

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.75	2
5-yr UST	2.06	2
10-yr UST	2.34	2
30-yr UST	2.77	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.37	-2	3.48	4
5-yr	3.61	0	3.84	1
7-yr	3.92	4	4.09	0
10-yr	3.94	3	4.26	3
15-yr	4.47	0	4.70	0
20-yr	4.61	-1	4.83	4
30-yr	4.87	0	4.99	0

* Market indicative levels

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.64	0
3-yr	3.73	0
5-yr	3.81	0
7-yr	3.93	0
10-yr	4.05	0

Source: Bloomberg

Upcoming Government Bond Tenders

5Y reopening of RM3.0bn MGII 4/22 on 28-Nov
(Tuesday)

US Treasuries

- US treasuries traded on a softer note last Friday post Thanksgiving holiday nudging yields higher by 2bps across the curve. The 10s settled at 2.34% while the 2s was seen last dealt at 1.75%. PMI manufacturing and services indices came in softer in November, further dampening prospects of the Fed policy normalization path post December rate hike. This week, focus will be on US 3Q GDP and Fed Beige Book as well as Fed speaks for more clues on the Fed policy direction. US Treasury will also sell \$88bn of bonds comprising \$26bn of 2Y notes, \$34bn of 5Y notes and \$28bn of 7Y bonds this week.

MGS/GII

- Trading in local govies softened to RM3.49bn done last Friday, approximately RM0.8bn lower from RM4.33bn transacted a day ago. Interests remained concentrated on the shorter-tenor, with MGS 2/18, 3/18 and 9/18 collectively accounted for over RM2.0bn dealt, at 2.41%, 2.40%, and 2.44% respectively amid continued buying interests from interbank and offshore players. The curve was somewhat steepened as the 2s fell 2bps to 3.37% and the 10s rose 3bps to 3.94%. In the GII space, yields were however 1-4bps higher across the tenors, with the 3s ending 4bps higher at 3.48% and the 20s at 4.83%. All eyes will be on the reopening of 5Y GII 4/22 tomorrow, where its tender size of RM3.0bn is within our expectations.

PDS/Sukuk

- Contrary to quieter trading in local govies, trading in corporate bonds picked up some steam, witnessing RM277m trades transacted on Friday. Interests were seen skewed towards the AA space, led by energy names like Southern Power (RM40m), YTL Power (RM12m), Jimah Energy (RM10m), and Sarawak Energy (RM10m). There were also commendable interests in the GG space, DanaInfra '4/18 (RM45m) and PTPTN '8/21 (RM20m) dealt at 3.45% and 4.07% respectively. Meanwhile, IRS levels were steadier after recent moves post-BNM MPC meeting.

