

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.88	2
5-yr UST	2.25	1
10-yr UST	2.48	-1
30-yr UST	2.84	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.39	7	3.50	7
5-yr	3.59	-2	3.88	0
7-yr	3.90	-1	4.10	0
10-yr	3.95	1	4.30	0
15-yr	4.41	0	4.67	0
20-yr	4.60	0	4.98	0
30-yr	4.85	-3	4.98	0

*Market indicative

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.65	1
3-yr	3.75	0
5-yr	3.83	0
7-yr	3.94	0
10-yr	4.06	0

Source: Bloomberg

Upcoming Government Bond Tenders

Nil

US Treasuries

- US Treasury saw buying interest in the longer-end with 10y and 30y yields rising 1bps and 3bps respectively, as markets sought safety after US 3Q GDP was downwardly revised while other US data also slanted negatively. The 5-30 curve flattened amid a 2bps gain in 2y yield alongside 1bp gain in 5y yield on expectations of continued policy normalization plan of the Fed. Treasuries will likely see further interest heading into another round of first-tier US data.

MGS/GII

- Local govies continued to see interest yesterday albeit at a softer tone compared to a day before with RM 1.43b worth of trades done. The short-end was again well supported with most 7y papers and below shedding up to 22bps, and minimally 1bp drop. Same goes with GII, with bulk of the movement concentrated on the 1y and 2y maturities even though trade volume was heavily involved in 3y and 5y papers. Expect softer trading going forward ahead of the long-weekend on top of a lack of catalysts to drive buying interest.

PDS/Sukuk

- Volume in corporate bond continue to sag, sliding to RM 244 mil after dipping to RM 316mil in the previous day. Interest was rather well-spread and notably in the shorter-end papers. Banking sector remained in favour as Public Bank 09/23, UOB 05/25, CIMB 10/38, Bank Muamalat 06/26 saw a volume of RM 55 mil. Expect interest to continue to wane heading into a prolonged weekend.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/18	2.601	40	2.816	19/12/2017	-22
MGS	09/18	2.800	101	2.715	20/12/2017	9
MGS	03/19	3.080	61	3.048	19/12/2017	3
MGS	10/19	3.122	92	3.133	20/12/2017	-1
MGS	11/19	3.117	25	3.133	20/12/2017	-2
MGS	03/20	3.190	89	3.215	20/12/2017	-2
MGS	07/20	3.280	11	3.312	19/12/2017	-3
MGS	10/20	3.244	1	3.265	18/12/2017	-2
MGS	02/21	3.389	10	3.315	19/12/2017	7
MGS	07/21	3.451	2	3.454	18/12/2017	0
MGS	09/21	3.476	6	3.611	20/12/2017	-14
MGS	11/21	3.521	82	3.521	20/12/2017	0
MGS	03/22	3.589	26	3.597	20/12/2017	-1
MGS	08/22	3.761	60	3.755	19/12/2017	1
MGS	03/23	3.798	1	3.777	19/12/2017	2
MGS	08/23	3.851	10	3.859	19/12/2017	-1
MGS	07/24	3.902	1	3.945	20/12/2017	-4
MGS	09/24	3.904	136	3.912	20/12/2017	-1
MGS	09/25	4.053	19	4.042	20/12/2017	1
MGS	11/26	4.088	2	4.088	19/12/2017	0
MGS	03/27	4.202	8	4.202	18/12/2017	0
MGS	11/27	3.948	202	3.942	20/12/2017	1
MGS	04/30	4.494	1	4.476	19/12/2017	2
MGS	06/31	4.401	1	4.401	20/12/2017	0
MGS	04/37	4.596	8	4.596	20/12/2017	0
MGS	03/46	4.847	13	4.875	20/12/2017	-3
GII	05/18	2.887	20	3.246	19/12/2017	-36
GII	09/19	3.392	40	3.447	15/12/2017	-6
GII	04/20	3.497	103	3.429	20/12/2017	7
GII	04/22	3.883	260	3.888	20/12/2017	0
			<u>1431</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*
Danga Capital Berhad	04/20	AAA	4.088	5	4.098	20/12/2017	-410	-317
Al-Aqar Capital Sdn Berhad	05/20	AAA	4.214	3	3.841	24/10/2017	25	91
YTL Power International Berhad	03/23	AA1	4.577	10	4.573	13/12/2017	-36	61
Public Bank Berhad	09/23	AA1	4.242	25	4.245	07/12/2017	33	77
United Overseas Bank (Malaysia) Berhad	05/25	AA1	4.495	20	4.501	18/12/2017	-26	34
Sarawak Energy Berhad	08/25	AA1	4.649	20	4.630	09/11/2017	-14	55
Northern Gateway Infrastructure Sdn Berhad	08/27	AA1	4.849	5	4.852	15/12/2017	-20	70
Northern Gateway Infrastructure Sdn Berhad	08/28	AA1	4.889	10	4.891	15/12/2017	-4	90
Northern Gateway Infrastructure Sdn Berhad	08/29	AA1	4.929	10	0.000	21/12/2017	489	94
CIMB Bank Berhad	10/38	AA	5.050	1	5.050	15/12/2017	-12	32
BGSM Management Sdn Berhad	08/25	AA3	4.799	50	4.818	09/11/2017	23	110
CIMB Group Holdings Berhad	05/16	A1	5.187	4	4.810	20/12/2017	-1	19
Bank Muamalat Malaysia Berhad	06/26	A3	5.651	5	5.747	21/08/2017	-56	124
Anih Berhad	11/25	AA	4.589	10	4.636	28/11/2017	102	170
Anih Berhad	11/27	AA	4.738	10	4.759	20/12/2017	-17	64
Malakoff Power Berhad	12/18	AA-	4.220	10	4.229	18/12/2017	51	181
Malakoff Power Berhad	12/19	AA-	4.396	20	4.398	18/12/2017	-18	105
Jimah East Power Sdn Berhad	06/23	AA-	4.558	10	4.548	23/08/2017	-15	79
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	11/29	AA-	4.971	10	4.930	20/12/2017	-2	95
MEX II Sdn Berhad	04/34	AA-	5.560	6	5.561	12/12/2017	-59	56
Mah Sing Berhad	03/15	NR	6.384	1	6.056	18/12/2017	-50	95
				<u>244</u>				

