

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

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US Treasuries





- UST advanced sending bond yields lower across the curve with 10-year tightening below 2.20%, to close at 2.18% level. Prospects of December Fed hike seen pared lower, with odds diminishing. All eyes on Yellen upcoming speech at Jackson Hole meeting this week, 25th August. On a related note, ECB chief Mario Draghi will also be delivering his speech at the same meeting. We expect continue range-bound trading in UST, with renewed support amid less prospects of December Fed hike with Fed Fund Futures showing reduced odds for interest rate increase.















MGS/GII

- Local govies staged a strong rally on Monday, with bond yields shaved lower across the curve. We opine the positive vibes from stronger 2Q GDP (5.8% vs consensus 5.4%) seen infusing renewed sentiments for the local currency thus reemergence of improved appetite for MYR govies. Total transacted volume was over RM2.9b, with 7-year MGS and 3-year GII in focus. All eyes on foreign reserves release today ahead of July CPI release on Wednesday. Bloomberg survey expects CPI in July to moderate to 3.4% after a 3.6% gain in June, reinforcing views that inflation is poised to moderate lower in the 2H2017.

PDS/Sukuk

- MYR corporate bonds/sukuk trading volume moderating lower to RM423m with trades skewed towards the GG/AAA space. In the GG segment, we saw PASB bonds maturing '6/20, '6/20 and '9/20 traded at 3.94%, 3.96% and 3.99% level respectively with combined amounts of RM50m. Tanjung Bin Energy Issuer maturing 2029-2032 meanwhile saw a collective amount of RM50m traded with levels ranging 4.96% - 5.14% level.

UST			
Tenure	Closing (%)		Chg (bps)
2-yr UST	1.30		-1
5-yr UST	1.75		-1
10-yr UST	2.18		-2
30-yr UST	2.76		-2

MGS		GII*			
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)	
3-yr	3.38		3.51		-1
5-yr	3.56		3.71		-3
7-yr	3.89		4.01		0
10-yr	3.97		4.08		-1
15-yr	4.36		4.51		-1
20-yr	4.56		4.73		0
30-yr	4.74		4.89		-2

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.49	0
3-yr	3.64	0
5-yr	3.75	0
7-yr	3.85	0
10-yr	3.97	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	10/17	3.062	15	3.050	18/08/2017	1
MGS	02/18	3.013	17	3.050	17/08/2017	-4
MGS	03/18	3.008	3	3.047	18/08/2017	-4
MGS	09/18	3.190	1	3.178	17/08/2017	1
MGS	03/19	3.208	2	3.234	17/08/2017	-3
MGS	10/19	3.342	2	3.356	18/08/2017	-1
MGS	10/20	3.455	4	3.428	18/08/2017	3
MGS	02/21	3.379	470	3.386	18/08/2017	-1
MGS	07/21	3.522	6	3.536	17/08/2017	-1
MGS	09/21	3.572	42	3.585	17/08/2017	-1
MGS	11/21	3.619	20	3.619	17/08/2017	0
MGS	03/22	3.560	170	3.591	18/08/2017	-3
MGS	08/22	3.762	5	3.740	18/08/2017	2
MGS	09/22	3.751	30	3.768	18/08/2017	-2
MGS	03/23	3.838	29	3.862	17/08/2017	-2
MGS	08/23	3.847	1	3.875	18/08/2017	-3
MGS	09/24	3.889	500	3.891	18/08/2017	0
MGS	07/25	4.038	30	4.037	24/05/2017	0
MGS	11/26	4.004	1	3.984	18/08/2017	2
MGS	11/27	3.966	351	3.974	18/08/2017	-1
MGS	04/33	4.340	3	4.363	17/08/2017	-2
MGS	04/37	4.557	40	4.556	17/08/2017	0
GII	04/20	3.508	480	3.526	18/08/2017	-2
GII	04/22	3.706	200	3.741	17/08/2017	-4
GII	07/22	3.854	230	3.879	17/08/2017	-2
GII	07/23	3.988	20	3.999	16/08/2017	-1
GII	08/24	3.987	180	4.007	17/08/2017	-2
GII	07/27	4.079	80	4.087	17/08/2017	-1
GII	09/30	4.510	40	4.499	18/08/2017	1
GII	05/47	4.895	0	4.914	08/08/2017	-2
SPK	07/22	3.917	10	3.929	16/08/2017	-1
			<u>2982</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	06/20	GG	3.937	15	3.960	06/06/2017	-2	30
Pengurusan Air SPV Berhad	06/20	GG	3.956	20	3.909	15/06/2017	5	32
Pengurusan Air SPV Berhad	09/20	GG	3.988	15	4.021	08/08/2017	-3	35
PTPTN	03/21	GG	4.002	10	3.997	31/07/2017	0	32
Danalinfra Nasional Berhad	11/22	GG	4.073	10	4.088	29/05/2017	-1	33
Prasarana Malaysia Berhad	03/24	GG	4.269	10	4.250	20/07/2017	2	43
Berjaya Land Berhad	12/19	AAA	4.406	10	4.472	06/03/2017	-7	85
Malaysia Airports Capital Berhad	12/22	AAA	4.355	20	4.355	10/08/2017	0	61
Aquasar Capital Sdn Berhad	07/25	AAA	4.549	10	4.549	22/06/2017	0	67
EKVE Sdn Berhad	01/27	AAA	4.580	10	4.400	17/08/2016	18	61
DiGi Telecommunications Sdn Berhad	04/27	AAA	4.549	15	4.556	18/08/2017	-1	58
Sarawak Energy Berhad	01/22	AA1	4.378	20	4.386	21/07/2017	-1	69
Batu Kawan Berhad	06/23	AA1	4.489	30	4.497	01/08/2017	-1	70
Kuala Lumpur Kepong Berhad	04/26	AA1	4.600	30	4.615	08/08/2017	-2	73
YTL Power International Berhad	05/27	AA1	4.925	50	4.939	18/08/2017	-1	96
Westports Malaysia Sdn Berhad	05/24	AA+	4.498	10	4.528	21/04/2017	-3	66
Westports Malaysia Sdn Berhad	10/26	AA+	4.663	10	-	-	-	69
Jimah Energy Ventures Sdn Berhad	05/21	AA3	4.452	10	4.902	24/06/2015	-45	77
BGSM Management Sdn Berhad	03/26	AA3	4.950	20	4.970	02/08/2017	-2	108
Tanjung Bin Energy Issuer Berhad	09/29	AA3	4.964	10	4.964	04/08/2017	0	99
Tanjung Bin Energy Issuer Berhad	03/31	AA3	5.059	20	5.056	09/08/2017	0	90
Tanjung Bin Energy Issuer Berhad	03/32	AA3	5.139	20	5.147	10/08/2017	-1	98
SPR Energy (M) Sdn Berhad	07/33	AA3	5.649	10	5.740	19/07/2017	-9	149
Tanjung Bin O&M Berhad	07/21	AA-	4.521	2	4.512	26/05/2017	1	84
MMC Corporation Berhad	04/27	AA-	5.398	10	5.425	10/07/2017	-3	143
Golden Assets International Finance Limited	08/18	A1	5.175	2	5.303	26/04/2017	-13	168
Tan Chong Motor Holdings Berhad	11/21	A1	5.966	2	5.965	18/08/2017	0	228
Affin Bank Berhad	02/22	A1	5.016	10	5.022	17/08/2017	-1	133
Bank Muamalat Malaysia Berhad	06/21	A3	5.747	10	5.783	04/08/2017	-4	206
CIMB Group Holdings Berhad	05/21	A1	4.826	1	4.902	16/08/2017	-8	114
Mah Sing	-	NR	6.479		-	-	-	-
				<u>423</u>				

