

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.86	0
5-yr UST	2.24	2
10-yr UST	2.50	3
30-yr UST	2.88	6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.32	0	3.49	0
5-yr	3.61	-2	3.90	0
7-yr	3.91	-1	4.10	0
10-yr	3.94	-2	4.30	0
15-yr	4.41	0	4.75	0
20-yr	4.60	-1	4.84	1
30-yr	4.88	3	4.98	0

\*Market indicative

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.64	0
3-yr	3.75	0
5-yr	3.83	1
7-yr	3.94	0
10-yr	4.06	1

Source: Bloomberg

#### Upcoming Government Bond Tenders

Nil

#### US Treasuries

- US Treasury remained under pressure on lingering effects of passage of the US Tax Bill, pushing yields higher across the mid to longer tenor by 2-6bps while the 2s ended flat at 1.86%. 30s continued to rally the most, up by 6bps to 2.88% while the 10s added 3bps to 2.50%. The spread between 5s and 30s widened further by 4bps to 64bps. All eyes will be on final print of US 3Q GDP growth today and any pleasant surprises will reinforce expectations for the Fed continuous policy normalization path. This, coupled with potential consolidation after recent spikes in yields, could flatten the UST curve again.

#### MGS/GII

- Local govies traded on a more biddish tone yesterday with yields gyrating lower across most tenors, tracking a firmer MYR. Benchmark 5Y and 10Y MGS shed 2bps each to 3.61% and 3.94% respectively. Trading interests picked up with total deals done increasing further to RM1.60bn with MGS accounted for more than three quarter of total volume. Trading interests remained concentrated on the front end, with RM439m of MGS 9/18 done at 2.71%. Benchmark MGS 11/27 also saw heavy trade with RM415m changed hands. Similarly, the front end of the GII curve dominated yesterday's trade, with RM215m dealt at 3.09%. Malaysia CPI sprang no surprises reaffirming moderating trend in inflation. We expect demand for local govies to remain supported albeit potentially softer as we head into the year end festive holidays.

#### PDS/Sukuk

- Contrary to the pick-up in local govies, trading in corporate bonds softened a tad with total volumes dealt retreated to RM316m. Investors continued to favour papers in the AAA and more notably in the AA space, where it accounted for close to 80% of transactions. Financial papers also made a return with MBB 12/23 and 5/24, RHB Islamic 5/24 and 4/27, MBSB 5/18, SCC 10/19 seeing collective trade of RM90m. 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 02/18	2.666	32	2.652	19/12/2017	1
MGS 09/18	2.715	439	2.849	19/12/2017	-13
MGS 10/19	3.133	30	3.125	14/12/2017	1
MGS 11/19	3.101	2	3.173	19/12/2017	-7
MGS 03/20	3.215	49	3.206	18/12/2017	1
MGS 07/20	3.323	1	3.312	19/12/2017	1
MGS 09/21	3.584	2	3.591	19/12/2017	-1
MGS 11/21	3.499	62	3.516	19/12/2017	-2
MGS 03/22	3.605	43	3.623	19/12/2017	-2
MGS 09/22	3.776	1	3.801	15/12/2017	-3
MGS 07/24	3.945	0	3.963	15/12/2017	-2
MGS 09/24	3.912	50	3.923	19/12/2017	-1
MGS 09/25	4.042	2	4.042	19/12/2017	0
MGS 11/27	3.936	415	3.954	19/12/2017	-2
MGS 06/31	4.401	1	4.401	18/12/2017	0
MGS 04/33	4.414	11	4.410	14/12/2017	0
MGS 05/35	4.564	9	4.581	18/12/2017	-2
MGS 04/37	4.596	7	4.604	18/12/2017	-1
MGS 03/46	4.875	80	4.847	19/12/2017	3
GII 05/18	3.090	215	3.246	19/12/2017	-16
GII 04/20	3.429	8	3.474	18/12/2017	-5
GII 04/22	3.888	50	3.901	18/12/2017	-1
GII 07/27	4.297	44	4.299	18/12/2017	0
GII 06/33	4.752	50	4.751	19/12/2017	0
		<u>1603</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*	
DanaInfra Nasionol Berhad	04/18	GG	3.370	5	3.450	24/11/2017	-8	-
Toyota Capital Malaysia Sdn Berhad	04/18	AAA	3.807	2			381	88
GB Services Berhad	11/19	AAA	4.474	10	4.301	06/10/2017	17	130
Danga Capital Berhad	04/20	AAA	4.098	15	4.089	30/11/2017	1	92
Al Dzahab Assets Berhad	03/24	AAA	4.642	5	4.644	14/12/2017	0	83
Genting Capital Berhad	06/27	AAA	4.950	16	4.898	01/08/2017	5	96
EKVE Sdn Berhad	01/33	AAA	5.000	10	4.969	25/09/2017	3	59
Malaysia Building Society Berhad	05/18	AA1	4.070	10	4.130	05/10/2017	-6	114
Sabah Credit Corporation	10/19	AA1	4.507	10	4.455	13/09/2017	5	133
Malayan Banking Berhad	12/23	AA1	4.343	20	4.500	24/11/2017	-16	53
Malayan Banking Berhad	05/24	AA1	4.480	30	4.608	23/11/2017	-13	67
YTL Power International Berhad	05/27	AA1	4.900	20	4.879	18/12/2017	2	91
Sarawak Energy Berhad	12/32	AA1	5.279	6	5.279	11/12/2017	0	87
Celcom Networks Sdn Berhad [fka Celcom Transmission (M) Sdn Berhad]	10/21	AA+	4.676	1	4.644	12/09/2017	3	117
ORIX Leasing Malaysia Berhad	03/18	AA2	3.748	10	4.052	03/07/2017	-30	82
Konsortium ProHAWK Sdn Berhad	06/24	AA2	4.677	20	4.434	22/09/2016	24	76
Bright Focus Berhad	01/30	AA2	5.158	10	5.158	14/12/2017	0	119
Anih Berhad	11/18	AA	4.083	10	4.074	09/11/2017	1	115
Anih Berhad	11/26	AA	4.676	10	4.694	05/12/2017	-2	69
Anih Berhad	11/27	AA	4.759	10	4.778	19/10/2017	-2	80
Tanjung Bin Energy Issuer Berhad	09/18	AA3	4.098	20	4.252	21/02/2017	-15	117
RHB Islamic Bank Berhad	05/24	AA3	4.536	10	4.455	21/11/2017	8	73
SPR Energy (M) Sdn Berhad	07/25	AA3	4.979	30	4.987	07/12/2017	-1	102
RHB Islamic Bank Berhad	04/27	AA3	4.768	10	4.780	15/12/2017	-1	78
WCT Holdings Berhad	10/22	AA-	5.149	14	5.174	01/11/2017	-3	154
AMMB Holdings Berhad	03/27	A1	4.862	2	4.864	12/12/2017	0	87
CIMB Group Holdings Berhad	05/16	A1	4.810	0	5.250	19/12/2017	-44	20
			<u>316</u>					