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

Market/Corporate News: What's Brewing

TSR Capital Bhd has received a letter of award from Kwasa Land Sdn Bhd – a unit of the Employees Provident Fund – to be a partner to develop 6.52 acres of residential land in Kwasa Damansara, Selangor. The company said in a filing with Bursa Malaysia that the development is expected to have an estimated gross development value (GDV) of RM295mil and would consist of 260 residential units. The residential units will have five development components – link villas, cluster villas, exclusive villas, town villas and condominiums.

The company said that the contract would contribute positively to its future earnings and net assets. TSR Capital is among the few property developers that have been appointed as partners for the Kwasa Damansara township by its master developer Kwasa Land. In May 2016, TSR Capital was the second company to be awarded an infrastructure contract valued at RM268.9mil for the construction of common infrastructure works for work package contract WPC1B for the Kwasa Damansara township.

Kwasa Land awarded the first infrastructure contract for WPC1A, which is valued at RM127mil, to WCT Holdings Bhd in September 2015. The contract included the construction and completion of common infrastructure works for a designated area within the vicinity of MX-1 (main town centre) and the Kwasa Sentral MRT Station. Earlier this year, Kwasa Land appointed Gadang Holdings Bhd for the development rights of the plot known as R3-1, which fronts the lush and extensive 28.91-acre green park complemented by a 13.64-acre lake. There will be 780 residential units comprising high-rise towers and villas, which will be built on the 21.08 acres of freehold land with a GDV of RM700mil.

Gadang had in 2016 been awarded the development rights to the R3-1 plot of land. Malaysian Resources Corp Bhd (MRCB) is the project delivery partner (PDP) to develop the main infrastructure for the Kwasa Damansara township. It was reported earlier that MRCB would be paid a provisional fee of RM112.28mil. MRCB will earn a PDP fee based on 5% of the development cost estimated at RM2.2bil, plus goods and services tax and reimbursable expenses.

