

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

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US Treasuries

- UST was bid up with yields ended lower across the curve. 10-year note yields lost 5bps to 2.22% while the 2s slipped 2bps to 1.33%. FOMC minutes reiterating inflation concerns have dampened prospects of further rate hike this year while President Trump's announcement on breaking up two business advisory councils raised concerns over a derail in his policy reforms that could jeopardize growth outlook. With FOMC minutes out of the way, markets will turn their focus on tonight's first tier data for more clues on the US economic health ahead of the annual Jackson Hole symposium next week.

MGS/ GII

- Local govies ended on a softer note with benchmark yields ranging between steady to 1-2bps higher across the tenor with the exception of the 5-year note which saw yields slipping 1bp to 3.62%. Trading volume was also a tad lower with RM2.2bn worth changed hands, vs RM2.8bn a day ago. Trading was focused on the belly and the long end of the curve. MGS 2/21 saw RM290m changed hands at 3.441% while MGS 4/30 and MGS 6/31 saw a combined RM375m traded, at 4.373% and 4.441% respectively. In the GII space, yields were generally higher across the spectrum, with 3s rising the most by 2bps to 3.56%. A total of RM783m was traded, mostly centered on GII 4/20 and GII 7/23. All eyes will be on Malaysia 2Q GDP print tomorrow. Any upside surprise reflecting a more upbeat growth outlook is expected to increase the attractiveness of MYR bonds.

PDS/Sukuk

- Trading in the MYR corporate bonds/sukuk gained traction with trading volume doubling to RM458m worth yesterday. Including the RM500m traded in PTPTN '8/23 and PTPTN '8/32, trading volume was pushing near the RM1.0bn mark. Besides PTPTN papers, other GG issuances that were traded include Prasa '12/22, DanaInfra '2/23 and '4/24, LPPSA '4/24, '9/26, and '4/27. AAA papers also attracted sizeable interest with RM102m worth traded. Other bonds traded include YTLP '5/27 (RM40m) and Bank Islam ' 12/20 (RM30m).

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.33	-2
5-yr UST	1.78	-5
10-yr UST	2.22	-5
30-yr UST	2.81	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.44	2	3.56	2
5-yr	3.62	-1	3.77	1
7-yr	3.91	0	4.01	0
10-yr	3.99	1	4.11	1
15-yr	4.38	0	4.53	1
20-yr	4.57	0	4.74	1
30-yr	4.77	2	4.91	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.49	0
3-yr	3.64	1
5-yr	3.75	-1
7-yr	3.86	0
10-yr	3.98	0

Source : Bloomberg

Upcoming Government Bond Tenders

Nil

Daily Trades : Government Bonds

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date	(bp)
					(dd/mm/yyyy)	
MGS	03/19	3.233	63	3.240	08/16/2017	-1
MGS	10/19	3.361	40	3.361	08/16/2017	0
MGS	07/20	3.457	50	3.457	08/16/2017	0
MGS	02/21	3.441	290	3.435	08/16/2017	1
MGS	09/22	3.764	110	3.762	08/16/2017	0
MGS	07/24	3.955	41	3.955	08/16/2017	0
MGS	09/24	3.909	70	3.909	08/16/2017	0
MGS	09/25	4.035	70	4.028	08/16/2017	1
MGS	04/26	4.080	180	4.080	08/16/2017	0
MGS	11/27	3.993	71	3.997	08/16/2017	0
MGS	04/30	4.373	109	4.373	08/16/2017	0
MGS	06/31	4.441	266	4.406	08/16/2017	4
GII	11/17	3.021	108	3.021	08/16/2017	0
GII	10/18	3.298	75	3.298	08/16/2017	0
GII	04/19	3.434	60	3.434	08/16/2017	0
GII	04/20	3.541	270	3.541	08/16/2017	0
GII	07/23	3.999	180	3.999	08/16/2017	0
GII	05/24	4.051	90	4.051	08/16/2017	0
SPK	10/21	3.875	50	3.890	08/16/2017	-2
			<u>2193</u>			

