

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.83	-1
5-yr UST	2.17	1
10-yr UST	2.40	4
30-yr UST	2.74	5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.35	1	3.49	-2
5-yr	3.62	0	3.90	1
7-yr	3.91	0	4.09	-9
10-yr	3.96	-1	4.30	0
15-yr	4.41	0	4.73	6
20-yr	4.60	-2	4.83	5
30-yr	4.85	0	4.98	0

*Market indicative

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.64	0
3-yr	3.75	0
5-yr	3.82	1
7-yr	3.94	0
10-yr	4.05	0

Source : Bloomberg

Upcoming Government Bond Tenders

Nil

US Treasuries

- US Treasury yields nudged higher by 1-5bps across most tenures save for the front end 2Y which edged marginally lower by 1bp to close at 1.83%. The curve steepened again with the 5s30s spread widening again to 57bps, bouncing back from its one-decade low of 52bps as investors took profit from recent positions. The benchmark 10Y rose 4bps to 2.40%. With little to look forward to on the data front as only housing starts and building permits are due, we expect investors to continue focus on the upcoming tax reform package that is widely expected to be approved by US lawmakers this week.

MGS/GII

- Trading interests in local govies turned softer with volume transacted thinned to only RM669m yesterday, of which circa RM600m was on MGS. Investors continued to favour short-end MGS and GII which saw collective trades of RM166m in the 1-2Y buckets. Benchmark 3Y was higher by 1bp at 3.35% vs flat to lower yields in other buckets. 10Y MGS lost 1bp to last close at 3.96%. Sound macro fundamentals and a firmer Ringgit are expected to keep demand for local govies supported although trading momentum is expected to thin ahead of the year-end festive holidays.

PDS/Sukuk

- Contrary to the lower deals in local govies, trading in corporate bonds garnered some traction. Volumes dealt increased to RM428m, from RM292m traded a day ago. The bulk of the interests remained in the AA-space, marking up RM380m or close to 90% of total volume done yesterday. Banking issuance PBB '10/23, UOB ' 5/25 and AmBank '3/19 was actively traded with a combined volume of RM90m. We also saw substantial interests in power papers. Malakoff '12/18, '12/19 and '12/22 saw RM45m done collectively while YTLP '5/27 saw RM20m changed hands. DUKE '8/33, '8/38 and '8/39 was also in the trade with RM40m done. We expect selective interest to continue as investors re-assess their portfolios ahead of 2018.

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 03/18	2.898	30	2.853	18/12/2017	4
MGS 09/18	2.941	3	2.954	18/12/2017	-1
MGS 03/19	2.926	72	2.992	18/12/2017	-7
MGS 07/19	3.072	0	3.103	15/12/2017	-3
MGS 11/19	3.121	11	3.166	18/12/2017	-4
MGS 03/20	3.206	115	3.238	18/12/2017	-3
MGS 10/20	3.265	2	3.286	08/12/2017	-2
MGS 02/21	3.346	133	3.346	18/12/2017	0
MGS 07/21	3.454	0	3.454	18/12/2017	0
MGS 11/21	3.510	30	3.510	18/12/2017	0
MGS 03/22	3.616	61	3.616	18/12/2017	0
MGS 08/22	3.760	0	3.747	14/12/2017	1
MGS 03/23	3.776	46	3.787	18/12/2017	-1
MGS 08/23	3.849	11	3.839	18/12/2017	1
MGS 04/26	4.140	17	4.140	18/12/2017	0
MGS 03/27	4.202	1	4.202	18/12/2017	0
MGS 11/27	3.960	68	3.942	18/12/2017	2
MGS 04/30	4.529	0	4.529	18/12/2017	0
MGS 06/31	4.401	2	4.431	15/12/2017	-3
MGS 04/32	4.445	0	4.538	14/12/2017	-9
MGS 05/35	4.581	0	4.581	18/12/2017	0
MGS 04/37	4.604	2	4.602	18/12/2017	0
MGS 09/43	4.833	4	4.833	18/12/2017	0
GII 04/20	3.474	50	3.474	18/12/2017	0
GII 04/22	3.901	5	3.901	18/12/2017	0
GII 07/23	4.024	2	4.024	18/12/2017	0
GII 07/27	4.299	4	4.299	18/12/2017	0
		<u>669</u>			

