

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.45	3
5-yr UST	1.86	2
10-yr UST	2.24	2
30-yr UST	2.78	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.38	0	3.51	0
5-yr	3.54	0	3.71	4
7-yr	3.78	-2	3.97	1
10-yr	3.86	-3	4.09	0
15-yr	4.28	0	4.51	0
20-yr	4.51	0	4.72	0
30-yr	4.79	0	4.85	0

*Market indicative levels

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.50	0
3-yr	3.60	1
5-yr	3.72	1
7-yr	3.83	0
10-yr	3.97	0

Source: Bloomberg

Upcoming Government Bond Tenders

RM3bn GII 8/33 auction on 28 September in addition to RM1bn private placement

- UST's yields were higher on broad dollar gains together with Trump's tax proposal possibly pointing to lower bracket. The 2-10Y benchies edged 2-3 bps higher with the 10Y settling at 2.24%. The Fed rate hike probability remains adamantly at about 65% following Yellen's hawkish speech. Up next on the data front will be the GDP final figures out on 28th Sep, which is expected to be unchanged from the second reading at 3.0%.

MGS/GII

- Volume surged as trades were seen across most tenures with 7Y and 10Y benchmarks i.e. MGS 9/24 & MGS 11/27 active closing 2-3 bps lower at 3.78% and 3.88% respectively. Total volume was RM5.0b as offshore investors were also seen trading the short GII 11/17 which closed at 2.90%. Announcement of the large issuance of 15Y GII 8/33 auction came with WI guidance ranging at about 4.60-55% levels. However direction of govies is to be influenced by global geo-political events, stability of Ringgit and the ongoing Fed speeches.

