

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

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#### US Treasuries

- UST yields ended range-bound with bond yields eased lower circa 1 bp across benchmarks versus previous session close. Jobless claims for the period ended 17<sup>th</sup> June came in within expected level (consensus: 240K) with 241K. We expect focus to shift towards upcoming PMI release tonight. A stronger expansion may warrant a stronger case for another interest rate hike in 2017. Sale of 30-year TIPs drew a solid BTC cover of 2.83x versus previous average of 2.25x.

#### MGS/GII

- Local govies saw bond yields inched higher for selective benchmarks. 7-year MGS and GII both inched 2 bps and 1 bp respectively to close at 3.86% and 3.94% level respectively. Total MGS/GII traded volume saw a collective amount of RM2.7b changing hands. We opine the recent retreat in oil price and rate hike expectations from the Fed seen influencing bond yields to inch higher. GII 7/27 saw RM240m traded with levels unchanged at 4.05% level.

#### PDS/Sukuk

- Moving into the corporate bonds and sukuk space, RM965m seen traded. Long-dated Govco '2/32 and DanaInfra '3/32 seen crossed at 4.85% level, whilst Jambatan Kedua '7/41 seen dealt at 5.18%. TNB WE '1/29 crossed at 4.73%. Other notable trades include a slew of CIMB Bank papers and Unitapah papers. Unitapah maturing 2024-2026, saw a collective RM30m traded with levels ranging at 4.62%-4.72% level. As mentioned earlier, we opine the recent surge in trading activities in the corporate bonds/sukuk could be due to end-quarter positioning.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.34	-1
5-yr UST	1.76	-1
10-yr UST	2.15	-1
30-yr UST	2.72	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.29	0	3.60	0
5-yr	3.58	0	3.80	2
7-yr	3.86	2	3.94	1
10-yr	3.90	1	4.05	0
15-yr	4.33	0	4.48	0
20-yr	4.54	1	4.60	0
30-yr	4.74	0	4.85	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.50	0
3-yr	3.61	0
5-yr	3.70	0
7-yr	3.79	0
10-yr	3.94	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	09/17	3.063	51	3.074	21/06/2017	-1
MGS	10/17	3.119	116	3.070	20/06/2017	5
MGS	02/18	3.202	402	3.143	21/06/2017	6
MGS	09/18	3.260	7	3.211	21/06/2017	5
MGS	03/19	3.291	5	3.285	21/06/2017	1
MGS	10/19	3.392	0	3.421	21/06/2017	-3
MGS	03/20	3.494	5	3.502	21/06/2017	-1
MGS	07/20	3.562	18	3.535	21/06/2017	3
MGS	10/20	3.577	5	3.558	20/06/2017	2
MGS	07/21	3.653	70	3.612	21/06/2017	4
MGS	09/21	3.643	40	3.639	21/06/2017	0
MGS	11/21	3.644	1	3.632	21/06/2017	1
MGS	03/22	3.583	183	3.584	21/06/2017	0
MGS	08/22	3.720	14	3.691	21/06/2017	3
MGS	09/22	3.710	5	3.710	21/06/2017	0
MGS	08/23	3.864	26	3.855	21/06/2017	1
MGS	07/24	3.881	3	3.871	21/06/2017	1
MGS	09/24	3.859	190	3.836	21/06/2017	2
MGS	09/25	3.962	4	3.969	21/06/2017	-1
MGS	03/27	4.105	2	4.137	21/06/2017	-3
MGS	11/27	3.897	40	3.881	19/06/2017	2
MGS	04/30	4.374	20	4.350	21/06/2017	2
MGS	06/31	4.386	41	4.370	21/06/2017	2
MGS	05/35	4.441	28	4.457	21/06/2017	-2
MGS	04/37	4.538	10	4.526	21/06/2017	1
GII	09/19	3.470	750	3.470	21/06/2017	0
GII	09/19	3.449	150	3.572	21/02/2017	-12
GII	04/20	3.604	55	3.602	20/06/2017	0
GII	08/21	3.773	1	3.760	21/06/2017	1
GII	04/22	3.802	90	3.778	19/06/2017	2
GII	07/23	3.938	6	3.934	20/06/2017	0
GII	08/24	3.939	70	3.928	21/06/2017	1
GII	07/27	4.048	240	4.045	21/06/2017	0
SPK	08/20	3.768	60	3.707	21/06/2016	6
			<u>2708</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**	
Danalnra Nasional Berhad	11/21	GG	4.029	65	4.050	22/03/2017	-2	37
Pengurusan Air SPV Berhad	02/23	GG	4.191	5	4.183	20/06/2017	1	45
Danalnra Nasional Berhad	03/27	GG	4.370	15	4.369	20/06/2017	0	43
LPPSA	04/27	GG	4.460	20	4.460	21/06/2017	0	52
GovCo Holdings Berhad	02/32	GG	4.851	5	4.830	19/06/2017	2	73
Danalnra Nasional Berhad	03/32	GG	4.849	20	4.851	21/06/2017	0	73
Jambatan Kedua Sdn Berhad	07/41	GG	5.180	3	5.220	30/05/2017	-4	106
Impian Ekpresi Sdn Berhad	11/19	AAA (BG)	4.395	10	4.416	15/02/2017	-2	85
EKVE Sdn Berhad	01/31	AAA (BG)	4.899	10	4.941	06/03/2017	-4	78
West Coast Expressway Sdn Berhad	08/32	AAA (BG)	5.019	10	4.909	02/08/2016	11	90
GENM Capital Berhad	03/22	AAA	4.688	10	4.699	31/05/2017	-1	99
DiGi Telecommunications Sdn Berhad	04/24	AAA	4.402	10	4.440	08/06/2017	-4	62
Telekom Malaysia Berhad	10/24	AAA	4.296	10	4.298	08/06/2017	0	51
Aquasar Capital Sdn Berhad	07/25	AAA	4.549	10	4.390	26/10/2016	16	72
Danga Capital Berhad	02/26	AAA	4.467	10	4.479	09/06/2017	-1	64
TNB Western Energy Berhad	01/29	AAA	4.729	15	4.813	13/03/2017	-8	79
Projek Lebuhraya Usahasama Berhad	01/31	AAA	4.790	26	4.798	15/06/2017	-1	67
Rantau Abang Capital Berhad	01/32	AAA	4.890	20	4.889	07/03/2017	0	77
Kuala Lumpur Kepong Berhad	08/25	AA1	4.542	10	4.639	08/12/2016	-10	72
YTL Power International Berhad	05/27	AA1	4.970	40	4.969	21/06/2017	0	103
Malayan Banking Berhad	01/19	AA1	4.603	1	4.903	21/06/2017	-30	105
CIMB Bank Berhad	11/17	AA+	3.999	120	4.102	01/06/2017	-10	51
CIMB Bank Berhad	09/18	AA+	4.356	60	4.349	07/06/2017	1	87
CIMB Bank Berhad	08/21	AA+	4.880	1	4.879	19/06/2017	0	123

