

Global Markets Research

Fixed Income

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Fixed Income Daily Market Snapshot

US Treasuries

- UST ended supported yesterday, with bond yields eased lower for benchmarks 5-year, 10-year and 30-year respectively. Jobless claims was a tad lower with 233K versus prior level 248K and consensus 245K. Sale of \$13b 10-year TIPS meanwhile printed softer BTC cover of 1.98x versus previous average level of 2.56x. All eyes on next week's FOMC meeting, with policy tone of the monetary policy statement a key watch for market players.

MGS/GII

- Local govies ended supported yesterday, with levels eased lower for selective benchmarks. Long-dated benchmark MGS, 15-year and 20-year benchmarks ended 1-2 bps tighter versus previous session close. Total volume traded for MGS/GII was over RM2.3b transacted. Good traded amounts seen emerging for 3-year and 5-year GII, with RM335m and RM230m transacted respectively. All eyes on FOMC rate decision meeting next week.

PDS/Sukuk

- Trading volume for corporate bonds/sukuk halved to RM436m yesterday versus Wednesday's transacted amount. We saw GG papers PTPTN '8/21 and '6/22 traded with levels closing at 4.03% and 4.08% level respectively. Prasa '3/24 meanwhile ended at 4.25% level. Toll road bonds ANIH 2018-2020 seen changing hands, with levels crossed at 4.20%, 4.35% and 4.45% level respectively.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.36	0
5-yr UST	1.82	-1
10-yr UST	2.26	-1
30-yr UST	2.83	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.37	0	3.57	-2
5-yr	3.68	0	3.78	-1
7-yr	3.89	-1	4.01	0
10-yr	3.94	0	4.09	2
15-yr	4.38	-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	1
5-yr	3.75	0
7-yr	3.85	0
10-yr	3.99	-1

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	3.096	224	3.045	19/07/2017	5
MGS	10/17	3.036	90	3.029	19/07/2017	1
MGS	02/18	3.125	17	3.123	19/07/2017	0
MGS	09/18	3.255	83	3.274	19/07/2017	-2
MGS	07/19	3.456	67	3.484	12/07/2017	-3
MGS	10/19	3.399	6	3.445	19/07/2017	-5
MGS	11/19	3.486	1	3.463	19/07/2017	2
MGS	03/20	3.569	188	3.553	18/07/2017	2
MGS	07/21	3.756	11	3.765	19/07/2017	-1
MGS	11/21	3.745	2	3.780	18/07/2017	-3
MGS	03/22	3.680	100	3.680	19/07/2017	0
MGS	08/22	3.830	21	3.812	19/07/2017	2
MGS	09/22	3.811	20	3.816	19/07/2017	0
MGS	08/23	3.973	11	3.973	19/07/2017	0
MGS	07/24	3.949	30	3.950	19/07/2017	0
MGS	09/24	3.894	250	3.898	19/07/2017	0
MGS	09/25	4.056	28	4.074	19/07/2017	-2
MGS	03/27	4.217	0	4.196	18/07/2017	2
MGS	05/27	4.176	15	4.160	18/07/2017	2
MGS	04/30	4.451	44	4.430	19/07/2017	2
MGS	06/31	4.480	156	4.505	18/07/2017	-2
MGS	04/33	4.376	170	4.402	19/07/2017	-3
MGS	05/35	4.581	0	4.546	19/07/2017	4
MGS	04/37	4.550	40	4.553	19/07/2017	0
MGS	09/43	4.857	10	4.832	19/07/2017	3
GII	04/20	3.574	335	3.587	19/07/2017	-1
GII	03/21	3.848	80	3.862	18/07/2017	-1
GII	03/21	3.848	80	3.862	18/07/2017	-1
GII	04/22	3.784	230	3.789	19/07/2017	-1
GII	09/26	4.168	4	4.208	19/07/2017	-4
GII	07/27	4.098	2	4.074	13/07/2017	2
GII	08/33	4.531	20	4.529	18/07/2017	0
GII	05/47	4.936	10	4.936	17/07/2017	0
		<u>2345</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**
Pengurusan Air SPV Berhad	06/19	GG	3.862	20	3.812	18/04/2017	5	30
SME Bank	03/20	GG	3.935	10	3.852	24/05/2017	8	31
Malaysia Debt Ventures Berhad	08/20	GG	3.947	10	4.044	13/04/2017	-10	32
PTPTN	08/21	GG	4.029	5	4.000	25/05/2017	3	35
PTPTN	06/22	GG	4.079	10	4.197	06/01/2017	-12	33
Prasarana Malaysia Berhad	03/24	GG	4.25	5	4.257	19/07/2017	-1	39
Khazanah Nasional Berhad	08/24	GG	4.247	20	4.239	17/05/2017	1	39
N.U.R Power Sdn Berhad	06/24	AAA (FG)	4.598	2	4.817	15/01/2016	-22	74
ADCB Finance (Cayman) Limited	11/17	AAA	4.227	30	4.231	16/06/2017	0	73
Putrajaya Holdings Sdn Berhad	07/23	AAA	4.358	10	4.390	11/07/2017	-3	56
Projek Lebuhraya Usahasama Berhad	01/26	AAA	4.438	10	4.430	23/06/2017	1	55
Malayan Banking Berhad	12/18	AA1	4.564	10	4.625	26/05/2017	-6	107
Sabah Credit Corporation	08/20	AA1	4.57	20	4.600	09/06/2017	-3	95
Sarawak Energy Berhad	06/21	AA1	4.347	10	4.379	10/04/2017	-3	67
Kuala Lumpur Kepong Berhad	08/25	AA1	4.554	20	4.542	22/06/2017	1	67
Sarawak Energy Berhad	07/29	AA1	4.891	10	4.903	24/05/2017	-1	90
Celcom Networks Sdn Berhad	10/26	AA+	4.979	50	4.938	22/06/2017	4	99
Celcom Networks Sdn Berhad	10/26	AA+	4.979	50	4.938	22/06/2017	4	99
Malayan Banking Berhad	09/18	AA2	4.601	10	4.618	23/06/2017	-2	111
Imtiaz Sukuk II Berhad	05/20	AA2	4.443	10	-	-	-	82
Krung Thai Bank Public Company Limited	07/20	AA2	4.485	10	4.700	07/07/2017	-22	86
Imtiaz Sukuk II Berhad	05/22	AA2	4.572	10	4.580	26/05/2017	-1	82
Anih Berhad	11/18	AA	4.202	10	4.239	12/04/2017	-4	71
Anih Berhad	11/19	AA	4.354	10	4.308	21/06/2017	5	79
Anih Berhad	11/20	AA	4.445	10	4.166	08/11/2016	28	82
Gamuda Berhad	03/18	AA3	4.039	10	4.060	02/06/2017	-2	54
RHB Islamic Bank Berhad	05/19	AA3	4.498	10	4.508	14/07/2017	-1	93
RHB Bank Berhad	07/19	AA3	4.183	1	4.183	19/07/2017	0	62
UEM Sunrise Berhad	04/22	AA-	4.739	10	4.727	24/05/2017	1	99
Golden Assets International Finance Limitec	11/17	A1	6.639	2	7.552	19/07/2017	-91	314
RHB Bank Berhad	12/19	A1	4.837	20	4.887	28/03/2017	-5	127
Affin Bank Berhad	02/22	A1	5.046	10	5.048	19/07/2017	0	130
Mah Sing	-	NR	6.478	1	-	-	-	-
				<u>436</u>				

