

**Global Markets Research**

**Fixed Income**

**Fixed Income Daily Market Snapshot**

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**US Treasuries**

- UST yields ended lower on the belly and long-ends, with 30-year yields shaved 2 bps to end at 2.90%. Empire manufacturing data was softer lending support for bond yields, with reading of 9.8 versus market expected level of 15. US Treasury to sell \$13b of 10-year TIPS this week. We expect continue range-bound trading in UST.

**MGS/GII**

- Local govies traded thin volume with yields generally lower on the belly of the curve. Amongst benchmark, 5-year MGS tightened the most, ended yesterday 3 bps lower to close at 3.72%. Total volume transacted for MGS/GII was over RM1.7b. Given the still significant kink on the 15-year space, we opine the wide yield differential versus 10-year benchmark to attract some value-hunting for real money onshore investors. All eyes on June CPI this week.

**PDS/Sukuk**

- In the corporate bonds and sukuk space, trading volume stayed thin with only RM345m changing hands. A slew of Prasa maturing 2022-2024, saw a combined amount of RM120m transacted. Prasa '12/22 and '3/24 ended at 4.09% and 4.274% level respectively. Other notable trades include BGSM '3/26 dealt at 4.99%, whilst Affin Bank '2/22 and Special Power Vehicle '11/20 crossed at 5.05% and 5.09% level respectively.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.36	0
5-yr UST	1.86	-1
10-yr UST	2.32	-1
30-yr UST	2.90	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.38		3.61	0
5-yr	3.72	-3	3.83	-1
7-yr	3.92	-1	4.06	0
10-yr	3.96	-1	4.07	0
15-yr	4.44	-1	4.55	-1
20-yr	4.59	0	4.72	0
30-yr	4.83	0	4.94	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.50	-1
3-yr	3.63	0
5-yr	3.77	-1
7-yr	3.87	-1
10-yr	4.00	-3

