

**Global Markets Research**

**Fixed Income**

**Fixed Income Daily Market Snapshot**

**US Treasuries**

| UST       |             |           |
|-----------|-------------|-----------|
| Tenure    | Closing (%) | Chg (bps) |
| 2-yr UST  | 1.57        | 2         |
| 5-yr UST  | 1.99        | 3         |
| 10-yr UST | 2.35        | 5         |
| 30-yr UST | 2.86        | 5         |

| MGS    |             | GII*      |             |           |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr   | 3.40        | 0         | 3.49        | 0         |
| 5-yr   | 3.58        | 1         | 3.76        | 1         |
| 7-yr   | 3.88        | 1         | 4.01        | 0         |
| 10-yr  | 3.89        | 0         | 4.11        | 1         |
| 15-yr  | 4.35        | 3         | 4.64        | 1         |
| 20-yr  | 4.51        | 0         | 4.80        | 0         |
| 30-yr  | 4.80        | 0         | 4.85        | 0         |

\*Market indicative levels

| MYR IRS Levels |             |           |
|----------------|-------------|-----------|
| IRS            | Closing (%) | Chg (bps) |
| 1-yr           | 3.51        | 0         |
| 3-yr           | 3.63        | 0         |
| 5-yr           | 3.74        | 0         |
| 7-yr           | 3.86        | 1         |
| 10-yr          | 3.99        | 1         |

Source: Bloomberg

- US Treasury yields continued to rise across most tenures by 2-5 bps led by the long-end pushing the 5s30s steeper by 2bps; thus bucking the flattening trend over several past trading sessions. The much-watched UST 10Y benchmark skidded by 5bps to end at 2.35%. News still centered on the Fed chair announcement expected out in coming days. We note that the Fed Funds futures indicative rate hike odds in Dec 2017 still reflect 80%. On the data front we have the initial jobless claims and Philly Fed business outlook.

**MGS/GII**

- Local govies trading volume continued to be lack-luster ahead of the Diwali holiday on Wed with only RM1.05b traded. However, interest was seen on the shorter-end and belly of the curve with MGS 3/18 closing 4bps higher at 3.052%. Trades were also seen on both the 7Y GII and MGS benchmarks closing 0-2 bps higher at 4.010% and 3.899% respectively. On the data front, we have the September CPI and foreign reserves out this Friday.

**PDS/Sukuk**

- MYR corporate bonds saw some RM454m traded with about interest evenly spread out on GG, AAA and AA-rated papers. Prasarana 9/37 and 9/47 closed 0-3 bps lower at 4.95% respectively. YTL Power papers continued to be sought as the Au 2018 papers closed 1 bps higher at 4.13%.

