

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.77	2
5-yr UST	2.10	1
10-yr UST	2.36	-1
30-yr UST	2.76	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.48	-6	3.50	-11
5-yr	3.73	-3	3.84	-5
7-yr	3.96	-2	4.11	0
10-yr	3.96	2	4.30	-4
15-yr	4.57	-8	4.75	0
20-yr	4.73	-7	4.79	0
30-yr	4.98	0	4.99	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.65	0
3-yr	3.74	-2
5-yr	3.82	-3
7-yr	3.93	-4
10-yr	4.05	-4

Source: Bloomberg

#### Upcoming Government Bond Tenders

Reopening of RM2.0bn auction and RM1.0bn private placement of 15Y MGS 4/33 today

#### US Treasuries

- US Treasuries closed mixed with the long-end well-supported with the 30Y lower by 2bps at 2.76%. The shorter-end 2-5Y however weakened by 1-2bps. The much-watched 10Y continued to flirt within the 2.30-40% band; settling at 2.36%. The flattening trend continued with the 5s30s spread lower by another 3bps to about 65bps. Investors were seen digesting outgoing Fed chairman, Yellen's remarks on inflation which is reputed to be muted temporarily. On the data front we have the initial jobless claims out today followed by the University of Michigan consumer sentiment survey. Attention is also expected to shift to the re-imposition of debt ceiling which expires on 8<sup>th</sup> December.

#### MGS/GII

- Local govies saw interest returning with volume spiking to RM3.9b with interest mainly in the short-end off-the-runs. About 75% of total volume seen in the short 18-19's MGS and GII's which could be a pre-cursor of currency play by inter-bank and foreign players. Yields were generally 2-8bps lower across most tenures with both the 7Y MGS 9/24 and 10Y MGS 11/27 closed at 3.96%. The GII 7/27 continues to trade actively as investors saw value in the huge 35bps premium over its conventional counterpart. We continue to expect some interest in local govies including the 15Y MGS 4/33 auction today amid the stronger ringgit.

#### PDS/Sukuk

- Trading activity in corporate bonds was still muted with a volume of RM254m as some interests seen returning to the AAA-space. Cagamas 12/18, Digi 4/24 and Aquasar 7/21 trended higher by 0-19bps compared to previous levels done; closing 3.73%, 4.53% and 4.32% respectively. However in the AA-space we saw continued interest in UMW 10/21 and 10/26 which closed 0-1bps lower at 4.62% and 4.99% respectively whereas ANIH 11/24 saw RM20m done at 4.58% We expect end-investors to continue searching for yields in current environment.

## Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 02/18	2.412	300	2.527	43059	-12
MGS 03/18	2.508	500	2.596	43059	-9
MGS 09/18	2.674	313	2.856	43059	-18
MGS 03/19	3.033	345	3.223	43059	-19
MGS 07/19	3.237	114	3.300	43048	-6
MGS 10/19	3.234	412	3.412	43056	-18
MGS 11/19	3.291	24	3.422	43059	-13
MGS 03/20	3.388	73	3.424	43059	-4
MGS 10/20	3.457	3	3.494	43059	-4
MGS 02/21	3.479	136	3.536	43056	-6
MGS 07/21	3.715	0	3.613	43059	10
MGS 09/21	3.739	40	3.800	43056	-6
MGS 03/22	3.728	3	3.759	43056	-3
MGS 08/22	3.849	2	3.865	43059	-2
MGS 09/22	3.851	6	3.867	43059	-2
MGS 03/23	3.879	6	3.964	43059	-9
MGS 08/23	3.937	49	4.016	43059	-8
MGS 07/24	4.059	12	4.068	43059	-1
MGS 09/24	3.961	51	3.983	43056	-2
MGS 09/25	4.220	28	4.227	43059	-1
MGS 04/26	4.263	1	4.274	43053	-1
MGS 11/26	4.250	12	4.250	43059	0
MGS 11/27	3.960	83	3.936	43059	2
MGS 04/30	4.498	5	4.594	43054	-10
MGS 06/31	4.602	66	4.622	43056	-2
MGS 04/33	4.573	13	4.650	43056	-8
MGS 05/35	4.719	1	4.724	43056	0
MGS 04/37	4.730	20	4.802	43053	-7
MGS 09/43	4.966	20	5.004	43053	-4
GII 05/18	3.018	186	3.086	43056	-7
GII 08/18	3.135	329	3.204	43059	-7
GII 08/18	3.122	110	3.191	43059	-7
GII 04/20	3.497	286	3.607	43056	-11
GII 05/20	3.648	10	3.518	43025	13
GII 07/22	3.931	20	3.970	43055	-4
GII 07/23	4.048	2	4.068	43056	-2
GII 07/27	4.302	310	4.340	43059	-4
		<u>3891</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*	
Cagamas Berhad	10/18	AAA	3.756	2	3.819	08/08/2017	-6	82
Cagamas Berhad	12/18	AAA	3.732	30	3.729	09/11/2017	0	80
Bank Pembangunan Malaysia Berhad	04/21	AAA	4.381	5	4.249	29/08/2017	13	87
Al Dzhah Assets Berhad	09/22	AAA	4.831	10	5.106	07/09/2017	-27	108
DiGi Telecommunications Sdn Berhad	04/24	AAA	4.526	20	4.338	14/09/2017	19	65
Aquasar Capital Sdn Berhad	07/21	AAA	4.315	20	4.294	13/11/2017	2	67
GENM Capital Berhad	03/22	AAA	4.696	10	4.351	20/11/2017	35	105
TNB Northern Energy Berhad	05/23	AAA	4.489	5	4.169	11/10/2016	32	62
Sarawak Energy Berhad	07/19	AA1	4.167	3	4.225	04/08/2017	-6	88
Public Bank Berhad	10/23	AA1	4.225	2	4.257	08/11/2017	-3	35
Malayan Banking Berhad	01/24	AA1	4.621	1	5.220	16/11/2017	-60	75
Hong Leong Bank Berhad	06/24	AA1	4.500	1	4.436	14/11/2017	6	55
YTL Power International Berhad	05/27	AA1	4.878	10	4.881	14/11/2017	0	86
Danajamin Nasional Berhad	10/27	AA1	4.776	20	4.787	20/11/2017	-1	81
UMW Holdings Berhad	10/21	AA2	4.616	20	4.624	13/11/2017	-1	97
Krung Thai Bank Public Company Limited	07/25	AA2	4.439	2	4.452	20/11/2017	-1	46
UMW Holdings Berhad	10/26	AA2	4.985	20	4.988	16/11/2017	0	97
Perbadanan Kemajuan Negeri Selangor	10/18	AA3	4.366	10	4.342	07/11/2017	2	143
Tadaw Energy Sdn Berhad	07/22	AA3	4.897	2	4.884	28/08/2017	1	115
AmBank (M) Berhad	12/23	AA3	4.454	8	4.470	14/11/2017	-2	58
RHB Islamic Bank Berhad	05/24	AA3	4.455	1	4.464	17/11/2017	-1	58
Anih Berhad	11/24	AA	4.578	20	4.564	06/11/2017	1	62
WCT Holdings Berhad	05/22	AA-	5.152	10	5.299	28/09/2017	-15	150
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/24	AA-	4.726	10	4.658	19/10/2017	7	77
Southern Power Generation Sdn Berhad	10/32	AA-	5.364	10	-	00/01/1900	-	76
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/35	AA-	5.344	2	5.231	19/10/2017	11	61
Bank Islam	12/27	A1	5.034	60	-	-	-	-
			<u>254</u>					