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 02/18	3.152	95	3.157	14/07/2017	0
MGS 03/19	3.382	18	3.376	14/07/2017	1
MGS 10/19	3.514	0	3.528	14/07/2017	-1
MGS 11/19	3.509	0	3.488	14/07/2017	2
MGS 10/20	3.625	0	3.648	14/07/2017	-2
MGS 07/21	3.711	36	3.779	14/07/2017	-7
MGS 09/21	3.741	14	3.826	14/07/2017	-9
MGS 11/21	3.787	1	3.795	13/07/2017	-1
MGS 03/22	3.716	135	3.751	13/07/2017	-3
MGS 08/22	3.855	45	3.875	14/07/2017	-2
MGS 09/22	3.858	25	3.901	12/07/2017	-4
MGS 03/23	3.933	1	3.956	12/07/2017	-2
MGS 08/23	4.033	4	4.024	13/07/2017	1
MGS 07/24	4.032	21	4.103	13/07/2017	-7
MGS 09/24	3.923	240	3.939	13/07/2017	-2
MGS 09/25	4.081	15	4.129	14/07/2017	-5
MGS 11/26	4.068	41	4.074	14/07/2017	-1
MGS 03/27	4.242	2	4.214	14/07/2017	3
MGS 11/27	3.964	0	3.970	13/07/2017	-1
MGS 04/30	4.487	117	4.503	14/07/2017	-2
MGS 04/33	4.440	50	4.451	13/07/2017	-1
MGS 05/35	4.584	20	4.592	14/07/2017	-1
MGS 04/37	4.587	0	4.598	14/07/2017	-1
GII 11/17	3.162	525	3.089	07/07/2017	7
GII 11/18	3.359	1	3.314	08/06/2017	4
GII 04/20	3.607	30	3.607	14/07/2017	0
GII 04/20	3.725	80	-	-	-
GII 04/21	3.826	4	3.756	01/06/2017	7
GII 08/21	3.849	2	3.848	14/07/2017	0
GII 04/22	3.831	10	3.842	13/07/2017	-1
GII 05/24	4.093	45	4.098	14/07/2017	0
GII 09/26	4.202	8	4.175	10/07/2017	3
GII 08/33	4.545	90	4.564	13/07/2017	-2
GII 05/47	4.936	20	4.936	14/07/2017	0
		<u>1695</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**
LPPSA	04/24 GG	4.229	5	4.390	18/04/2017	-16	73
Prasarana Malaysia Berhad	09/22 GG	4.079	90	4.053	20/02/2017	3	32
Prasarana Malaysia Berhad	12/22 GG	4.087	10	4.119	04/05/2017	-3	33
Prasarana Malaysia Berhad	03/24 GG	4.268	20	4.204	18/04/2017	6	40
Cagamas Berhad	10/18 AAA	3.840	5	3.857	13/07/2017	-2	35
Telekom Malaysia Berhad	06/21 AAA	4.119	10	4.213	28/03/2017	-9	44
Projek Lebuhraya Usahasama Berhad	01/33 AAA	4.984	10	4.989	16/03/2017	0	80
YTL Power International Berhad	05/27 AA1	4.968	20	4.980	04/07/2017	-1	147
Sabah Credit Corporation	05/22 AA1	4.700	20	4.659	01/06/2017	4	94
Sabah Credit Corporation	06/23 AA1	4.750	3	4.788	12/07/2017	-4	94
CIMB Bank Berhad	12/20 AA+	4.624	10	4.579	06/02/2017	4	100
Westports Malaysia Sdn Berhad	04/26 AA+	4.639	10	4.700	22/03/2017	-6	73
First Resources Limited	12/17 AA2	4.201	10	4.238	04/07/2017	-4	71
CIMB Group Holdings Berhad	12/20 AA	4.699	10	4.779	12/05/2017	-8	107
RHB Bank Berhad	11/17 AA3	4.142	25	4.138	18/05/2017	0	65
BGSM Management Sdn Berhad	03/26 AA3	4.985	40	4.989	04/07/2017	0	108
Affin Bank Berhad	02/22 A1	5.047	25	5.049	14/07/2017	0	155
Special Power Vehicle Berhad	11/20 A1	5.085	10	5.043	30/06/2017	4	146
CIMB Group Holdings Berhad	05/21 A1	5.140	11	5.223	30/06/2017	-8	146
Mah Sing	- NR	6.479	1	-	-	-	-
			<u>345</u>				

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

### Market/Corporate News: What's Brewing

IJM Corp Bhd's unit has secured a RM451mil contract to build a new corporate office in Kuala Lumpur from UOB Properties (KL) Bhd. The new contract win would boost the construction and property development group's outstanding construction order book to RM9bil. In a statement, IJM said its fully-owned subsidiary IJM Construction Sdn Bhd was awarded the job to build the new tower office in Jalan Raja Laut in Kuala Lumpur for UOB Properties. "Construction of the building will commence in August 2017 and is expected to be completed 40 months from the commencement date. The building is expected to take its place in Kuala Lumpur's skyline by early 2021," it added. The 29-storey and 193.5-metre-tall UOB Tower 2 would be located adjacent to UOB Malaysia (Source : The Star)

Interest rates used to price financial contracts worth trillions of dollars globally should in future be based on actual market transactions and not banks' judgments, Bank of England (BoE) governor Mark Carney said in minutes of a meeting released on Monday. The pricing of financial contracts based on the London Interbank Offered Rate (Libor) led the BoE and other central banks to look at alternatives based on actual market transactions to make them harder to manipulate. Libor is based on submissions from banks of interest rates they believe they would be charged by other banks for borrowing money. Banks were fined billions of dollars for trying to rig Libor and its continental European counterpart, Euribor. Libor had been compiled by a UK banking industry body, which was stripped of this role. The benchmark is now run by an independent firm regulated by the Financial Conduct Authority, but Carney's comments signal that such reforms won't be enough. He told industry representatives attending the BoE's Roundtable on Sterling Risk-Free Reference Rates on July 6 that controls on Libor rate submissions from banks were now much tighter. (Source : The Star)

### Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
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Nil

Source: MARC and RAM ratings

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