Daily Trades: PDS / Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date	(bp)	Against	
					(dd/mm/yyyy)		IRS**	
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	12/22	GG	4.083	10	4.083	08/16/2017	0	33
Danainfra Nasional Berhad	02/23	GG	4.082	5	4.082	08/16/2017	0	33
Danainfra Nasional Berhad	04/24	GG	4.230	30	4.230	08/16/2017	0	38
Lembaga Pembiayaan Perumahan Sektor Awam	04/24	GG	4.274	20	4.273	08/16/2017	0	-
Lembaga Pembiayaan Perumahan Sektor Awam	09/26	GG	4.430	20	4.430	08/16/2017	0	-
Lembaga Pembiayaan Perumahan Sektor Awam	04/27	GG	4.480	30	4.480	08/16/2017	0	-
Silver Sparrow Berhad	12/17	AAA	4.034	20	4.034	08/16/2017	0	54
Cagamas Berhad	11/18	AAA	3.796	10	3.796	08/16/2017	0	31
Cagamas Berhad	10/19	AAA	3.908	10	3.908	08/16/2017	0	35
HSBC Amanah Malaysia Berhad	03/20	AAA	4.234	2	4.234	08/16/2017	0	59
Cagamas Berhad	04/22	AAA	4.109	10	4.109	08/16/2017	0	36
Rantau Abang Capital Berhad	10/22	AAA	4.206	10	4.206	08/16/2017	0	46
Bank Pembangunan Malaysia Berhad	03/27	AAA	4.592	20	4.594	08/08/2017	0	61
Projek Lebuhraya Usahasama Berhad	01/29	AAA	4.699	10	4.699	08/16/2017	0	72
EKVE Sdn Berhad	01/33	AAA	5.009	10	5.009	08/16/2017	0	85
YTL Power International Berhad	01/00	AA1	4.940	40	4.940	08/16/2017	0	145
Malaysia Building Society Berhad	12/18	AA1	4.447	15	4.447	08/16/2017	0	96
First Resources Limited	12/17	AA2	4.166	30	4.166	08/16/2017	0	68
OCBC Bank (Malaysia) Berhad	04/19	AA2	4.607	20	4.607	08/16/2017	0	104
Anih Berhad	11/18	AA	4.170	10	4.170	08/16/2017	0	68
Besraya (M) Sdn Berhad	07/19	AA3	4.275	2	4.275	08/16/2017	0	71
BGSM Management Sdn Berhad	12/19	AA3	4.434	4	4.434	08/16/2017	0	87
CIMB Group Holdings Berhad	04/20	AA3	4.695	2	4.695	08/16/2017	0	106
AmBank Islamic Berhad (fka Amlslamic Bank Berhad)	12/20	AA3	4.817	10	4.817	08/16/2017	0	118
BGSM Management Sdn Berhad	12/22	AA3	4.748	2	4.748	08/16/2017	0	100
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	12/17	AA-	4.236	10	4.236	08/16/2017	0	75
WCT Holdings Berhad	04/18	AA-	4.385	10	4.385	08/16/2017	0	90
UniTapah Sdn Berhad	06/18	AA2	4.175	10	4.175	08/16/2017	0	69
Malakoff Power Berhad	12/19	AA-	4.436	10	4.436	08/16/2017	0	87
WCT Holdings Berhad	04/20	AA-	4.838	10	4.838	08/16/2017	0	120
Malakoff Power Berhad	12/21	AA-	4.618	4	4.618	08/16/2017	0	93
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/26	AA-	4.771	10	4.771	08/16/2017	0	79
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/27	AA-	4.810	10	4.810	08/16/2017	0	83
AmBank (M) Berhad	08/19	A1	4.594	2	4.594	08/16/2017	0	103
Bank Islam Malaysia Berhad	12/20	A1	4.606	30	4.606	08/16/2017	0	97
			<u>458</u>					

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

Market/Corporate News: What's Brewing

PETROLIAM Nasional Bhd (Petronas) is looking to buy a stake in Indian Oil Corp's Ennore liquefied natural gas (LNG) import terminal, the Indian firm's chairman said on Wednesday. IOC aims to start operating the 5 million-tonnes-a-year terminal in the southern state of Tamil Nadu in 2018-19. Companies including Petronas have shown an interest in taking a stake in Ennore, Sanjiv Singh told reporters on the sidelines of an event, adding that India's Petronet LNG was also interested. State-owned Petroliam Nasional Berhad sees significant growth potential for LNG sales to India, Pakistan, Bangladesh and some parts of Southeast Asia, its upstream CEO Mohd Anuar Taib said in May. India has plans to raise its annual LNG import capacity to 50 million tonnes in the next few years from 21 million tonnes now. (Source : The Star/ Reuters)

The captive insurance industry may well be at a turning point and efforts should be undertaken to develop it, says Bank Negara governor Datuk Seri Muhammad Ibrahim. He said the industry should be focused on better risk management, promoting macro-economic stability and encouraging new growth rather purely concentrated on tax planning. "There are promising signs, among business and regulatory sectors, that there is a growing space for captives to play a role. It is important that we move forward to harness this potential, responsibly and thoughtfully," he said in his keynote address "De-risking Asia: The growing role of self-insurance" at the Asian Captive Conference 2017. Muhammad said captives have had, at best, an uneasy relationship with regulators. Captive insurance did not get off on the right foot with regulators. To recap, in the early days of the modern captive, efforts to regulate captives were mostly ill-suited to the nature of the captive business, he said. Prudential and market conduct regulations intended for the protection of the general public were applied equally to traditional and captive insurers. Muhammad said this reduced the cost savings that captives were set up to achieve. In response, captives relocated and domiciled in jurisdictions with less onerous regulations, which on hindsight is an onerous consequence. Fast-forward half a century, captives have an entrenched reputation for being tax evasion vehicles of large corporations. Offshore centers that are hosts to many captives have come under greater scrutiny, with stronger tax and regulatory regimes back on the cards to haunt the industry. (Source : The Star)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Lianbang Ventures Sdn Bhd	RM165.0 million 10-year tranche of the proposed RM200 million Danajamin-Guaranteed MTN Programme	AAA(fg)/stable	Assigned

Source: MARC and RAM ratings

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