

## Global Markets Research

### Fixed Income

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### Fixed Income Daily Market Snapshot

#### US Treasuries

- UST ended on range-bound mode with bond yields moving 1 - 2 bps higher for short to mid tenured benchmarks. 10-year ended 1 bp higher to close at 2.27%. On the macro front, both housing starts and building permits for month of June, exceeded survey levels, reinforcing views that economic recovery is gaining traction for the US economy. All eyes on upcoming BOJ and ECB policy meeting today on clues if ECB will be joining on concerted tapering measures. The Fed is scheduled to embark on tapering plans, gradually reducing its balance sheet size as hinted earlier by Fed Chairwoman, Janet Yellen.

#### MGS/GII

- Local govies ended supported yesterday, with benchmark yields generally lower versus previous close. Total MGS/GII traded yesterday was over RM2b transacted. 5-year benchmark MGS tightened lower to close at 3.68%. On inflation, as expected CPI moderated lower for the month of June, eased to 3.6% versus a prior print of 3.9% back in May. We expect focus to shift to the external front, with upcoming key policy meetings from both BOJ and ECB. Should ECB reiterates a more hawkish tone, upward pressure for bond yields may emerge.

#### PDS/Sukuk

- Trading volume for corporate bonds/sukuk was boosted higher yesterday with RM846m changing hands. We saw a slew of SPR Energy bonds emerging, with long-dated tranche 7/35 changing hands at 5.95% level. In the GG space, we saw LPPSA '24 and '36 traded at 4.26% and 5.04% level respectively. In the bank capital space, we saw Affin Bank '7/22 traded at 5.05%, whilst Bank Muamalat '11/21 traded at 5.29% level.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.36	1
5-yr UST	1.83	2
10-yr UST	2.27	1
30-yr UST	2.85	0

MGS		GII			
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)	
3-yr	3.37		-1	3.59	0
5-yr	3.68		-7	3.79	-1
7-yr	3.90		-2	4.01	0
10-yr	3.94		1	4.07	0
15-yr	4.40		-2	4.53	0
20-yr	4.55		-1	4.72	0
30-yr	4.76		0	4.94	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.50	0
3-yr	3.63	0
5-yr	3.75	0
7-yr	3.87	0
10-yr	4.00	0

