

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.40	2
5-yr UST	1.83	2
10-yr UST	2.23	3
30-yr UST	2.80	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.32	1	3.51	0
5-yr	3.50	2	3.72	2
7-yr	3.78	2	3.95	2
10-yr	3.85	-1	4.03	0
15-yr	4.23	-5	4.48	0
20-yr	4.50	1	4.67	0
30-yr	4.75	1	4.85	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.49	0
3-yr	3.60	1
5-yr	3.70	1
7-yr	3.80	0
10-yr	3.93	0

Source: Bloomberg

#### Upcoming Government Bond Tenders

Nil

- UST were sold off sending yields by 2-3 bps on mounting expectations of the Fed's upcoming announcements of the unwinding of its \$4.5 trillion balance sheet. The 10-year yields rose 2bps to close at 2.23%. We expect UST to continue stay on cautious mode as markets await the all-important policy announcement and summary projection on the 21<sup>st</sup> September, likely overshadowing today's release of housing starts and building permits.

##### MGS/GII

- Local govies saw bonds generally weaker with both MGS & GII yields generally higher by 1-2 bps. Movement in the 10Y benchmarks i.e. MGS 11/27 & GII 7/27 were muted, closing at 3.85% and 4.03% respectively. Transacted volume fell by half to RM1.66b on the lack of catalysts. Investors seen awaiting CPI figures out tomorrow as ringgit seen stable this week.

##### PDS/Sukuk

- MYR corporate bond volume was also much lower with a mere RM434m done as compared to RM1.46b the previous day. However, yields were generally traded lower compared to previously done levels i.e. Prasa 2/23, Prasa 3/24 and Telekom11/25 which closed 1-10 bps lower at 4.08%, 4.23% and 4.38% respectively. Another notable trade was seen on a chunky RM60m GG trade i.e. Dana 3/47 which closed flat at 5.13%. We expect a rather quiet day with focus on the upcoming CPI data and US FOMC announcement.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/17	2.996	20	2.933	14/09/2017	6
MGS	02/18	3.002	145	2.916	14/09/2017	9
MGS	03/18	3.006	10	2.949	13/09/2017	6
MGS	09/18	2.959	134	2.967	14/09/2017	-1
MGS	03/19	3.093	45	3.082	14/09/2017	1
MGS	11/19	3.207	25	3.257	14/09/2017	-5
MGS	07/20	3.364	3	3.353	14/09/2017	1
MGS	10/20	3.364	134	3.41	14/09/2017	-5
MGS	02/21	3.321	45	3.315	14/09/2017	1
MGS	07/21	3.465	6	3.458	14/09/2017	1
MGS	09/21	3.511	2	3.512	14/09/2017	0
MGS	03/22	3.502	188	3.493	14/09/2017	1
MGS	08/23	3.780	80	3.79	14/09/2017	-1
MGS	07/24	3.811	45	3.828	14/09/2017	-2
MGS	09/24	3.781	191	3.778	14/09/2017	0
MGS	09/25	3.889	1	3.86	14/09/2017	3
MGS	04/26	3.989	2	3.962	11/09/2017	3
MGS	11/27	3.848	0	3.857	14/09/2017	-1
MGS	04/33	4.231	75	4.26	14/09/2017	-3
MGS	05/35	4.409	1	4.401	13/09/2017	1
MGS	04/37	4.498	90	4.492	14/09/2017	1
MGS	03/46	4.749	33	4.742	14/09/2017	1
GII	05/18	3.036	20	3.029	08/09/2017	1
GII	08/19	3.360	120	3.351	14/09/2017	1
GII	04/20	3.467	110	3.455	14/09/2017	1
GII	04/22	3.715	80	3.703	13/09/2017	1
GII	08/24	3.951	25	3.936	14/09/2017	2
GII	07/27	4.028	30	4.026	14/09/2017	0
			1660			