**Upcoming Government Bond Tenders**

Nil

## Daily Trades : Government Bonds

| Securities |       | Closing<br>YTM | Vol<br>(RM mil) | Previous<br>YTM | Previous<br>Trade Date<br>(dd/mm/yyyy) | Chg<br>(bp) |
|------------|-------|----------------|-----------------|-----------------|--|-------------|
| MGS        | 02/18 | 3.043          | 1               | 2.994           | 16/10/2017                             | 5           |
| MGS        | 03/18 | 3.052          | 302             | 3.013           | 16/10/2017                             | 4           |
| MGS        | 09/18 | 3.036          | 8               | 3.004           | 16/10/2017                             | 3           |
| MGS        | 03/19 | 3.170          | 7               | 3.210           | 13/10/2017                             | -4          |
| MGS        | 07/19 | 3.279          | 13              | 3.293           | 12/10/2017                             | -1          |
| MGS        | 10/19 | 3.294          | 2               | 3.296           | 13/10/2017                             | 0           |
| MGS        | 11/19 | 3.298          | 12              | 3.302           | 13/10/2017                             | 0           |
| MGS        | 03/20 | 3.397          | 22              | 3.384           | 16/10/2017                             | 1           |
| MGS        | 07/20 | 3.407          | 20              | 3.380           | 13/10/2017                             | 3           |
| MGS        | 10/20 | 3.396          | 15              | 3.411           | 12/10/2017                             | -2          |
| MGS        | 07/21 | 3.539          | 37              | 3.531           | 16/10/2017                             | 1           |
| MGS        | 09/21 | 3.601          | 54              | 3.596           | 16/10/2017                             | 0           |
| MGS        | 11/21 | 3.622          | 16              | 3.611           | 16/10/2017                             | 1           |
| MGS        | 03/22 | 3.583          | 45              | 3.576           | 16/10/2017                             | 1           |
| MGS        | 08/22 | 3.691          | 0               | 3.703           | 16/10/2017                             | -1          |
| MGS        | 09/22 | 3.694          | 41              | 3.667           | 16/10/2017                             | 3           |
| MGS        | 03/23 | 3.789          | 10              | 3.799           | 16/10/2017                             | -1          |
| MGS        | 08/23 | 3.828          | 65              | 3.848           | 16/10/2017                             | -2          |
| MGS        | 07/24 | 3.899          | 34              | 3.883           | 16/10/2017                             | 2           |
| MGS        | 09/24 | 3.880          | 42              | 3.868           | 16/10/2017                             | 1           |
| MGS        | 09/25 | 3.999          | 5               | 4.007           | 16/10/2017                             | -1          |
| MGS        | 04/26 | 4.059          | 2               | 4.058           | 11/10/2017                             | 0           |
| MGS        | 03/27 | 4.085          | 46              | 4.064           | 11/10/2017                             | 2           |
| MGS        | 11/27 | 3.893          | 30              | 3.893           | 16/10/2017                             | 0           |
| MGS        | 06/31 | 4.379          | 0               | 4.350           | 16/10/2017                             | 3           |
| MGS        | 04/33 | 4.354          | 20              | 4.326           | 16/10/2017                             | 3           |
| MGS        | 05/35 | 4.456          | 2               | 4.502           | 12/10/2017                             | -5          |
| GII        | 05/20 | 3.518          | 70              | 3.543           | 06/10/2017                             | -3          |
| GII        | 05/20 | 3.518          | 20              | 3.605           | 10/08/2017                             | -9          |
| GII        | 04/22 | 3.765          | 12              | 3.758           | 12/10/2017                             | 1           |
| GII        | 05/24 | 4.085          | 0               | 4.028           | 26/09/2017                             | 6           |
| GII        | 08/24 | 4.010          | 80              | 4.010           | 16/10/2017                             | 0           |
| GII        | 07/27 | 4.107          | 1               | 4.097           | 16/10/2017                             | 1           |
| GII        | 08/33 | 4.635          | 10              | 4.626           | 13/10/2017                             | 1           |
|            |       |                | <u>1047</u>     |                 |  |             |