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

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

**Malakoff Corp Bhd's** net profit rose 25% year-on-year (y-o-y) in the third quarter ended Sept 30, 2017 (3QFY17) to RM64.18 million from RM51.51 million, mainly from compensation received from the settlement of a dispute between its 90%-owned subsidiary Tanjung Bin Power Sdn Bhd (TBP) and IHI Corp Japan. Higher contribution from Tanjung Bin Energy Sdn Bhd (TBE) also boosted earnings for the quarter, Malakoff said in its quarterly result filing with Bursa Malaysia. Revenue climbed 20% y-o-y to RM1.82 billion from RM1.51 billion, mainly due to higher applicable coal price registered by both TBP and TBE. Its income statement showed other income rose seven times to RM138.55 million from RM19.24 million. For the first nine months of FY17, net profit was almost flat at RM266.23 million compared with RM265.23 million a year ago — though revenue climbed 22% to RM5.34 billion against RM4.38 billion — mainly as cost of sales grew 29% to RM4.11 billion. “The results for FY17 will be affected by the lower capacity payment in the revised Segari Energy Ventures Sdn Bhd's power purchase agreement commencing July 1, 2017, but will be partly offset by compensation received from settlement of dispute between TBP and IHI,” said Malakoff. Looking forward, Malakoff said the group will continue with its strategic initiatives to achieve future sustainable growth while focusing on plant efficiencies and cost management. It expects its FY17 results to remain satisfactory.

(Source: The Edge)

**Perbadanan PR1MA Malaysia** said over half of the total available PR1MA housing units in the market have been taken up by homebuyers from the middle-income group, signifying positive feedback from the target market. PR1MA said as at last Wednesday, 12,640 units of PR1MA homes had been sold, with an estimated gross development value of RM3.16 billion — more than 50% of the 25,132 units currently available for sale. It said this in a press release issued yesterday in response to a local daily's report on Monday, alleging PR1MA homes, between RM100,000 and RM400,000, are out of reach of the average Malaysians. The report said PR1MA had only managed to sell 11,944 of the 141,661 units it was building, and that this “is a telling sign that many in the country are unable to afford a house”. PR1MA said there are 141,161 units now under various stages of construction, but not all are open for sale. “It is misleading to conclude that less than 10% of PR1MA units have been sold to date. Before we can sell our homes, we must first obtain the authorities' approval. Not all of the homes under construction can be sold,” it said. “In fact, PR1MA projects have been well received in key locations. For example, the PR1MA @ Jalan Jubilee in Bukit Bintang is oversubscribed by 27 times. A total of 224 units or 42% of the 542 units up for sale were taken up in only three days during the last weekend.” PR1MA's affordable pricing has allowed Malaysians to own a home in a prime location, in Kuala Lumpur City Centre, it said. It is now targeting to sell 16,250 units by year end through PR1MA Open Day, its nationwide roadshow. “We wish to highlight PR1MA is committed to delivering homes with lifestyle and community concepts for homebuyers from the middle-income group with a household income of between RM2,500 and RM15,000 a month,” it added. (Source: The Edge).

### Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Impian Ekspresi Sdn Bhd	RM300 million Guaranteed MTN programme	AAA(FG) by Danajamin	Reaffirmed
	RM150 million MTN Programme (2010/2030)	AAA(BG) by Maybank	Reaffirmed

Source: RAM Ratings; MARC

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