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

Market/Corporate News: What's Brewing

The European Central Bank may not make a decision on the future of its bond-buying program until October, euro-area official's familiar with the matter said. While Governing Council members expect to start a tapering discussion at their next policy meeting on Sept. 7, they see reason to doubt they'll be able to reach a conclusion then, the people said, asking not to be identified because the deliberations are private. An ECB spokesman declined to comment. Officials cited the wide array of issues they'll need to consider including the pace of quantitative easing, the wording of forward guidance and fresh economic projections as reasons the session might not be decisive. Policy meetings are also scheduled for Oct. 26 and Dec. 14. After the Governing Council met in Frankfurt on Thursday, ECB President Mario Draghi told reporters that policy makers unanimously agreed to put off a formal debate until the fall, but that they opted not to set a precise date for talks. Economists surveyed by Bloomberg before the meeting had predicted the central bank would use the September gathering to signal a reduction in the monthly pace of QE. The institution's staff is already studying various options for how bond-buying might eventually be wound down, according to the people. Still, phasing out the program may not require much preparatory work, one of the people said. Draghi said the Eurosystem's technical committees, comprising representatives from the ECB and the region's national central banks, haven't been formally asked to assess scenarios. Policy makers are currently committed to spending 60 billion euros (\$70 billion) a month on debt until at least December, and have repeatedly said any winding down must be gradual. Even so, officials differ in their views on what that means for the precise timing and pace of any withdrawal of stimulus. The stepping stone to a shift in policy was laid down last month when the Governing Council upgraded its assessment of the risks to the economic outlook to "broadly balanced" from tilted to the downside. It also scrapped its expectation that interest rates might be cut again. Draghi

reiterated that assessment on Thursday, while stressing the need for caution because of subdued price pressures. (Source : Bloomberg)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: MARC and RAM ratings

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