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	09/17	3.045	22	3.049	18/07/2017	0
MGS	10/17	3.029	1	3.054	18/07/2017	-2
MGS	02/18	3.123	20	3.110	18/07/2017	1
MGS	03/18	3.157	53	3.174	18/07/2017	-2
MGS	09/18	3.283	95	3.292	18/07/2017	-1
MGS	03/19	3.366	29	3.382	17/07/2017	-2
MGS	10/19	3.445	2	3.464	18/07/2017	-2
MGS	11/19	3.485	4	3.481	18/07/2017	0
MGS	07/20	3.597	54	3.590	18/07/2017	1
MGS	10/20	3.592	22	3.644	18/07/2017	-5
MGS	07/21	3.765	0	3.711	17/07/2017	5
MGS	11/21	3.732	9	3.780	18/07/2017	-5
MGS	03/22	3.680	70	3.716	17/07/2017	-4
MGS	08/22	3.838	14	3.851	18/07/2017	-1
MGS	09/22	3.816	59	3.858	18/07/2017	-4
MGS	08/23	3.973	11	3.987	18/07/2017	-1
MGS	07/24	3.950	45	3.999	18/07/2017	-5
MGS	09/24	3.904	651	3.915	18/07/2017	-1
MGS	09/25	4.071	88	4.098	18/07/2017	-3
MGS	11/26	4.081	4	4.073	18/07/2017	1
MGS	11/27	3.940	12	3.928	18/07/2017	1
MGS	06/28	4.324	62	4.450	12/07/2017	-13
MGS	04/30	4.404	189	4.466	18/07/2017	-6
MGS	04/33	4.402	40	4.421	18/07/2017	-2
MGS	05/35	4.546	30	4.542	18/07/2017	0
MGS	04/37	4.553	110	4.575	18/07/2017	-2
MGS	09/43	4.832	2	4.853	18/07/2017	-2
GII	04/20	3.587	146	3.594	18/07/2017	-1
GII	04/22	3.789	120	3.803	18/07/2017	-1
GII	07/23	4.011	30	4.038	18/07/2017	-3
GII	12/28	4.271	20	4.306	28/06/2017	-4
GII	09/26	4.208	15	4.202	17/07/2017	1
			<u>2029</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**
Prasarana Malaysia Berhad	03/24	GG	4.257	30	4.268	17/07/2017	-1	41
DanaInfra Nasional Berhad	03/32	GG	4.889	20	4.876	10/07/2017	1	73
LPPSA	04/24	GG	4.258	15	4.229	17/07/2017	3	36
LPPSA	09/36	GG	5.043	7	4.649	27/10/2016	39	88
Putrajaya Holdings Sdn Berhad	10/17	AAA	3.682	20	3.907	13/01/2017	-23	19
Projek Lebuhraya Usahasama Berhad	01/20	AAA	4.095	30	4.035	01/03/2017	6	54
Aman Sukuk Berhad	04/22	AAA	4.339	50	4.299	21/04/2017	4	59
Malaysia Airports Capital Berhad	12/22	AAA	4.338	20	4.319	15/06/2017	2	59
Projek Lebuhraya Usahasama Berhad	01/23	AAA	4.259	80	4.209	21/06/2017	5	51
Projek Lebuhraya Usahasama Berhad	01/25	AAA	4.373	15	4.396	05/05/2017	-2	52
TNB Western Energy Berhad	01/27	AAA	4.589	10	4.658	16/01/2017	-7	59
Sarawak Hidro Sdn Berhad	08/27	AAA	4.690	15	4.738	15/03/2017	-5	69
Sarawak Hidro Sdn Berhad	08/29	AAA	4.840	10	4.821	17/02/2017	2	84
Projek Lebuhraya Usahasama Berhad	01/36	AAA	5.169	20	5.179	26/04/2017	-1	101
Star Media Group Berhad	05/18	AA1	4.231	10	4.204	15/03/2017	3	74
Maybank Islamic Berhad	04/19	AA1	4.433	10	4.457	21/06/2017	-2	87
Sarawak Energy Berhad	01/27	AA1	4.680	30	4.710	01/06/2017	-3	68
YTL Power International Berhad	03/27	AA1	4.967	10	4.968	17/07/2017	0	97
Sarawak Energy Berhad	08/35	AA1	5.270	10	5.272	14/07/2017	0	111
Gamuda Berhad	03/19	AA3	4.286	10	4.252	20/06/2017	3	73
RHB Bank Berhad	07/19	AA3	4.183	0	4.400	18/07/2017	-22	62
BGSM Management Sdn Berhad	12/19	AA3	4.477	10	4.448	30/06/2017	3	92
SPR Energy	07/20	AA3	4.639	10	4.640	14/07/2017	0	102
Jimah Energy Ventures Sdn Berhad	11/20	AA3	4.447	20	4.513	03/05/2017	-7	83
BGSM Management Sdn Berhad	12/20	AA3	4.587	10	4.546	03/07/2017	4	97
SPR Energy	07/22	AA3	4.800	20	4.800	14/07/2017	0	106
BGSM Management Sdn Berhad	12/22	AA3	4.777	10	4.728	20/06/2017	5	103
SPR Energy	07/23	AA3	4.899	10	-	-	-	110
BGSM Management Sdn Berhad	06/24	AA3	4.900	20	4.887	28/06/2017	1	105
SPR Energy	07/24	AA3	4.940	5	-	-	-	109
SPR Energy	07/25	AA3	4.989	35	-	-	-	109
Public Islamic Bank Berhad	06/19	AA1	4.346	10	4.294	24/05/2017	5	79
SPR Energy	07/26	AA3	5.060	5	5.060	14/07/2017	0	106
SPR Energy	07/27	AA3	5.169	15	5.170	14/07/2017	0	117
SPR Energy	07/31	AA3	5.560	20	-	-	-	140
SPR Energy	07/32	AA3	5.650	15	5.650	14/07/2017	0	149
SPR Energy	07/33	AA3	5.740	5	5.740	14/07/2017	0	158
SPR Energy	07/34	AA3	5.830	10	5.830	14/07/2017	0	167
UEM Sunrise Berhad	06/21	AA-	4.694	10	4.687	12/07/2017	1	101
SPR Energy	07/35	AA3	5.950	15	5.950	14/07/2017	0	179
Alpha Circle Sdn Berhad	11/17	AA-	4.329	10	4.377	09/06/2017	-5	83
WCT Holdings Berhad	04/18	AA-	4.407	1	4.397	14/06/2017	1	91
KESTURI	12/28	AA-	4.891	40	4.819	22/06/2017	7	89
Jimah East Power Sdn Berhad	12/31	AA-	5.059	20	5.020	19/06/2017	4	90
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/36	AA-	5.289	30	5.289	18/07/2017	0	87
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/35	AA-	5.229	30	5.229	18/07/2017	0	89
DRB-Hicom Berhad	11/18	A+	5.587	2	5.164	28/03/2017	42	209
Golden Assets International Finance Limitec	11/17	A1	7.552	0	-	-	-	406
CIMB Group Holdings Berhad	05/21	A1	5.119	11	5.140	17/07/2017	-2	143
CIMB Group Holdings Berhad	12/21	A1	4.899	0	5.201	14/07/2017	-30	121
Affin Bank Berhad	07/22	A1	5.048	10	5.047	17/07/2017	0	130
AMMB Holdings Berhad	03/22	A1	4.984	10	4.864	14/07/2017	12	129
Bank Muamalat Malaysia Berhad	11/21	A	5.287	3	5.287	18/07/2017	0	160
CIMB Group Holdings Berhad	12/21	A1	4.899	0	5.201	14/07/2017	-30	121
Mah Sing	-	NR	6.479	2	-	-	-	-
				<u>846</u>				

