

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.40	0
5-yr UST	1.84	1
10-yr UST	2.25	2
30-yr UST	2.82	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.35	2	3.51	0
5-yr	3.52	1	3.74	3
7-yr	3.79	1	3.97	2
10-yr	3.85	0	4.05	2
15-yr	4.23	0	4.48	0
20-yr	4.50	0	4.68	1
30-yr	4.75	0	4.85	0

*Market indicative levels

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.49	1
3-yr	3.61	1
5-yr	3.71	1
7-yr	3.82	2
10-yr	3.95	2

Source: Bloomberg

- UST yields extended their moves higher led by both 10Y & 30Y, closing 2 bps higher at 2.25% and 2.82% respectively ahead of FOMC announcement. The odds of a December rate hike edged higher to over 50%. The likely catalyst seen affecting the performance were weakening EGB's i.e. Bunds and Gilts. We expect UST's to trade on cautious mode as markets await the all-important FOMC rate decision, policy announcement on the Fed's \$4.5 trillion balance sheet reduction plans and summary projections on 21st September.

MGS/GII

- Local govies were generally weaker in tandem with UST's despite improved volumes as both MGS & GII yields were generally higher by 1-3 bps. The 10Y benchmarks i.e. MGS 11/27 & GII 7/27 closed at 3.85% and 4.05% respectively. Transacted volume of RM2.18b was high with the short-end off-the-run GII 11/17 closing 3 bps lower at 2.75% compared to previously done levels. On the data front we have the CPI figures coming out today which is expected to show an uptick.

PDS/Sukuk

- MYR corporate bond volume was steady at about RM560m with interest mainly seen in the AA-space with names traded in the short-to-mid tenured papers i.e. KL Kepong, SEB, Imtiaz, UMW and BGSM with yields closing mixed compared to previously done levels. We note some shorter-end GG papers trading at relatively decent yield spreads of about 55-60 bps compared to about 40-45bps spread on the long end against MGS. Expect focus to be on the upcoming CPI data and US FOMC announcement.

