

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

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#### US Treasuries

- Renewed support seen emerging for UST as bond yields eased lower across the curve, sending prices higher for benchmarks. 10-year UST yields tightened 4 bps lower to close at 2.29%. As expected the Fed maintained the Fed fund target rate unchanged at 1.00%-1.25%. Meanwhile rhetoric of the policy tone provided further clues in terms of timing of Fed balance sheet reduction plan. Policymakers narrowed the implementation window for tapering plans from an earlier phrase “this year” to “relatively soon”, suggesting that balance sheet reduction timing may be announced as soon as the next FOMC meeting scheduled in September. Durable goods orders in focus tonight ahead of upcoming 2Q US GDP release on Friday.















#### MGS/GII






- Local govies were well supported yesterday, with bond yields reversing lower for most benchmarks from Tuesday's levels. Transacted amounts for MGS/GII was over RM1.89b yesterday. Renewed support to emerge for MYR govies tracking the overnight rally in UST. Expect bond yields to ease lower, with support emerging for today's 10-year MGS 11/27 reopening. Based on last traded levels, spread between 10-year MGS versus comparable GII are about 10 bps difference. Meanwhile When Issue levels as per yesterday's seen near parity with 7-year GII 8/24 last traded levels.

#### PDS/Sukuk

- Trading volume for corporate bonds remained thin, with only RM212m changing hands. A slew of Aman Sukuk maturing 2018-2019 seen crossed with combined amounts of RM29m. SPR Energy '7/24 and '7/25 traded at 4.94% and 4.99% respectively. Gamuda '4/21 ended at 4.44% level, with RM20m dealt. Focus shifted towards primary issue from TNB sukuk with a combined issue size of RM2b, comprised of RM500m of 15-year and RM1.5b of 20-year tranche. As reported on Bloomberg, the 15-year and 20-year tranche were both priced at 4.95% and 5.18% level respectively, attracted positive demand from onshore investors.

UST			
Tenure	Closing (%)		Chg (bps)
2-yr UST	1.36		-4
5-yr UST	1.83		-6
10-yr UST	2.29		-4
30-yr UST	2.89		-3

MGS		GII*			
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)	
3-yr	3.31		3.54		-3
5-yr	3.69		3.80		0
7-yr	3.92		4.00		0
10-yr	3.99		4.09		-1
15-yr	4.33		4.53		0
20-yr	4.56		4.75		0
30-yr	4.76		4.94		0

MYR IRS Levels			
IRS	Closing (%)	Chg (bps)	
1-yr	3.50		0
3-yr	3.64		1
5-yr	3.77		2
7-yr	3.87		1
10-yr	4.01		1

Source : Bloomberg

#### Upcoming Government Bond Tenders

Reopening of RM3.0b 10-year MGS 11/27 today, with separate private placement worth RM1b

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/17	3.047	1	3.250	25/07/2017	-20
MGS	02/18	3.131	1	3.114	24/07/2017	2
MGS	09/18	3.226	449	3.226	25/07/2017	0
MGS	03/19	3.313	17	3.345	25/07/2017	-3
MGS	10/19	3.467	6	3.467	24/07/2017	0
MGS	11/19	3.482	43	3.434	25/07/2017	5
MGS	03/20	3.558	20	3.569	20/07/2017	-1
MGS	07/20	3.599	78	3.606	24/07/2017	-1
MGS	10/20	3.591	1	3.608	25/07/2017	-2
MGS	07/21	3.749	13	3.736	25/07/2017	1
MGS	11/21	3.773	0	3.750	25/07/2017	2
MGS	03/22	3.691	180	3.689	25/07/2017	0
MGS	08/22	3.824	0	3.855	25/07/2017	-3
MGS	09/22	3.833	50	3.820	25/07/2017	1
MGS	03/23	3.898	2	3.898	25/07/2017	0
MGS	08/23	4.006	20	3.991	25/07/2017	2
MGS	09/24	3.916	160	3.896	25/07/2017	2
MGS	09/25	4.071	2	4.056	25/07/2017	1
MGS	04/26	4.142	20	4.135	24/07/2017	1
MGS	11/26	4.094	10	4.008	24/07/2017	9
MGS	03/27	4.178	1	4.217	20/07/2017	-4
MGS	11/27	3.988	101	3.970	25/07/2017	2
MGS	04/30	4.425	3	4.373	25/07/2017	5
MGS	06/31	4.426	5	4.421	25/07/2017	0
MGS	04/32	4.516	50	4.568	14/07/2017	-5
MGS	04/33	4.433	3	4.375	21/07/2017	6
MGS	05/35	4.501	6	4.513	25/07/2017	-1
MGS	04/37	4.556	16	4.556	25/07/2017	0
GII	08/17	3.155	155	3.105	25/07/2017	5
GII	08/19	3.526	90	3.582	12/07/2017	-6
GII	04/20	3.537	136	3.571	25/07/2017	-3
GII	07/23	4.031	120	4.037	24/07/2017	-1
GII	05/24	4.070	20	4.061	18/07/2017	1
GII	08/24	4.004	90	4.004	25/07/2017	0
GII	07/27	4.086	30	4.098	25/07/2017	-1
			<u>1899</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**
Aman Sukuk Berhad	02/18	AAA	4.010	9	3.990	06/06/2017	2	52
Aman Sukuk Berhad	04/19	AAA	4.150	5	4.090	20/06/2017	6	59
Aman Sukuk Berhad	05/19	AAA	4.150	15	4.122	15/06/2017	3	59
Rantau Abang Capital Berhad	12/20	AAA	4.124	75	4.086	20/06/2017	4	49
Cagamas Berhad	04/22	AAA	4.127	20	4.139	18/07/2017	-1	36
Projek Lebuhraya Usahasama Berhad	01/33	AAA	4.991	10	4.984	17/07/2017	1	80
Public Bank Berhad	09/18	AA1	4.347	0	4.150	13/07/2017	20	85
Malayan Banking Berhad	01/19	AA1	4.428	0	4.687	14/07/2017	-26	86
Benih Restu Berhad	06/25	AA2	4.627	20	4.661	03/07/2017	-3	71
SPR Energy (M) Sdn Berhad	07/24	AA3	4.940	10	4.940	19/07/2017	0	145
SPR Energy (M) Sdn Berhad	07/25	AA3	4.989	10	4.989	19/07/2017	0	149
RHB Bank Berhad	07/19	AA3	4.258	0	4.183	20/07/2017	8	69
Gamuda Berhad	04/21	AA3	4.436	20	4.467	14/07/2017	-3	75
Tadua Energy Sukuk	07/30	AA3	3.750	5	-	-	-	-44
Golden Assets International Finance Limitec	11/17	A1	4.948	6	-	-	-	145
CIMB Group Holdings Berhad	05/21	A1	4.828	0	5.119	19/07/2017	-29	114
DRB-Hicom Berhad	04/20	A-	7.997	6	8.010	10/07/2017	-1	436
Mah Sing	-	NR	6.477	1	-	-	-	-
				<u>212</u>				

