

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### Chang Wai Ming

Fixed Income Strategist

Hong Leong Bank Berhad, Global Markets

Fixed Income & Economic Research

[WMChang@hlbb.hongleong.com.my](mailto:WMChang@hlbb.hongleong.com.my)

(603) 2773 0532

#### US Treasuries

- UST closed unchanged overnight as trading remained thin as demand cringed amid on-going investigations into Trump's presidential campaign as well as ahead of FOMC meeting. Markets will likely remain tepid as investors await for more clues as to when, and possibly how, the Fed will conduct the much-hyped balance sheet reduction.

#### MGS/GII

- Trading volume started the week on thinner transacted amounts, circa RM1.8b with players preferring to stay on the sideline ahead of upcoming FOMC meeting this week. We opine rhetoric of central banks of advanced economies appears to be gaining investors' interest, after recent policy tone started to turn somewhat more upbeat, suggesting modestly hawkish tone. On the local front, all eyes on upcoming details of 10-year MGS 11/27 reopening, which we are penciling in a tender size of RM3.0b-RM3.5b. We expect details to be announced soon this week.

#### PDS/Sukuk

- Tracking the similar trading momentum in the MYR govies space, transacted amounts for corporate bonds/sukuk stayed thin with only RM150m traded. Notable trades seen changing hands include LPPSA '4/24 dealt at 4.26%, whilst Putrajaya '7/24 traded at 4.43% level. UEM Sunrise '4/22 ended at 4.75%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.36	0
5-yr UST	1.82	0
10-yr UST	2.25	0
30-yr UST	2.84	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.32	-4	3.56	-1
5-yr	3.66	1	3.79	1
7-yr	3.88	-1	3.99	-2
10-yr	3.92	1	4.06	0
15-yr	4.38	0	4.53	0
20-yr	4.56	0	4.75	3
30-yr	4.76	0	4.94	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.50	0
3-yr	3.62	0
5-yr	3.74	0
7-yr	3.85	0
10-yr	3.99	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	3.097	32	2.904	21/07/2017	19
MGS	10/17	3.061	622	3.036	20/07/2017	2
MGS	02/18	3.114	4	3.100	21/07/2017	1
MGS	03/18	3.155	6	3.157	19/07/2017	0
MGS	09/18	3.275	24	3.245	21/07/2017	3
MGS	03/19	3.315	1	3.366	19/07/2017	-5
MGS	10/19	3.467	5	3.399	20/07/2017	7
MGS	11/19	3.480	12	3.472	21/07/2017	1
MGS	07/20	3.606	16	3.603	21/07/2017	0
MGS	10/20	3.575	2	3.591	21/07/2017	-2
MGS	11/21	3.750	11	3.647	21/07/2017	10
MGS	03/22	3.656	40	3.656	21/07/2017	0
MGS	08/22	3.857	15	3.834	21/07/2017	2
MGS	03/23	3.938	12	3.935	18/07/2017	0
MGS	08/23	3.978	17	3.976	21/07/2017	0
MGS	07/24	3.980	33	3.949	20/07/2017	3
MGS	09/24	3.888	232	3.888	21/07/2017	0
MGS	09/25	4.042	66	4.059	21/07/2017	-2
MGS	04/26	4.135	0	4.116	18/07/2017	2
MGS	11/26	4.055	11	4.055	21/07/2017	0
MGS	05/27	4.166	0	4.176	20/07/2017	-1
MGS	11/27	3.916	5	3.910	21/07/2017	1
MGS	06/31	4.416	110	4.480	20/07/2017	-6
MGS	05/35	4.508	13	4.581	20/07/2017	-7
MGS	04/37	4.557	70	4.560	21/07/2017	0
GII	08/17	3.058	149	3.055	18/07/2017	0
GII	04/19	3.467	100	3.428	14/07/2017	4
GII	04/20	3.555	60	3.567	21/07/2017	-1
GII	04/22	3.779	110	3.784	20/07/2017	0
GII	07/23	4.037	1	4.011	19/07/2017	3
GII	08/24	3.995	90	4.012	18/07/2017	-2
GII	10/35	4.750	3	4.720	14/07/2017	3
			<u>1872</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**
LPPSA	04/24	GG	4.263	20	4.258	19/07/2017	0	42
Cagamas Berhad	07/19	AAA	3.930	5	3.940	06/04/2017	-1	37
GB Services Berhad	11/19	AAA	4.520	10	4.526	14/07/2017	-1	96
Gulf Investment Corporation G.S.C	03/21	AAA	5.014	5	5.040	18/07/2017	-3	134
Putrajaya Holdings Sdn Berhad	07/24	AAA	4.430	10	4.423	30/05/2017	1	59
DiGi Telecommunications Sdn Berhad	04/27	AAA	4.550	10	4.568	14/07/2017	-2	56
Teknologi Tenaga Pertis Consortium Sdn Be	01/20	AA1	4.360	6	4.307	14/06/2016	5	75
First Resources Limited	12/17	AA2	4.190	18	4.201	17/07/2017	-1	70
Gamuda Berhad	10/18	AA3	4.230	2	4.227	21/06/2017	0	74
CIMB Thai Bank Public Company Limited	07/19	AA3	4.520	1	4.528	21/07/2017	-1	96
Perbadanan Kemajuan Negeri Selangor	05/20	AA3	4.790	50	-	-	-	118
UEM Sunrise Berhad	12/17	AA-	4.250	2	4.270	15/06/2017	-2	76
UEM Sunrise Berhad	04/22	AA-	4.746	10	4.746	21/07/2017	0	100
Mah Sing	-	NR	6.490	1	-	-	-	-
				<u>150</u>				

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

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

The International Monetary Fund has upgraded its 2017 growth forecast for Malaysia to 4.8 percent from 4.5 percent. The upgrade was announced at a news conference in Kuala Lumpur on Monday for the release of the Fund's updated World Economic Outlook. Maurice Obstfeld, economic counsellor and director of the IMF Research Department, said there is "a very steady hand in monetary policy for Malaysia... we are optimistic here in Malaysia". Southeast Asia's third-largest economy is seeing a gradual economic recovery, after tepid demand for Malaysia's oil and other commodity exports slowed growth over the two previous years. In the first quarter of 2017, Malaysia's economy grew at a better-than-expected 5.6 percent annual rate - the quickest pace in two years - on robust exports and strong domestic demand. Second-quarter growth data will be released on Aug. 18. The Malaysia currency ringgit has also recovered from being among the weakest emerging Asian currencies in 2016, following measures by the central bank to reduce volatility in the ringgit and domestic forex market. It has strengthened more than 4 percent against the dollar this year. The IMF kept its growth forecasts for the world economy unchanged for this year and next, although it slightly revised up growth expectations for the Eurozone and China. (Source : The Star)

**Rating Actions**

Issuer	PDS Description	Rating/Outlook	Action
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Nil

Source: MARC and RAM ratings

**Hong Leong Bank Berhad**

Fixed Income &amp; Economic Research, Global Markets

Level 6, Wisma Hong Leong

18, Jalan Perak

50450 Kuala Lumpur

Tel: 603-2773 0469

Fax: 603-2164 9305

Email: HLMarkets@hlbb.hongleong.com.my

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