Daily Trades: PDS / Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*	
Turus Pesawat Sdn Berhad	03/28	GG	4.515	10	4.488	06/02/2017	3	55
DanaInfra Nasional Berhad	11/47	GG	5.328	25	5.332	14/12/2017	0	72
Aman Sukuk Berhad	04/24	AAA	4.527	3	4.527	18/12/2017	0	72
TNB Western Energy Berhad	07/28	AAA	4.728	10	4.728	18/12/2017	0	76
UniTapah Sdn Berhad	12/20	AA1	4.322	2	4.322	18/12/2017	0	95
Public Bank Berhad	10/23	AA1	4.286	40	4.286	18/12/2017	0	48
Sarawak Energy Berhad	07/24	AA1	4.555	5	4.555	18/12/2017	0	64
United Overseas Bank (Malaysia) Berhad	05/25	AA1	4.501	30	4.501	18/12/2017	0	58
Public Bank Berhad	04/27	AA1	4.587	4	4.587	18/12/2017	0	59
YTL Power International Berhad	05/27	AA1	4.879	20	4.879	18/12/2017	0	89
Northern Gateway Infrastructure Sdn Berhad	08/30	AA1	4.979	5	4.979	18/12/2017	0	57
Westports Malaysia Sdn Berhad	04/23	AA+	4.594	1	4.594	18/12/2017	0	98
Westports Malaysia Sdn Berhad	04/25	AA+	4.714	1	4.714	18/12/2017	0	80
AmBank (M) Berhad	03/19	AA2	4.181	20	4.181	18/12/2017	0	126
UMW Holdings Berhad	10/19	AA2	4.399	10	4.399	18/12/2017	0	121
Al-Aqar Capital Sdn Berhad	05/20	AA2	4.843	2	4.843	18/12/2017	0	166
Intiaz Sukuk II Berhad	05/22	AA2	4.547	10	4.547	18/12/2017	0	102
Konsortium ProHAWK Sdn Berhad	12/23	AA2	4.644	20	4.644	18/12/2017	0	83
Bumitama Agri Ltd	09/19	AA3	4.582	20	4.527	06/11/2017	5	140
BGSM Management Sdn Berhad	12/19	AA3	4.401	10	4.390	07/11/2017	1	122
BGSM Management Sdn Berhad	12/23	AA3	4.704	5	4.704	18/12/2017	0	89
SPR Energy (M) Sdn Berhad	07/34	AA3	5.639	15	5.639	18/12/2017	0	123
SPR Energy (M) Sdn Berhad	07/35	AA3	5.711	15	5.711	18/12/2017	0	110
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	12/18	AA-	4.326	20	4.326	18/12/2017	0	140
Malakoff Power Berhad	12/18	AA-	4.229	20	4.229	18/12/2017	0	130
Malakoff Power Berhad	12/19	AA-	4.398	20	4.403	18/12/2017	0	121
WCT Holdings Berhad	04/20	AA-	4.871	1	4.871	18/12/2017	0	169
WCT Holdings Berhad	08/20	AA-	4.960	1	4.960	18/12/2017	0	159
WCT Holdings Berhad	05/22	AA-	5.116	18	5.118	18/12/2017	0	159
Kimanis Power Sdn Berhad	08/22	AA-	4.502	5	4.502	18/12/2017	0	89
Malakoff Power Berhad	12/22	AA-	4.575	5	4.575	18/12/2017	0	96
MMC Corporation Berhad	04/27	AA-	5.330	10	5.330	22/11/2017	0	134
Tanjung Bin O&M Berhad	06/28	AA-	4.899	5	4.899	18/12/2017	0	93
Lebuh raya DUKE Fasa 3 Sdn Berhad	08/33	AA-	5.200	20	5.199	13/12/2017	0	79
Lebuh raya DUKE Fasa 3 Sdn Berhad	08/38	AA-	5.479	10	5.479	18/12/2017	0	87
Lebuh raya DUKE Fasa 3 Sdn Berhad	08/39	AA-	5.529	10	5.529	18/12/2017	0	92
Golden Assets International Finance Limited	08/19	A1	5.910	0	5.910	18/12/2017	0	272
Eco World Capital Assets Berhad	08/22	-	6.321	0	6.392	07/12/2017	-7	271
			<u>428</u>					