## Daily Trades: PDS / Sukuk

| Securities   |       | Rating | Closing<br>YTM | Vol<br>(RM mil) | Previous<br>YTM | Previous<br>Trade Date<br>(dd/mm/yyyy) | Chg<br>(bp) | Spread<br>Against<br>IRS* |
|--|-------|--------|----------------|-----------------|-----------------|--|-------------|---------------------------|
| Khazanah Nasional Berhad                           | 03/20 | GG     | 3.843          | 10              | 3.847           | 15/09/2017                             | 0           | 28                        |
| Pengurusan Air SPV Berhad                          | 06/20 | GG     | 3.830          | 10              | 3.937           | 21/08/2017                             | -11         | 20                        |
| DanaInfra Nasional Berhad                          | 07/34 | GG     | 4.880          | 10              | 4.802           | 23/02/2016                             | 8           | 72                        |
| Prasarana Malaysia Berhad [fka Syarikat Prasarana] | 09/37 | GG     | 4.949          | 25              | 4.979           | 10/10/2017                             | -3          | 79                        |
| Prasarana Malaysia Berhad [fka Syarikat Prasarana] | 09/47 | GG     | 5.179          | 15              | 5.180           | 10/10/2017                             | 0           | 102                       |
| DiGi Telecommunications Sdn Berhad                 | 04/22 | AAA    | 4.209          | 10              | 4.210           | 10/10/2017                             | 0           | 54                        |
| Bank Pembangunan Malaysia Berhad                   | 11/26 | AAA    | 4.560          | 10              | 4.560           | 14/09/2017                             | 0           | 58                        |
| Telekom Malaysia Berhad                            | 09/27 | AAA    | 4.359          | 0               | 4.360           | 09/10/2017                             | 0           | 38                        |
| Tenaga Nasional Berhad                             | 08/32 | AAA    | 4.676          | 11              | 4.676           | 16/10/2017                             | 0           | 52                        |
| Tenaga Nasional Berhad                             | 08/37 | AAA    | 5.099          | 10              | 5.099           | 11/10/2017                             | 0           | 94                        |
| Puncak Wangi Sdn Berhad                            | 11/17 | AAA    | 4.064          | 3               | 4.398           | 18/07/2016                             | -33         | 55                        |
| Danga Capital Berhad                               | 09/27 | AAA    | 4.598          | 5               | 4.578           | 13/10/2017                             | 2           | 62                        |
| Cagamas Berhad                                     | 12/18 | AAA    | 3.710          | 50              | 3.742           | 30/08/2017                             | -3          | 20                        |
| Putrajaya Bina Sdn Berhad                          | 09/22 | AAA    | 4.309          | 10              | 4.289           | 14/09/2017                             | 2           | 56                        |
| Projek Lebuhraya Usahasama Berhad                  | 01/36 | AAA    | 5.040          | 20              | 4.999           | 07/09/2017                             | 4           | 88                        |
| Sepangar Bay Power Corporation Sdn Berhad          | 07/18 | AA1    | 3.929          | 5               | 3.941           | 06/10/2017                             | -1          | 42                        |
| YTL Power International Berhad                     | 08/18 | AA1    | 4.125          | 35              | 4.116           | 12/10/2017                             | 1           | 62                        |
| Maybank Islamic Berhad                             | 04/24 | AA1    | 4.577          | 0               | 4.588           | 06/10/2017                             | -1          | 78                        |
| YTL Power International Berhad                     | 05/27 | AA1    | 4.750          | 1               | 4.880           | 13/10/2017                             | -13         | 77                        |
| Public Islamic Bank Berhad                         | 08/27 | AA1    | 4.512          | 10              | 4.518           | 02/10/2017                             | -1          | 53                        |
| First Resources Limited                            | 12/17 | AA2    | 3.861          | 10              | 3.829           | 09/10/2017                             | 3           | 35                        |
| Lafarge Cement Sdn Berhad                          | 01/18 | AA2    | 3.929          | 10              | 3.991           | 14/09/2017                             | -6          | 42                        |
| Konsortium ProHAWK Sdn Berhad                      | 06/18 | AA2    | 4.017          | 5               | 4.373           | 18/01/2017                             | -36         | 51                        |
| Konsortium ProHAWK Sdn Berhad                      | 12/18 | AA2    | 4.124          | 5               | 4.297           | 09/06/2017                             | -17         | 61                        |