## 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]	02/23	GG	4.08	20	4.088	06/09/2017	-1	38
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	03/24	GG	4.23	75	4.265	23/08/2017	-3	48
Jambatan Kedua Sdn Berhad	07/31	GG	4.71	10	4.749	25/08/2017	-4	58
Danainfra Nasional Berhad	03/47	GG	5.13	60	5.126	28/08/2017	0	100
Telekom Malaysia Berhad	11/25	AAA	4.38	50	4.480	14/07/2017	-10	53
Bank Pembangunan Malaysia Berhad	03/27	AAA	4.62	10	4.579	24/08/2017	4	69
Danga Capital	06/27	AAA	4.50	35	4.480	07/09/2017	2	57
Malaysia Building Society Berhad	10/17	AA1	3.83	10	3.988	05/09/2017	-16	35
Sabah Development	04/20	AA1	4.93	2	4.929	14/09/2017	0	134
Public Islamic Bank Berhad	08/22	AA1	4.53	10	4.587	25/08/2017	-6	83
Krung Thai Bank Public Company Limited	07/20	AA2	4.44	10	5.002	28/08/2017	-56	85
UMW Holdings Berhad	06/22	AA2	4.67	10	4.819	08/08/2017	-15	97
Bumitama Agri Ltd	03/19	AA3	4.45	3	4.480	25/08/2017	-3	91
Tanjung Bin Energy Issuer Berhad	09/29	AA3	4.94	10	4.964	21/08/2017	-3	101
Tan Chong Motor Holdings Berhad	11/21	A1	5.99	2	5.986	14/09/2017	0	234
Mah Sing	-	-	6.48	4	n.a.	n.a.	-	-
Golden Assets International Finance Limited	08/18	A1	5.16	10	5.178	28/08/2017	-2	168
Malakoff Power Berhad	12/21	AA-	4.53	10	4.618	16/08/2017	-9	88
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	05/23	AA-	4.80	30	4.794	30/08/2017	0	105
Jimah East Power Sdn Berhad	06/30	AA-	4.90	10	4.899	08/09/2017	0	77
Westports Malaysia Sdn Berhad	10/27	AA+	4.71	10	4.468	08/11/2016	24	78
Imtiaz Sukuk Berhad	11/17	AA2	3.88	2	3.914	14/09/2017	-3	40
Mumtaz Rakyat Sukuk Berhad	06/21	AA3	4.94	1	4.708	24/08/2017	23	130
Aman Sukuk Berhad	02/18	AAA	3.82	10	3.830	14/09/2017	-1	34
Cagamas Berhad	10/20	AAA	3.96	10	4.319	04/11/2015	-36	37
Cagamas Berhad	10/20	AAA	3.96	10	4.012	02/08/2017	-5	37
EKVE Sdn Berhad	01/31	AAA	4.80	10	4.839	08/09/2017	-4	67
				434				

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

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

**T7 Global Berhad ( previously known as Tanjung Offshore Berhad)** has said that Triangle Energy (Global) Ltd, in which it has a 9.86% stake, has hit oil under its coastal drilling programme in the Perth Basin. T7 Global had invested about US\$500,000 (RM2.9mil) for the stake in Triangle Energy in July this year. "Drilling operations have made excellent progress since the well was spudded on Sept 4," the oil and gas company said in a statement yesterday. "With total depth reached, it can be confirmed that Xanadu-1 has intersected hydrocarbon bearing reservoirs demonstrated by elevated gas readings, oil shows, fluorescence and cut-fluorescence whilst drilling reservoir sections," it added. T7 Global, which has a market capitalisation of RM146.9mil, revealed that the Xanadu-1 well was targeting the Xanadu prospect, with an unrisks recoverable resource of 160 million barrels of conventional oil – the largest untested oil prospect in the basin. Separately, T7 Global also announced that it had clinched two contracts worth RM7.2mil from Petroliam Nasional Bhd (Petronas) and MMC Gamuda KVMRT. Its filings with the stock exchange revealed that its unit, Tanjung Offshore Services (TOS), had received a letter of award from PRPC Utilities and Facilities Sdn Bhd, a subsidiary of Petronas for the provision of manpower injection. "TOS will be responsible for providing the local manpower that will be required to be deployed for the utilities, interconnecting, offsite facilities package 14 at the Pengerang, Johor site. (Source: The EdgeMarkets)

While crude oil prices remain at low levels, it has been more stable over the last six to seven months. This, in turn, could nudge oil majors such as **Petroliam Nasional Bhd (Petronas)** to embark on new projects. And going by recent statements by Petronas, it is clear the national oil company is focused on completing its Refinery and Petrochemical Integrated Development (Rapid), which is touted to be Asia's largest downstream hub. "We expect the downstream sector to continue to grow along with Petronas' capital expenditure plan," said an analyst. At the first-half results briefing by Petronas last month, president and chief executive officer Datuk Wan Zulkiflee Wan Ariffin (pic) said Petronas is building on its downstream portfolio to "future-proof" the national oil company. MIDF Research said it is maintaining its "negative stance" on upstream O&G but reiterated its "positive stance on the downstream sector on the back of Petronas' capex focus. "We opine that the downstream utility and retail fuel segment will continue to register commendable year-on-year earnings growth, offer above risk-free rate dividend yields and acceptable capital upside," it said in a report last week. Nonetheless, it is not all gloom and doom for local upstream companies. According to an English daily quoting industry sources, Petronas is expected to soon dish out about RM6bil worth of maintenance, construction and modification (MCM) contracts. These contracts are typically meant for Petronas rigs which extract oil and gas. Petronas was said to have conducted a pre-award meeting with five to six shortlisted candidates. "The MCM projects would definitely provide a boost to the local service providers after a lull," said an executive with a local O&G firm. Brent crude oil prices have been trading between US\$45 and US\$55 a barrel since February. Prices had been more volatile earlier. The price of crude oil has tumbled since September 2014 due to a global oversupply, dropping

from US\$100 a barrel to below US\$40. “The environment in the O&G industry is seeing some stability in the sense of the movement in crude oil prices,” said an O&G executive. He added that some oil majors were starting to “recalibrate” their capex and that this was an indication of more projects to come on stream. (Source: The Star Online)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: MARC and RAM ratings

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