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

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

The investment momentum in the second half of the year will not be as strong as in the first half, according to Bursa Malaysia chief executive officer Datuk Seri Tajuddin Atan. He reckoned that the positive trend seen in the first half of the year would continue until the end of the year, driven by recoveries in several developed economies as well as more fund-raising activities from initial public offerings (IPOs). "We think that in the second half, the positive investment momentum will continue because globally, there is recovery in some developed markets that will have a spillover effect on emerging markets. "I believe it will continue, notwithstanding some correction in between," Tajuddin told reporters at Bursa's results briefing yesterday. On whether it would be as strong as in the first half of the year, he said: "I don't think it will reach the same level." Bursa Malaysia posted stellar performance for its first half ended June 30, 2017, driven by high trading activity. The average daily trading value for the on-market trades rose to RM2.6bil in the first half of 2017, the highest since 2008. Bursa saw its top line and bottom line improving significantly during the period. Its net profit for the period rose 16.8% to RM116.2mil on the back of an 8.5% increase in its revenue to RM269.4mil. Tajuddin said that the revenue for the first half of 2017 was the best first-half revenue reported since its listing in 2005. "In terms of net profit, it was the best since 2008," he said. The stock exchange operator has also declared an interim and a special dividend of 20 sen per share and 15 sen per share, respectively. "We are seeing renewed interest, especially from foreign funds which are returning to Malaysia's capital market since the start of the year," said Tajuddin. He said on a year-to-date basis, net foreign inflow into Malaysia stood at RM11.2bil. The first half of 2017 saw eight IPOs raising a total of RM3.5bil compared with five listings which raised RM400mil a year ago. Tajuddin said there would be more IPOs coming into the market, including one major listing. It has been reported that Bank Islam Brunei Darussalam, Brunei's largest lender, is seeking to list its shares on the local bourse. On the new platform to trade small firms – the Leading Entrepreneur Accelerator Platform (Leap) market – Tajuddin said Bursa is not expecting a significant revenue contribution from it. "The Leap market is not meant for revenue generation. We have the infrastructure to work on the exchange, it would involve a huge cost to run it," he said. He pointed out that Bursa is working on listing the first company on the Leap exchange before the end of the year. (Source : The Star)

Digi.com Bhd will continue to focus on the postpaid segment as well as improving operational efficiencies for the rest of the year. Digi CEO Albern Murty said on the sidelines of Invest Malaysia 2017 yesterday that the group kept to the strategy of moving away from extremely non-profitable segments where the margins are diluted. "You can win on topline but there is also going to be an impact on the earnings before interest, taxes, depreciation and amortisation (EBITDA) margins, which we do not want to take." "We are happy with the latest second quarter results for the financial year ended June 30, 2017, as we focused on our margins and delivered the margins that we were expecting, getting a 46% EBITDA margin. "We also got stronger subscriber growth and maintained our postpaid segment growth," said Albern. On the topic of e-commerce, Albern said Digi will ensure that more Malaysians will have connectivity through providing more affordable Internet plans or bundles to allow more Malaysians to move into the e-commerce space. On another note, Albern said Digi will also continue to be involved in the Internet of Things (IoT) segment, following the announcement of Digi's tie-up with fleet management solutions provider iFleet, which monitors driving habits. "IoT is not new for us as it has been more than a few years ago when we started off with a machine-to-machine platform. "Going forward, our plan is to look at commercialisation and commercial offerings for IoT," he said. (Source : The Star)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Nil			

Nil

Source: MARC and RAM ratings

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