(Source: The Star Online)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Maybank Bhd	RM4.0 billion Innovative Tier-1 Capital Securities Programme (2008/2073)	AA2/Stable	All reaffirmed
	RM3.5 billion Non-Innovative Tier-1 Capital Securities (2008/2108)	AA2/Stable	
	RM3.0 billion Subordinated Note Programme (2011/2031)	AA1/Stable	
	RM20.0 billion Subordinated Note Programme (2015/2112)	AA1/Stable	
	RM10.0 billion Additional Tier-1 Capital Securities Programme (2016/2114)	AA3/Stable	
	RM10.0 billion Senior and Subordinated Sukuk Murabahah Programme (2016/2117)		
	- Senior	AAA/Stable	
- Subordinated	AA1/Stable		
	RM10.0 billion Commercial Paper/Medium Term Note Programme (2016/2023)	AAA/Stable/P1	
Cekap Mentari Bhd	RM3.5 billion Subordinated Notes (2008/2038)	AA2/Stable	Reaffirmed
RHB Bank Bhd	RM5 billion Multi-Currency MTN Programme (2015/2045)		All reaffirmed
	- Senior Notes	AA2/Stable	
	- Subordinated Notes	AA2/Stable	

	RM3 billion Multi-Currency MTN Programme (2011/2031)		
	- Senior Notes	AA2/Stable	
	- Subordinated Notes	AA3/Stable	
	RM3 billion MTN Programme (2007/2027)		
	- Senior Notes	AA2/Stable	
	- Subordinated Notes	AA3/Stable	
	RM600 million Hybrid Tier-1 Securities Programme (2009/2069)	A1/Stable	
RHB Islamic Bank Bhd	RM1.0 billion Subordinated Sukuk Murabahah Programme (2014/2034)	AA3/Stable	Reaffirmed
Sumitomo Mitsui Banking Corporation Malaysia Bhd	Financial institution ratings	AA1/Stable/P1	Reaffirmed
Al-Dzahab Assets Berhad	RM45.0 million Tranche 3 Class B Sukuk	AA3/Positive	Revised from stable
AMMB Holdings Bhd	RM2 billion MTN Programme (2012/2042):		All reaffirmed
	- Senior MTN	AA3/Stable	
	- Subordinated MTN	A1/Stable	
	RM10 billion Subordinated Notes Programme (2016/2046)	A1/Stable	
AmBank (M) Bhd	RM1 billion Negotiable Instruments of Deposit	AA2/Stable	All reaffirmed
	RM2 billion MTN Programme (2008/2028)	AA3/Stable	
	RM500 million Non-Cumulative Perpetual Capital Securities (2009/2069)	A1/Stable	
	RM500 million Innovative Tier-1 Capital Securities Programme (2009/2069)	A1/Stable	
	RM7 billion Senior Notes Issuance Programme (2010/2040)	AA2/Stable	
	RM4 billion Tier-2 Subordinated Notes Programme (2013/2043)	AA3/Stable	
AmPremier Capital Berhad	RM500 million Subordinated Notes (2009/2069)	A1/Stable	Reaffirmed
AmBank Islamic Bhd	RM3 billion Senior Sukuk Musyarakah Programme	AA2/Stable	All reaffirmed
	RM2 billion Subordinated Sukuk Musyarakah Programme	AA3/Stable	
	RM3 billion Subordinated Sukuk Murabahah Programme	AA3/Stable	
AmInvestment Bank Bhd	Financial institution ratings	AA2/Stable/P1	Reaffirmed
Kinabalu Capital Sdn Bhd	RM 220mil Class A medium-term notes	AAA/Stable	All affirmed
	RM 40mil Class B medium-term notes	AA/Stable	
	RM 20mil Class C medium-term notes	A/Stable	
Credit Guarantee Corporation Malaysia Bhd	Financial institution ratings	AAA/Stable	Affirmed

Source: RAM Ratings; MARC

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