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

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

The stamp duty for properties costing more than RM1mil will remain at 3% with effect from Jan 1, 2018, the Finance Ministry said. It said on Wednesday the government will not go ahead with the proposal to raise the stamp duty from 3% to 4% for these properties as announced in the Budget 2017. The ministry also said the stamp duty for properties costing RM100,000 is 1% while for those costing between RM100,001 and RM500,000 is 2%. For properties costing RM500,001 and above it is 3%. According to the Malaysian Institute of Accountants, this proposed measure in Budget 2017 was introduced to enhance the government's commitment to long-term fiscal sustainability. Recall that the proposed introduction of the higher stamp duty rate of 4% on the transfer of properties priced above RM1mil would be an impetus for purchasers to make their purchases prior to Jan 1, 2018 in order to avoid being subject to the higher stamp duty rate. The MIA pointed out that this proposal, if it comes into effect, will result in property buyers who purchase properties costing more than RM1mil after Jan 1, 2018 having to pay approximately 33% more stamp duty on the purchase price in excess of RM1mil. (Source: The Star Online)

MyHSR Corp Sdn Bhd and SG HSR Pte Ltd, the owners of the Kuala Lumpur-Singapore High Speed Rail (HSR) project, have called a joint tender for an assets company for the HSR project with bidders having up to June 29 next year to submit proposals. The assets company will be responsible for designing, building, financing and maintaining all rolling stock, as well as designing, building, financing, operating and maintaining all rail assets. It will also be responsible for coordinating the system's capacity for operations and maintenance needs. The call for tender follows extensive preparations by MyHSR Corp and SG HSR since the Kuala Lumpur-Singapore HSR bilateral agreement was signed by the governments of Malaysia and Singapore last December. MyHSR Corp chief executive officer Datuk Mohd Nur Ismal Mohamed Kamal said in the joint press release that the multibillion ringgit project was progressing well with the submission of the Section 4 Land Acquisition Act completed, on-going public inspection for alignment within Malaysia, recently launched project delivery partner and the assets company joint tender launch. "The Kuala Lumpur-Singapore HSR project is a complex and extensive transport infrastructure project for both countries, which will generate huge socio-economic benefits arising from the increased connectivity and travel efficiencies," he said. Meanwhile, SG HSR managing director Rama Venkta said the assets company tender marks a major milestone for the project. "We are heartened by the enthusiastic response from the market for the Kuala Lumpur-Singapore HSR so far. Their feedback at the two industry briefings has been valuable in helping us design the parameters of the assets company tender," he added. A tender briefing will be held in Kuala Lumpur on Jan 23 with MyHSR and SG HSR targeting to appoint a qualified bidder by the end of next year through a process where bidders will be evaluated for their technical solution, commercial robustness, financial sustainability and price. "Every bid will be assessed on its own merits," both said, adding that the tender also aim to identify bidders which can collaborate on project implementation with MyHSR and SG HSR besides providing a solution that prioritises safety and security, availability and reliability, proven technology, operations flexibility, customer centric design and, value for money. (Source: The Star Online)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Bank Kerjasama Rakyat Malaysia Berhad	Financial institution ratings	AA2/Stable/P1	Reaffirmed
Besraya (M) Sdn Bhd	RM700 million Sukuk Mudharabah Issuance Facility (2011/2028)	AA3/ Negative	Reaffirmed; Outlook revised from Stable to Negative
Alpha Circle Sdn Bhd	Senior Sukuk Musharakah (Senior Sukuk) Junior Sukuk Musharakah (Junior Sukuk)	AA- <i>IS</i> A <i>IS</i>	Affirmed

Source: RAM Ratings; MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; Economic Research, Global Markets

Level 8, Menara Hong Leong

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: [HLMarkets@hibb.hongleong.com.my](mailto:HLMarkets@hibb.hongleong.com.my)**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.