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against IRS**
Celcom Networks Sdn Berhad	10/21	AA+	4.678	10	4.777	28/04/2017	-10	102
Celcom Networks Sdn Berhad	10/26	AA+	4.938	10	4.939	21/06/2017	0	100
Hong Leong Bank Berhad	06/19	AA2	4.752	1	5.002	21/06/2017	-25	120
Kesas Sdn Berhad	10/19	AA2	4.254	10	4.252	29/05/2017	0	70
UMW Holdings	06/22	AA2	4.801	135	-	-	-	110
Konsortium ProHAWK Sdn Berhad	06/23	AA2	4.577	20	4.658	02/04/2015	-8	84
UniTapah Sdn Berhad	12/24	AA2	4.618	10	4.692	02/02/2017	-7	83
UniTapah Sdn Berhad	12/25	AA2	4.689	10	4.794	17/01/2017	-11	86
UniTapah Sdn Berhad	06/26	AA2	4.721	10	4.777	07/03/2017	-6	90
Konsortium ProHAWK Sdn Berhad	12/31	AA2	5.119	6	5.140	26/04/2017	-2	100
Hong Leong Financial Group Berhad	09/20	AA	4.615	20	4.438	27/09/2016	18	101
MEX II Sdn Berhad	04/34	AA-	5.529	10	5.509	20/10/2016	2	141
Anih Berhad	11/25	AA	4.668	10	4.729	21/03/2017	-6	84
TF Varlik Kiralama A. S	06/19	AA3	5.882	2	5.882	20/06/2017	0	233
CIMB Thai Bank Public Company Limited	07/19	AA3	4.681	0	4.809	21/06/2017	-13	113
RHB Investment Bank Berhad	04/20	AA3	4.867	0	5.148	21/06/2017	-28	126
Jimah Energy Ventures Sdn Berhad	11/20	AA3	4.437	10	4.930	17/03/2014	-49	83
BGSM Management Sdn Berhad	12/23	AA3	4.839	10	4.860	02/06/2017	-2	105
Al-Aqar Capital Sdn Berhad	05/18	AA2	5.015	4	-	-	-	153
BGSM Management Sdn Berhad	06/24	AA3	4.898	30	4.899	21/06/2017	0	111
Al Dzahab Assets Berhad	03/25	AA3	6.039	20	6.271	28/03/2017	-23	221
BGSM Management Sdn Berhad	03/26	AA3	4.978	10	5.001	09/06/2017	-2	115
MEX II Sdn Berhad	04/27	AA-	4.959	10	5.199	15/12/2016	-24	102
Jimah East Power Sdn Berhad	06/27	AA-	4.760	5	4.771	21/06/2017	-1	82
MMC Corporation Berhad	11/27	AA-	5.459	20	5.503	09/05/2017	-4	152
KESTURI	12/28	AA-	4.819	10	4.813	09/06/2017	1	88
Cerah Sama Sdn Berhad	01/30	AA-	5.059	10	5.453	11/01/2016	-39	94
Jimah East Power Sdn Berhad	06/30	AA-	4.889	15	4.900	09/06/2017	-1	77
Malakoff Power Berhad	12/31	AA-	5.089	10	5.119	16/03/2017	-3	97
MEX II Sdn Berhad	04/32	AA-	5.349	10	5.529	15/12/2016	-18	123
MEX II Sdn Berhad	04/33	AA-	5.460	10	5.450	08/06/2017	1	134
Bank Islam Malaysia Berhad	12/20	A1	4.609	10	4.618	14/06/2017	-1	100
Mah Sing	-	NR	6.483	1	-	-	-	-
				<u>965</u>				