| AmBank Islamic Berhad (fka Amlslamic Bank Ber)     | 03/20 | AA2    | 4.310          | 10              | 4.346           | 07/06/2017                             | -4          | 75                        |
| Tanjung Bin Power Sdn Berhad                       | 08/20 | AA2    | 4.326          | 20              | 4.320           | 20/09/2017                             | 1           | 69                        |
| UMW Holdings Berhad                                | 10/23 | AA2    | 4.753          | 10              | 4.756           | 04/10/2017                             | 0           | 95                        |
| Hong Leong Bank Berhad                             | 06/24 | AA2    | 4.597          | 1               | 4.475           | 04/10/2017                             | 12          | 74                        |
| Krung Thai Bank Public Company Limited             | 07/25 | AA2    | 5.459          | 1               | 4.406           | 16/10/2017                             | -           | 156                       |
| PBFIN Berhad                                       | 06/59 | AA2    | 4.277          | 2               | 4.453           | 04/10/2017                             | -18         | 12                        |
| Bumitama Agri Ltd                                  | 03/19 | AA3    | 4.376          | 8               | 4.380           | 03/10/2017                             | 0           | 87                        |
| Gamuda Berhad                                      | 04/21 | AA3    | 4.365          | 10              | 4.370           | 09/10/2017                             | 0           | 70                        |
| AmBank (M) Berhad                                  | 12/23 | AA3    | 5.106          | 1               | 4.453           | 13/10/2017                             | -           | 131                       |
| Hong Leong Bank Berhad                             | 09/39 | AA3    | 4.616          | 2               | 4.665           | 18/07/2017                             | -5          | 46                        |
| Affin Bank Berhad                                  | 02/27 | A1     | 4.885          | 14              | 4.887           | 11/10/2017                             | 0           | 91                        |
| Affin Bank Berhad                                  | 09/27 | A1     | 4.930          | 6               | 4.938           | 04/10/2017                             | -1          | 95                        |
| CIMB Group Holdings Berhad                         | 05/16 | A1     | 4.818          | 0               | 4.820           | 13/10/2017                             | 0           | 66                        |
| UEM Sunrise Berhad (fka UEM Land Holdings Ber)     | 12/18 | AA-    | 4.298          | 5               | 4.298           | 28/09/2017                             | 0           | 79                        |
| Quantum Solar Park (Semenanjung) Sdn Berhad        | 10/19 | AA-    | 4.691          | 5               | 0.000           | 00/01/1900                             | -           | 113                       |
| Konsortium Lebuhraya Utara-Timur (KL) Sdn Berh     | 12/21 | AA-    | 4.537          | 10              | 4.549           | 11/10/2017                             | -1          | 87                        |
| Malakoff Power Berhad                              | 12/23 | AA-    | 4.678          | 10              | 4.678           | 27/09/2017                             | 0           | 88                        |
| Lebuhraya DUKE Fasa 3 Sdn Berhad                   | 08/38 | AA-    | 5.418          | 10              | 5.359           | 20/09/2017                             | 6           | 126                       |
| Lebuhraya DUKE Fasa 3 Sdn Berhad                   | 08/39 | AA-    | 5.488          | 10              | 5.449           | 21/09/2017                             | 4           | 133                       |
| CIMB Islamic Bank Berhad                           | 09/24 | AA+    | 5.151          | 0               | 4.315           | 11/10/2017                             | 84          | 130                       |
| Samalaju Industrial Port Sdn Berhad                | 12/24 | AA1    | 4.598          | 10              | 4.388           | 22/09/2016                             | 21          | 74                        |
| Imtiaz Sukuk Berhad                                | 11/17 | AA2    | 3.798          | 5               | 3.817           | 12/10/2017                             | -2          | 29                        |
| Country Garden Real Estate Sdn Berhad              | 12/17 | AA3    | 5.275          | 15              | 5.299           | 10/10/2017                             | -2          | 177                       |
| Bandar Serai Development Sdn Berhad (fka Tema      | 10/20 | AA3    | 4.379          | 10              | 4.385           | 10/10/2017                             | -1          | 74                        |
|  |       |        |                | <u>384</u>      |                 |  |             |                           |