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

Market/Corporate News: What's Brewing

Scomi Group Bhd hopes to raise about RM155mil from the exercise of the free warrants which will be issued under the proposed merger of its subsidiaries Scomi Energy Services Bhd and Scomi Engineering Bhd and resultant privatisation. Scomi Group issued the statement to Bursa Malaysia on Tuesday that it had submitted a formal proposal to undertake the proposed corporate exercise and mergers. Trading will resume at 2.30pm on Tuesday. The exercise included a proposed consolidation of every two existing ordinary shares in the capital of the company into one ordinary share. It also proposed a bonus issue of up to 671.12 million warrants in Scomi Group on the basis of seven warrants for every 10 consolidated shares. The exact quantum of proceeds that may be raised from the exercise of the warrants is dependent on the total number of warrants to be exercised during the tenure of the warrants. "Assuming the warrants are fully exercised at the exercise price of 21 sen each, the maximum proceeds that may potentially be raised are approximately RM155mil," it said. Scomi Group said the proposed share consolidation will rationalise the share capital of the company by reducing the number of shares issued and could potentially reduce the volatility in the share price as a result of the higher theoretical share market price. As for the proposed bonus issue of warrants, Scomi Group said it would provide the company with additional working capital when the warrants are exercised. "The proposed mergers are in line with Scomi's intention to obtain full control of Scomi Energy and Scomi Engineering, and would provide greater flexibility for Scomi to plan and decide on the business strategic planning across existing geographical locations of the merged group," it said. "The proposed mergers paves the way for integration of business activities of Scomi Energy and Scomi Engineering, enabling the merged group to leverage on the combined financial resources and strengths to compete in and undertake future business contracts, and pursue growth opportunities in both the energy and transport industries that it is familiar with," it added. Scomi Group also said the de-listing of Scomi Energy and Scomi Engineering after the proposed mergers was expected to eliminate any overlap of administrative efforts and costs associated with maintaining the listing status of the said companies, and allow Scomi to re-divert resources towards its business operations. (Source : The Star)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Widad Capital Sdn Bhd	Sukuk Murabahah Programme of up to RM110.0 million	AA2 / Stable	Reaffirmed

Source: MARC and RAM ratings

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