PDS/Sukuk

- Trading in MYR corporate bond spiked to RM1.12b with a relatively big-ticket trade of RM550 million done on RHB 9/27 which closed at 4.82%. Very little interest seen on GG papers with Prasa 9/37 trending 2 bps higher at 4.97%. This arose following the recent RM4.0b issuance of Prasa. Continued interest seen on AA3 names like BGSM, DUKE3, UEM Sunrise and TBEI on yield-carry requirements.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/17	3.005	640	2.852	25/09/2017	15
MGS	02/18	2.964	0	3.047	25/09/2017	-8
MGS	03/18	3.038	84	3.040	25/09/2017	0
MGS	09/18	2.926	78	2.938	25/09/2017	-1
MGS	03/19	3.069	39	3.070	25/09/2017	0
MGS	10/19	3.239	8	3.269	25/09/2017	-3
MGS	11/19	3.283	59	3.270	25/09/2017	1
MGS	03/20	3.324	10	3.283	25/09/2017	4
MGS	07/20	3.366	2	3.371	25/09/2017	0
MGS	10/20	3.363	12	3.460	25/09/2017	-10
MGS	07/21	3.492	100	3.555	21/09/2017	-6
MGS	09/21	3.535	6	3.538	25/09/2017	0
MGS	11/21	3.549	0	3.606	25/09/2017	-6
MGS	03/22	3.539	413	3.549	25/09/2017	-1
MGS	08/22	3.643	4	3.677	25/09/2017	-3
MGS	09/22	3.652	44	3.674	25/09/2017	-2
MGS	03/23	3.725	8	3.755	25/09/2017	-3
MGS	08/23	3.796	220	3.799	25/09/2017	0
MGS	07/24	3.793	22	3.847	25/09/2017	-5
MGS	09/24	3.779	497	3.794	25/09/2017	-2
MGS	09/25	3.915	10	4.026	25/09/2017	-11
MGS	04/26	4.015	75	3.995	25/09/2017	2
MGS	03/27	4.059	4	4.065	25/09/2017	-1
MGS	11/27	3.857	568	3.884	25/09/2017	-3
MGS	04/30	4.280	1	4.289	21/09/2017	-1
MGS	06/31	4.295	20	4.315	25/09/2017	-2
MGS	04/37	4.506	50	4.502	25/09/2017	0
MGS	09/43	4.753	1	4.800	25/09/2017	-5
MGS	03/46	4.788	61	4.788	21/09/2017	0
GII	11/17	2.902	1375	2.753	19/09/2017	15
GII	08/18	3.059	20	3.164	13/09/2017	-11
GII	04/19	3.322	80	3.297	25/09/2017	2
GII	04/20	3.494	78	3.474	25/09/2017	2
GII	08/20	3.597	5	3.493	08/09/2017	10
GII	08/21	3.673	30	3.674	12/09/2017	0
GII	04/22	3.707	119	3.732	25/09/2017	-3
GII	07/22	3.859	103	3.856	06/09/2017	0
GII	05/24	4.028	5	3.962	12/09/2017	7
GII	08/24	3.969	18	3.961	25/09/2017	1
GII	09/26	4.151	14	4.124	25/09/2017	3
GII	10/35	4.630	119	4.691	21/09/2017	-6
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Daily Trades: PDS / Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against IRS*
Prasarana Malaysia Berhad [fka Syarikat Prasarana	09/37	GG	4.969	20	4.954	19/09/2017	2	82
Public Bank Berhad	04/19	AAA	4.051	5	4.174	12/04/2017	-12	49
Tenaga Nasional Berhad	08/32	AAA	4.818	20	4.800	14/09/2017	2	67
Danga Capital Berhad	04/20	AAA	4.049	20	4.062	19/09/2017	-1	44
Cagamas Berhad	12/22	AAA	4.141	20	4.131	08/08/2017	1	43
Danga Capital Berhad	02/26	AAA	4.480	10	4.480	05/09/2017	0	61
Projek Lebuhraya Usahasama Berhad	01/27	AAA	4.550	3	4.518	24/08/2017	3	59
EKVE Sdn Berhad	01/29	AAA	4.649	10	4.886	09/01/2017	-24	69
Ranhill Powertron II Sdn Berhad	06/29	AAA	5.129	10	4.839	27/09/2016	29	117
EKVE Sdn Berhad	01/30	AAA	4.748	10	4.849	03/08/2017	-10	79
EKVE Sdn Berhad	01/31	AAA	4.817	10	4.801	18/09/2017	2	67
EKVE Sdn Berhad	01/34	AAA	5.018	40	5.099	06/03/2017	-8	87
EKVE Sdn Berhad	01/36	AAA	5.137	20	5.158	04/08/2017	-2	99
Encorp Systembilt Sdn Berhad	05/25	AA1	4.539	10	4.432	23/08/2016	11	67
First Resources Limited	12/17	AA2	3.884	50	3.970	21/09/2017	-9	38
UMW Holdings Berhad	10/21	AA2	4.617	10	4.617	25/09/2017	0	95
Hong Leong Bank Berhad	06/24	AA2	4.590	1	4.549	21/09/2017	4	76
BGSM Management Sdn Berhad	12/20	AA3	4.501	15	4.539	11/08/2017	-4	89
BGSM Management Sdn Berhad	12/22	AA3	4.677	20	4.677	21/09/2017	0	96
BGSM Management Sdn Berhad	12/23	AA3	4.728	10	4.731	15/09/2017	0	95
BGSM Management Sdn Berhad	06/24	AA3	4.739	30	4.751	14/09/2017	-1	91
BGSM Management Sdn Berhad	08/25	AA3	4.830	10	0.000	00/01/1900	-	96
Tanjung Bin Energy Issuer Berhad	03/26	AA3	4.719	20	4.708	15/06/2017	1	85
Tanjung Bin Energy Issuer Berhad	09/30	AA3	5.019	20	5.028	21/08/2017	-1	87
SPR Energy (M) Sdn Berhad	07/31	AA3	5.369	15	5.560	19/07/2017	-19	122
SPR Energy (M) Sdn Berhad	07/35	AA3	5.669	10	5.950	19/07/2017	-28	152
RHB Bank Berhad	09/27	AA3	4.820	550	4.820	25/09/2017	0	-
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	12/18	AA-	4.299	10	4.451	22/08/2017	-15	80
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	04/22	AA-	4.678	10	4.728	15/08/2017	-5	96
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	05/23	AA-	4.797	2	4.798	18/09/2017	0	102
Northport (Malaysia) Berhad	12/24	AA-	4.978	10	4.969	21/06/2017	1	115
MMC Corporation Berhad	04/27	AA-	5.358	10	5.369	19/09/2017	-1	140
MMC Corporation Berhad	11/27	AA-	5.389	16	5.395	19/09/2017	-1	143
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/33	AA-	5.090	50	5.089	13/09/2017	0	94
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/36	AA-	5.269	10	5.260	25/09/2017	1	112
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/37	AA-	5.329	10	5.319	21/09/2017	1	118
Tan Chong Motor Holdings Berhad	11/21	A1	5.993	1	5.992	21/09/2017	0	233
CIMB Group Holdings Berhad	05/16	A1	4.998	20	4.822	21/09/2017	18	85
Alliance Bank Malaysia Berhad	10/25	A2	4.872	2	4.956	14/07/2017	-8	100
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*spread against nearest indicative tenured IRS (Source : BPAM)