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	3.006	241	3.002	18/09/2017	0
MGS 03/18	2.981	503	3.006	18/09/2017	-2
MGS 09/18	2.957	50	2.959	18/09/2017	0
MGS 10/19	3.223	1	3.234	15/09/2017	-1
MGS 11/19	3.236	2	3.207	18/09/2017	3
MGS 03/20	3.304	24	3.305	15/09/2017	0
MGS 10/20	3.423	10	3.365	18/09/2017	6
MGS 02/21	3.346	290	3.334	18/09/2017	1
MGS 07/21	3.473	28	3.465	18/09/2017	1
MGS 03/22	3.516	40	3.504	18/09/2017	1
MGS 08/22	3.570	3	3.597	14/09/2017	-3
MGS 03/23	3.694	17	3.693	14/09/2017	0
MGS 08/23	3.790	5	3.780	18/09/2017	1
MGS 07/24	3.816	6	3.811	18/09/2017	0
MGS 09/24	3.789	10	3.781	18/09/2017	1
MGS 06/31	4.275	90	4.261	15/09/2017	1
GII 11/17	2.753	632	2.780	15/09/2017	-3
GII 10/18	3.228	10	3.017	08/09/2017	21
GII 04/20	3.472	58	3.459	18/09/2017	1
GII 03/21	3.621	50	3.521	08/09/2017	10
GII 04/22	3.743	20	3.715	18/09/2017	3
GII 08/24	3.969	30	3.941	18/09/2017	3
GII 07/27	4.045	52	4.028	18/09/2017	2
GII 08/37	4.677	10	4.665	13/09/2017	1
		<u>2182</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**	
Khazanah Nasional Berhad	02/21	GG	3.966	10	3.967	15/09/2017	0	36
Prasarana Malaysia Berhad [fka Syarikat Prasarana]	09/24	GG	4.260	10	4.272	14/09/2017	-1	47
Prasarana Malaysia Berhad [fka Syarikat Prasarana]	09/37	GG	4.956	45	4.990	15/09/2017	-3	83
Telekom Malaysia Berhad	09/27	AAA	4.460	10	4.360	14/09/2017	10	51
Danga Capital Berhad	04/20	AAA	4.060	10	4.062	15/09/2017	0	45
Tenaga Nasional Berhad	12/21	AAA	4.130	10	4.166	23/03/2017	-4	48
Rantau Abang Capital Berhad	10/22	AAA	4.140	10	4.160	23/08/2017	-2	42
Rantau Abang Capital Berhad	01/32	AAA	4.820	10	4.826	15/09/2017	-1	69
Sabah Development Bank Berhad	09/20	AA1	4.930	1	4.929	18/09/2017	0	132
Sarawak Energy Berhad	06/21	AA1	4.300	40	4.290	15/09/2017	1	65
Sarawak Energy Berhad	01/22	AA1	4.330	15	4.310	15/09/2017	2	68
Kuala Lumpur Kepong Berhad	09/22	AA1	4.401	80	4.389	27/07/2017	1	68
YTL Power International Berhad	03/23	AA1	4.517	10	4.519	13/09/2017	0	77
Malayan Banking Berhad	01/24	AA1	4.180	1	4.349	15/09/2017	-17	44
Samalaju Industrial Port Sdn Berhad	12/28	AA1	5.013	5	0.000	00/01/1900	501	106
CIMB Bank Berhad	08/26	AA+	4.630	1	4.801	12/09/2017	-17	79
Imtiaz Sukuk Berhad	11/17	AA2	3.880	4	3.881	18/09/2017	0	40
Imtiaz Sukuk II Berhad	11/21	AA2	4.507	20	4.526	18/08/2017	-2	86
First Resources Limited	12/17	AA2	4.000	20	4.110	25/08/2017	-11	52
UMW Holdings Berhad	10/23	AA2	4.760	20	4.826	05/09/2017	-7	102
PBFIN Berhad	06/59	AA2	4.290	1	4.731	12/09/2017	-44	16
Hong Leong Financial Group Berhad	11/18	AA	4.275	10	4.490	05/04/2017	-22	80
BGSM Management Sdn Berhad	12/17	AA3	4.029	10	4.079	14/09/2017	-5	55
BGSM Management Sdn Berhad	12/18	AA3	4.250	50	4.292	23/08/2017	-4	77
BGSM Management Sdn Berhad	12/22	AA3	4.680	5	4.733	28/08/2017	-5	96
Tadaw Energy Sdn Berhad	07/23	AA3	4.968	10	4.968	14/09/2017	0	122
CIMB Thai Bank Public Company Limited	07/24	AA3	5.046	1	4.467	14/08/2017	58	125
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/37	AA-	5.300	40	5.320	14/09/2017	-2	117
UEM Edgenta Berhad [fka Faber Group Berhad]	04/22	AA-	4.650	25	4.718	18/08/2017	-7	93
MMC Corporation Berhad	11/27	AA-	5.400	10	5.397	14/09/2017	0	145
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/31	AA-	5.000	10	5.030	04/08/2017	-3	87
MMC Corporation Berhad	04/27	AA-	5.370	10	5.370	14/09/2017	0	142
Affin Bank Berhad	09/27	A1	4.830	17	-	-	-	-
Mah Sing Berhad	-	-	6.480	6	6.480	18/19/2017	0	-
Alliance Bank Malaysia Berhad	12/17	A1	4.000	7	4.002	12/09/2017	0	52
AMMB Holdings Berhad	03/27	A1	4.925	20	4.929	15/09/2017	0	98
			<u>564</u>					

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

Market/Corporate News: What's Brewing

Great Eastern Holdings Ltd is reportedly planning to dispose of its stake in its Malaysian operations for as much as US\$1bil (RM4.19bil). According to The Wall Street Journal (WSJ), the Singapore-listed insurer had already engaged a Malaysian bank to discuss the potential deal. Great Eastern is a 87%-owned subsidiary of OCBC Bank in Singapore. Other foreign insurers reportedly in discussion to dispose of their stakes in their respective Malaysian subsidiaries ahead of a Bank Negara deadline requiring a 30% local ownership include Prudential plc of the United Kingdom and Tokio Marine Holdings of Japan. The WSJ said both Prudential and Tokio Marine planned to sell close to a third of the shares in their Malaysian units. These deals could potentially raise US\$3bil collectively over the next nine months. Last June, the Malaysian central bank gave insurers until June 2018 to meet its requirement that foreign ownership should not exceed 70%. The move was aimed at increasing local participation in the industry. Various reports said potential buyers of stakes that would be disposed of by foreign insurers would be local institutional funds such as the Employees Provident Fund and Permodalan Nasional Bhd. (Source: The Star)

Malaysian Resources Corp Bhd (MRCB) announced it had secured two infrastructure construction jobs for a total contract sum of RM204.7 million. The first, said MRCB in a filing yesterday, is for the construction and completion of elevated stations and other associated works at the Cyberjaya City Centre and Putrajaya Sentral (Package S210) for MRT Corp Sdn Bhd for a contract sum of RM145.8 million. The second, it added, was a RM58.9 million contract to construct Larkin Indoor Stadium in Johor Baru for Johor Land Bhd. The indoor stadium job is expected to take 18 months from the date of site possession. "Both of the projects are expected to contribute positively to the future earnings of the group," it added. (Source: The EdgeMarkets)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Nil			

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