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

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

Next year is set to be an exciting year for **IGB Corp Bhd** as several projects are scheduled to be unveiled, according to PublicInvest Research. It has maintained its "neutral" rating with an unchanged target price of RM3, pegged at 56% discount to its revalued net asset value estimate and on par with the cash offer from GoldIS. Following an update from IGB's management, the research firm noted that Southpoint Tower in Mid Valley City is expected to be completed in the first half of next year due to a change in product mix to one-third residential. Meanwhile, the RM6bil GDV Mid Valley Southkey project in Iskandar Malaysia is on track to be unveiled by the second half of next year with the grand opening slated for Aug 8. As for property development, the group's RM8.4bil GDV mixed-development project in London will see its launch delayed again from year-end to the first half of next year. ( Source: The Star )

National mortgage corporation **Cagamas Bhd** has issued its inaugural Australian dollar medium-term note amounting to A\$100 million (RM330.98 million). The Australian issuance, done via its unit Cagamas Global PLC, has a maturity of one year. It marks the company's first foreign currency floating rate note (FRN) issued under Cagamas' US\$2.5 billion (RM10.55 billion) Conventional Multicurrency Medium-Term Note Programme, as well as the company's second dual tranche reopening concluded this year. In a statement, chief executive officer Datuk Chung Chee Leong said the company's continued engagement has increased interest among Australian investors. "The company's continued engagement with investors has garnered interest from Australian dollar (AUD) investors which led to the conclusion of this deal at competitive pricing of 75 basis points over the corresponding benchmark three-month Australian Bank Bill Swap Rate. "The FRN also marks the first ever AUD deal from a Malaysian non-bank issuer," said Chung. ( Source: The Edgemarkets )

**Petroleum Nasional Bhd (Petronas)** president and group chief executive officer Tan Sri Wan Zulkiflee Wan Ariffin has warned that the liquefied natural gas (LNG) industry may stagnate if prices do not encourage necessary investments to sustain the business, even as demand for the commodity has grown. Petronas is currently the world's third-largest producer of LNG. "Today, players are cancelling and delaying projects in tandem with the LNG prices. Without sufficient investments, both buyers and sellers face an uncertain future in terms of business sustainability and energy security," said Wan Zulkiflee. He was speaking at the LNG Producer-Consumer Conference 2017 in Tokyo, Japan, and an excerpt of his speech was sent out by Petronas in a media statement yesterday. LNG prices have plunged by over two-thirds since May 2014. The decline has been described as the steepest and most prolonged drop in prices the industry has ever faced. News reports have highlighted that the flood of LNG supply in the market will likely continue to weigh on spot LNG prices until the early next decade. Wan Zulkiflee said Petronas too was forced to not proceed with its proposed LNG project in Canada due to the prolonged depressed prices and unfavourable market conditions, though he acknowledged that such market dynamics have stimulated internal efficiency improvements that provided Petronas with better agility as an integrated end-to-end LNG player. Hence, he is calling on producers and consumers of LNG to collaborate on encouraging growth and sustainability of the industry, to work towards mutually-favourable market conditions to encourage investments for business longevity and long-term supply stability. "While current market dynamics are not encouraging conversations about sustainable gas pricing, it is in our interest, both as sellers and as buyers, to bring this up. "Although buyers' considerations remain in our best interests, the current market volatility necessitates the security of demand. This is imperative for the producers to continue investing to support the upstream and LNG value chain in a timely manner," he said. With over 30 years of experience in integrated global LNG business, Petronas, which recently celebrated its 10,000th cargo

from its Bintulu LNG Complex in Malaysia without missing a single cargo — the load was delivered to Japan on Oct 4 — said it is committed to meeting the growing demand for clean energy required for global sustainability and climate change goals ( Source: Edgemarkets )

| Rating Actions |   |   |            |
|----------------|---|---|------------|
| Issuer         | PDS Description   | Rating/Outlook  | Action     |
| Cagamas Berhad | Corporate Credit Ratings  | GlobalA2/Stable/P1<br>AseanAAA/Stable/P1<br>NationalAAA/Stable/P1 | Reaffirmed |
|                | RM40 billion Islamic and Conventional MTN Programme (2007/2047) | AAA/Stable/-  | Reaffirmed |
|                | RM5 billion Islamic MTN Programme (2010/2040)                   | AAA/Stable/-  | Reaffirmed |
|                | RM20 billion Islamic and Conventional CP Programme (2015/2022)  | -/-P1   | Reaffirmed |

Source: RAM Ratings; MARC

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