	5	4.200	10/07/2017	0	38
Prasarana Malaysia Berhad [fka Syarikat Pr	12/25	GG	4.364	40	4.398	10/01/2017	-3	44
Danainfra Nasional Berhad	07/44	GG	5.210	60	5.170	03/11/2014	4	100
DiGi Telecommunications Sdn Berhad	04/22	AAA	4.200	1	4.292	06/07/2017	-9	44
Cagamas Berhad	11/17	AAA	3.649	20	3.699	16/03/2017	-5	15
GB Services Berhad	11/19	AAA	4.526	10	4.479	03/07/2017	5	95
Berjaya Land Berhad	12/21	AAA	4.925	6	4.886	06/07/2017	4	122
Telekom Malaysia Berhad	11/25	AAA	4.480	4	4.198	30/08/2016	28	56
DiGi Telecommunications Sdn Berhad	04/27	AAA	4.568	15	-	-	-	45
Public Bank Berhad	08/17	AA1	5.286	1	4.967	07/07/2017	32	179
Malayan Banking Berhad	01/19	AA1	4.687	40	4.722	12/07/2017	-4	111
Sarawak Energy Berhad	08/35	AA1	5.272	10	5.269	05/07/2017	0	106
CIMB Bank Berhad	09/18	AA+	4.341	10	4.347	06/07/2017	-1	85
CIMB Bank Berhad	08/21	AA+	4.812	50	4.900	09/06/2017	-9	110
First Resources Limited	10/21	AA2	4.654	20	4.615	06/07/2017	4	94
UniTapah Sdn Berhad	06/27	AA2	4.763	10	4.838	08/03/2017	-8	73
Anih Berhad	11/29	AA	4.971	5	4.975	20/01/2017	0	94
RHB Islamic Bank Berhad	05/19	AA3	4.508	20	4.512	07/07/2017	0	93
RHB Bank Berhad	07/19	AA3	4.480	1	4.189	13/07/2017	29	91
CIMB Thai Bank Public Company Limited	07/19	AA3	4.533	1	4.535	11/07/2017	0	96
Gamuda Berhad	04/21	AA3	4.467	10	4.410	31/05/2017	6	76
SPR Energy	07/22	AA3	4.810	5	-	-	-	116
SPR Energy	07/22	AA3	6.480	2	-	-	-	283
SPR Energy	07/23	AA3	5.740	25	-	-	-	203
SPR Energy	07/21	AA3	4.704	10	-	-	-	113
SPR Energy	07/27	AA3	5.170	20	-	-	-	114
SPR Energy	07/32	AA3	5.650	10	-	-	-	144
SPR Energy	07/18	AA3	4.510	20	-	-	-	102
SPR Energy	07/19	AA3	4.580	10	-	-	-	109
SPR Energy	07/20	AA3	4.640	10	-	-	-	107
SPR Energy	07/26	AA3	5.060	40	-	-	-	103
SPR Energy	07/28	AA3	5.290	25	-	-	-	126
SPR Energy	07/29	AA3	5.380	25	-	-	-	135
SPR Energy	07/30	AA3	5.470	20	-	-	-	126
SPR Energy	07/34	AA3	5.830	25	-	-	-	162
SPR Energy	07/35	AA3	5.950	20	-	-	-	174
Sports Toto Malaysia Sdn Berhad	06/20	AA-	4.602	20	-	-	-	180
Golden Assets International Finance Limitec	08/19	A1	6.403	1	6.403	13/07/2017	0	283
United Overseas Bank (Malaysia) Berhad	05/20	AA1	4.508	20	4.436	15/06/2017	7	86
CIMB Group Holdings Berhad	05/21	A1	4.902	1	5.223	30/06/2017	-32	119
CIMB Group Holdings Berhad	12/21	A1	5.201	0	4.900	23/06/2017	30	149
Affin Bank Berhad	05/22	A1	5.047	10	5.047	13/07/2017	0	128
AMMB Holdings Berhad	03/22	A1	4.864	1	5.002	06/07/2017	-14	130
Alliance Bank Malaysia Berhad	10/20	A2	4.956	10	4.703	10/07/2017	25	131
Alliance Bank Malaysia Berhad	12/20	A2	4.989	20	4.956	29/05/2017	3	134
								689

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

## Market/Corporate News: What's Brewing

Malaysia and Indonesia plan to raise the prospect of European Union (EU) curbs on the imports of palm oil with the World Trade Organisation (WTO), both countries said in a joint statement yesterday. A resolution by the European Parliament in April called for the EU to phase out by 2020 the use of vegetable oils in biodiesel that are produced in an unsustainable way leading to deforestation. The resolution includes palm oil, an important commodity for Indonesia and Malaysia, which produce nearly 90% of the world's palm oil. The statement, following a meeting between Malaysia and Indonesia's trade ministers, said that the two South-East Asian countries would meet at end-July to "discuss and coordinate" palm oil issues, including organising a joint mission to Europe to "engage with relevant parties and stakeholders." The two nations will coordinate plans via the Council of Palm Oil Producing Countries (CPOPC), a joint initiative by Malaysia and Indonesia to work together in managing stockpiles and supporting prices. "Malaysia and Indonesia will consider taking this issue to the WTO if the resolution becomes an EU directive and discriminatory in nature," said the statement, issued by Malaysia's International

Trade and Industry Ministry. The palm oil industry has faced widespread criticism in recent years for its links to deforestation and is often accused of annual haze outbreaks in the region due to open burning being used as a cheap way to clear land. France said earlier this month it would take steps to restrict the use of palm oil in producing biofuels. Malaysia has called the move discriminatory and added it would review its trade with France, while Indonesia's palm oil association said it was concerned it could prompt other European nations to follow suit. (Source : The Star)

### Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: MARC and RAM ratings

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