Market/Corporate News: What's Brewing

The government may be paying compensation of between RM300mil and RM400mil to acquire **Ampang Park mall** from strata shoplot owners in order to proceed with the second mass rapid transit (MRT) line, according to sources. It is understood that there will be a separate package for tenants which has been excluded from this valuation. Three valuers that StarBiz spoke to have reservations about the RM300mil compensation as they felt the figure should be higher. Stocker Roberts & Gupta principal D.B. Das Gupta said total compensation had been estimated at about RM300mil. "The maximum is RM400mil," he said, referring to comments on valuations of more than RM400mil for owners. "This is, after all, a small old mall," he said of Kuala Lumpur's first mall, which was completed in 1972. He also gave a range for the cost of the awards, with compensation price for ground floor units ranging between RM5,200 and RM6,200 per sq ft (psf), first floor lots between RM1,700 and RM2,500 psf and second floor units between RM1,500 and RM1,800 psf. The ground floor had the highest value with a rental rate averaging between RM30 and RM38 psf a month, he said. Das Gupta said: "Business for the tenants and owners will not be the same, so all these costs should be built into the compensation award. There will also be a gestation period after the relocation. "They have a right to claim for lost of profit and goodwill for up to three years, and not between six to nine months," he said. The government compulsorily acquired government-owned UDA Ocean Shopping Centre and Plaza Warisan behind Klang Bus Stand for the first MRT line between Sungai Buloh and

Kajang. The compulsory acquisition of this privately-owned mall would set a precedent, said Das Gupta, adding that the government must be fair in giving out awards as business owners would be economically affected by the acquisition. Another valuer, who declined to be named, said the RM300mil figure "is questionable". He reckons total compensation should be more but declined to give any figure. "So far, only verbal awards were given and the matter is confidential," he said. Meanwhile, PPC International managing director Datuk Siders Sittampalam estimated total compensation could run up to more than RM300mil. Both shoplot owners and tenants will be compensated. If translated into a vacant land of 4.5 acres, this worked out to RM2,040 psf, "which is an acceptable figure", he said. Shoplot owners said the Federal Territory Land Office completed the hearings on Sept 2. "We were told to wait for a formal written award after being told verbally," one of the sources said, adding that the ground floor owners were offered between RM55,000 and RM75,000 per sq metres, or about RM6,000 per sq ft. About four-fifths of shoplot owners have received their formal awards. Compensation is expected to be paid by this November. The government is buying the premises to build a link between the existing Ampang Park LRT station and the new MRT and to build train tunnels. Ampang Park was gazetted for compulsory acquisition on July 21, 2015. Some owners took the government to court but lost their legal battle. Work for Ampang Park station has started but has been confined to outside the Ampang Park property. The five-storey Ampang Park, which fronts Jalan Ampang, has a net lettable area of about 355,489 sq ft, a source said. Low Keng Huat Brothers Realty Sdn Bhd, the mall's developer, owned 63 of the total 253 lots, sources said. The last vacant land transaction in Jalan Ampang was by Singapore's Oxley Holdings Ltd, which bought 3.2 acres in Jalan Ampang next to Wisma Central for RM3,300 psf in 2013. (Source: The Star)

Genting Group is selling its Kensington, London-based casino Maxims in the UK for at least £40 million (about RM227 million), on speculation Maxims' location might have caused the casino to lose business, Casinopedia reported. Genting has brought in property consultancy firm CBRE to handle the Maxims sale. "According to some reports, this location issue may have caused Maxims to lose some business in recent years, contributing towards Genting's decision to sell. "Genting has run the site for more than a decade, but it is reported the company has brought in property consultancy CBRE to handle the sale of the casino, which is housed within Victorian townhouse Palace Gate House — a building constructed in the 1860s for friend and biographer of Charles Dickens, John Forster," Genting had said in a statement earlier this year that it might be prepared to listen to offers for Maxims. Genting owns a number of properties around the UK, including in attractive London locations. (Source: The EdgeMarkets)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Tanjung Bin O&M Berhad (Tanjung Bin O&M)	RM470.0 million Islamic Securities (Sukuk Wakalah)	AA-IS	Affirmed

Source: RAM Ratings; MARC

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