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

Market/Corporate News: What's Brewing

Berjaya Sports Toto Bhd's earnings dipped 0.67% to RM61.73mil in the second quarter ended Oct 31, 2017 from RM62.15mil a year ago due to lower revenue. However, it rewarded shareholders with a dividend of four sen a share – similar to a year ago. The numbers forecast operator (NFO) said on Monday the second dividend will amount to RM53.9mil. The total dividend distribution for the financial period ended Oct 31, 2017 was about RM107.8mil which was 79.2% of the attributable profit of the group. BToto's revenue fell nearly 4.9% to RM1.38bil from RM1.45bil a year ago. Earnings per share were 4.58 sen compared with 4.61 sen. "The board does not foresee any substantial change in the business environment in which our businesses operate for the remaining quarters of the financial year ending April 30, 2018 and remain confident that the group will continue to maintain its market share in the NFO segment. However, it raised concerns that its core NFO business undertaken by Sports Toto continue to be adversely impacted by rampant illegal gaming activities as well as weak consumer spending and sentiments. Elaborating on the results, BToto said the lower revenue was due to a decline in turnover from H.R. Owen Plc and the recognition of substantial project contract sales by International Lottery & Totalizator Systems, Inc. (ILTS) a year ago. However, the drop in revenue was mitigated by higher revenue registered by Sports Toto Malaysia Sdn Bhd (Sports Toto) and Philippine Gaming Management Corporation (PGMC). As the pre-tax level, BToto's pre-tax profit was up by 0.7% to RM96.1mil from RM95.4mil a year ago. The higher pre-tax profit was mainly due to Sports Toto. Loss on deemed partial disposal of equity interest in an associated company a year ago also contributed to the increase in group's pre-tax profit. On a quarter-on-quarter basis, Sports Toto reported a 4.1% rise in revenue and 20.1% increase in pre-tax profit. The main factors were strong sales from high jackpot in the Grand Toto 6/63 game – which recorded its highest jackpot ever of RM69.6mil in September 2017. However, the higher percentage increase in pre-tax profit was mainly due to higher prize payout and operating expenses incurred a year ago. For the first half, its earnings rose 12.5% to RM136.04mil from RM120.89mil in the previous corresponding period. Its revenue fell 1.2% to RM2.85bil from RM2.89bil mainly due to the recognition of substantial project contract sales by ILTS a year ago. However, this was mitigated by higher revenue recorded by Sports Toto in the current period under review. The group's pre-tax profit was higher by 11.4%, in spite of the drop in revenue, primarily attributed to the results of Sports Toto. Sports Toto registered higher revenue of 0.9% in spite of having lower number of draws in the current period under review. Pre-tax profit increased by 10.6% mainly due to higher prize payout and operating expenses incurred a year ago. (Source: The Star Online)

After a month of deliberation, the board of directors of Ekovest Bhd has agreed with major shareholder Tan Sri Lim Kang Hoo to launch a takeover of another company he controls, Iskandar Waterfront City Bhd (IWC). But in order to complete the buyout, Ekovest would need to secure the approval of its own minority shareholders at an EGM to be held at a later date. In a filing with Bursa Malaysia yesterday, Ekovest said it has proposed to The consideration of the offer shares will be satisfied via cash or share exchange options. The offer excludes Lim's 38% stake in IWC. Ekovest also said it had entered into a conditional share sale agreement with Kumpulan Prasarana Rakyat Johor Sdn Bhd to acquire its 6.4% stake in IWC for RM80.4mil, or RM1.50 a share. Ekovest said it intends to take IWC private. "The proposed offer represents an opportunity for Ekovest to participate in the business and prospects of IWC and access its vast land bank of approximately 1,000 acres in the Iskandar Malaysia region via increasing its equity interest in IWC at an attractive price," said Ekovest, adding that the land had the potential for capital appreciation, which is expected to augur well for the group going forward. . (Source: The Star Online)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
CIMB Islamic Bank Berhad	Financial institution ratings	AAA/Stable/P1	Reaffirmed
	Proposed RM10.0 billion <i>Sukuk Wakalah</i> Programme	AAA/Stable	Assigned (By RAM)
CIMB Islamic Bank Berhad	Proposed RM10.0 billion <i>Sukuk Wakalah</i> Programme	AAA _{ig} /Stable	Assigned (by MARC)
Segi Astana Sdn Bhd	Proposed 10-year ASEAN Green Medium-Term Notes facility (MTN facility) of up to RM415.0 million	AA-/ Stable	Assigned
	RM470.0 million Medium-Term Notes programme guaranteed by Danajamin Nasional Berhad	AAA(fg)/ Stable	Affirmed

Source: RAM Ratings; MARC

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