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

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

CIMB Group Holdings Bhd's 94.11% indirect subsidiary, CIMB Thai group, saw its consolidated net profit rise 30.1% to 477.8 million baht for the six-month period ended June 30, 2017 on the back of lower operating expenses and provisions. Operating income was lower by 1.6% while improved cost controls brought about a 2% decline in operating expenses. Provisions for the six-month period dropped by 6.2%. In a filing with Bursa Malaysia, CIMB Group said CIMB Thai also recorded a 794% leap in consolidated net profit at 356.6 million baht (RM45.46mil) for the second quarter ended June 30. In a statement, CIMB Thai Bank PCL president and CEO Kittiphun Anutarasoti said the half-year performance was satisfactory and that the group was on track to turn profitable in financial year 2017. It posted a net loss in FY16 due to higher provisions. He noted that net profit improved due to better net interest margin (NIM) and lower operating expenses and provisions while operating income held relatively steady. "Gross loans contracted slightly due to general corporate loan repayment and portfolio recalibration. Asset quality has also improved. "Our consumer, wholesale and treasury businesses performed well while commercial has shown positive growth traction post-recalibration," Kittiphun said. On a year-on-year basis, CIMB Thai group's consolidated operating income fell 1.6% to 6.38 billion baht, mainly driven by the decline in other income of 41.7% from lower gains on trading and foreign exchange transactions as well as net gains on investments. The bank said this was largely offset by growth in net fee and service income of 21.5% from improvements in corporate finance fees, hire-purchase and mutual fund fees, as well as an increase in net interest income as a result of lower interest expenses. Operating expenses contracted by 2% from lower premises and equipment expenses as well as taxes and duties, while cost-to-income ratio improved to 53.6% during the six-month period as a result of better cost management. NIM over earning assets stood at 3.81% compared to 3.79% a year ago. As at June 30, total gross loans (inclusive of loans guaranteed by other banks and loans to financial institutions) stood at 202.4 billion baht, marking a 2% drop since Dec 31, 2016. Gross non-performing loans (NPLs) stood at 11.3 billion baht, with an equivalent gross NPL ratio of 5.4% from 6.1% as at Dec 31, 2016. (Source : The Star)

### Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Aquasar Capital Sdn Bhd	RM1,500 million Sukuk Murabahah	AAA / Stable	Affirmed

Source: MARC and RAM ratings

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