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

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

RAM Rating Services Bhd has revised upward Malaysia's growth outlook for the year on signs of the economy gaining momentum, with businesses spending more and the outlook for exports firming up. The rating agency's economist Kristina Fong revised gross domestic product (GDP) projection to 5.2% for this year from the original projection of 4.5%. "After a better-than-expected growth performance of 5.6% in the first quarter of the year, the economic recovery momentum is beginning to show signs of sustainability," she said in a statement. Fong pointed to a positive turnaround in business sentiment, which has brought about more productive capacity building in the form of machinery and equipment investments. "A significant rebound in external demand has also supported this robust growth and, in part, has been a key driver of higher business confidence exhibited by export-oriented firms, in line with RAM's Business Confidence Index findings," she said. Fong has increased the rating agency's inflation expectations to 3.8% from 3% on the back of a stronger-than-expected oil price recovery momentum in the first quarter and upward stickiness of food prices, especially food away from home. "Although the current upward price momentum is still primarily cost-push driven, the acceleration in growth momentum indicates a stronger potential for a higher prevalence of demand-pull inflation going ahead. "As such, there is a higher possibility of a 25-basis-point hike in the overnight policy rate (OPR) towards the end of the year," she said. Bank Negara adjusted the OPR with a 25-basis-point cut to 3% last July. Meanwhile, the Statistics Department's chief statistician Dr Mohd Uzir Mahidin said in a statement that the leading index (LI), which monitors the country's economic performance, was 1.4% higher in April at 117.3 points compared to the same month a year ago. However, compared to March, the LI contracted by 1.3%. "The main components that caused the decrease were real imports of other basic precious and non-ferrous metal (-0.6%), the number of housing units approved (-0.6%) and the number of new companies registered (-

0.4%," he said. Data also showed that the annual change of the coincident index (CI), which measures current economic activity, continued to increase to 3.8% in April as against 2.9% in the previous month. However, the CI's monthly change saw a contraction of 0.2% with the volume index of retail trade (-0.5%) and industrial production index (-0.1%) being the components that contributed to the decrease. "The annual change of the LI and CI remained favourable in April 2017. Supported by both diffusion indexes above 50%, this indicates that the momentum of the Malaysian economic growth is expected to continue between August and October 2017," Uzir noted. (Source : The Star)

### Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Dar Al Arkan Real Estate Development Company	Long-term corporate credit rating to A3 from A1 and revised the outlook on the rating to stable from negative	A3 / stable	Downgraded from A1, outlook revised to stable from negative

Source: MARC and RAM ratings

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