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 02/18	2.412	821	2.412	24/11/2017	0
MGS 03/18	2.389	520	2.389	24/11/2017	0
MGS 09/18	2.440	681	2.444	24/11/2017	0
MGS 03/19	2.926	30	2.926	24/11/2017	0
MGS 10/19	3.168	20	3.168	24/11/2017	0
MGS 11/19	3.183	192	3.211	24/11/2017	-3
MGS 03/20	3.200	3	3.2	24/11/2017	0
MGS 02/21	3.374	20	3.374	24/11/2017	0
MGS 07/21	3.494	13	3.494	24/11/2017	0
MGS 09/21	3.640	160	3.661	24/11/2017	-2
MGS 11/21	3.674	90	3.674	24/11/2017	0
MGS 03/22	3.607	12	3.607	24/11/2017	0
MGS 08/22	3.791	11	3.791	24/11/2017	0
MGS 09/22	3.794	10	3.794	24/11/2017	0
MGS 08/23	3.892	5	3.892	24/11/2017	0
MGS 09/25	4.144	48	4.144	24/11/2017	0
MGS 04/26	4.199	18	4.199	24/11/2017	0
MGS 11/26	4.155	30	4.155	24/11/2017	0
MGS 04/30	4.503	2	4.503	24/11/2017	0
MGS 04/33	4.469	38	4.574	24/11/2017	-11
MGS 04/37	4.608	20	4.608	24/11/2017	0
MGS 09/43	4.916	1	4.916	24/11/2017	0
GII 08/18	3.000	523	2.988	24/11/2017	1
GII 08/18	3.000	79	3.044	23/11/2017	-4
GII 10/18	3.096	2	3.096	24/11/2017	0
GII 08/20	3.616	110	3.616	24/11/2017	0
GII 04/22	3.827	20	3.835	24/11/2017	-1
GII 07/23	4.022	10	4.022	24/11/2017	0
		<u>3489</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*
Danainfra Nasional Berhad	4/18	GG	3.450	3.450	22/11/2017	0	-
Perbadanan Tabung Pendidikan Tinggi Nasional	08/21	GG	4.069	4.069	24/11/2017	0	52
Sarawak Hidro Sdn Berhad	08/26	AAA	4.568	4.568	24/11/2017	0	59
Projek Lebuhraya Usahasama Berhad	01/27	AAA	4.650	4.650	24/11/2017	0	67
Rantau Abang Capital Berhad	03/29	AAA	4.768	4.768	24/11/2017	0	82
Sarawak Energy Berhad	01/22	AA1	4.392	4.392	24/11/2017	0	85
YTL Corporation Berhad	04/23	AA1	4.582	4.582	24/11/2017	0	94
Public Bank Berhad	09/23	AA1	4.704	4.704	24/11/2017	0	89
Malayan Banking Berhad	12/23	AA1	4.500	4.500	24/11/2017	0	69
United Overseas Bank (Malaysia) Berhad	05/25	AA1	4.693	4.693	24/11/2017	0	78
YTL Power International Berhad	05/27	AA1	4.877	4.877	24/11/2017	0	90
TRIpIc Medical Sdn Berhad	10/31	AA1	5.161	5.161	24/11/2017	0	69
TRIpIc Medical Sdn Berhad	10/32	AA1	5.269	5.269	24/11/2017	0	80
YTL Corporation Berhad	11/36	AA1	5.485	5.485	24/11/2017	0	84
UMW Holdings Berhad	10/26	AA2	4.964	4.964	24/11/2017	0	99
Jimah Energy Ventures Sdn Berhad	11/18	AA3	4.089	4.089	24/11/2017	0	135
AI Dzahab Assets Berhad	09/25	AA3	5.769	5.769	24/11/2017	0	181
AI Dzahab Assets Berhad	03/26	AA3	5.830	5.830	24/11/2017	0	187
UEM Edgenta Berhad [fka Faber Group Berhad]	04/22	AA-	4.619	4.619	24/11/2017	0	107
MMC Corporation Berhad	11/27	AA-	5.358	5.358	24/11/2017	0	141
Southern Power Generation Sdn Berhad	10/31	AA-	5.269	5.269	24/11/2017	0	80
Southern Power Generation Sdn Berhad	04/32	AA-	5.309	5.309	24/11/2017	0	84
Southern Power Generation Sdn Berhad	10/32	AA-	5.360	5.349	24/11/2017	1	89
Southern Power Generation Sdn Berhad	10/34	AA-	5.493	5.493	24/11/2017	0	102
Golden Assets International Finance Limited	08/19	A1	5.953	5.953	24/11/2017	0	274
Affin Bank Berhad	02/27	A1	4.854	4.854	24/11/2017	0	88
AMMB Holdings Berhad	03/27	A1	4.857	4.857	24/11/2017	0	88
Alliance Bank Malaysia Berhad	10/25	A2	4.650	4.894	16/11/2017	-24	69
Mah Sing Group Berhad	04/17	-	6.501	5.992	15/11/2017	51	186
DRB-Hicom Berhad	12/14	A-	7.974	7.974	24/11/2017	0	333
			<u>277</u>				

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

Market/Corporate News: What's Brewing

Ranhill Holdings Bhd does not plan to sell its 80% shareholding in water services company SAJ Ranhill Sdn Bhd. It issued the statement on Monday to refute a news article entitled "Johor government to acquire water services company SAJ Ranhill". "On behalf of the board of Ranhill, the company wishes to clarify that the company is not aware of the proposed acquisition by the Johor state government. "The company has no intention to divest its present equity stake of 80% held in SAJ Ranhill Sdn Bhd," it said. (Source: The Star Online)

Osram has plans to expand its new RM1.82bil LED chip manufacturing facility in Kulim Hi-Tech Park (KHTP) in two additional stages involving investment costs of up to one billion euros (RM4.9bil). Osram Licht AG chief executive officer Olaf Berlien said the new plant would require a headcount of 1,500. "We have spent 370mil (RM1.82bil) for the first stage. "Osram can expand the factory in two additional stages, entailing total investment costs of up to one billion euros, including expansion of LED assembly capacities in Osram global factory alliance," he said in his speech. Berlien spoke at the official opening of the LED plant in KHTP by International Trade and Industry Minister Datuk Seri Mustapa Mohamed. Also present were Osram Opto Semiconductors business unit chief executive officer Aldo Kamper, Malaysian Investment Development Authority Datuk Azman Mahmud, and Kedah state executive councillor Dr Ku Abd Rahman Ku Ismail. Berlien said the plan was to produce LED chips in Kulim in the medium term for premium applications, such as automotive lighting and video projection. Berlien said thanks to the new facility at a green-field location, no compromises had to be made in the design of the factory, in addition it features the latest technology. In comparison with the four-inch technology, the production systems for six-inch wafers produce 125% more LED chips per wafer in a single cycle, according to Berlien. "Given our enormous recent growth rates of 19% in the LED business, we are pleased to have the new production capacities. "Our investment in Kulim also attests to the technology shift and our transition to becoming a high-tech corporation. "At the beginning of this decade, conventional lighting still accounted for 80% of Osram's business. "Today, two-thirds of our sales are based on optical semiconductors," he added. Osram is currently investing worldwide in the expansion of the existing six sites in its LED production network. "Osram is expanding the plant in Regensburg, which currently has about 2,500 employees, and will hire up to 1,000 employees. "Premium LED chips and laser diodes, which are used, for example, in high-quality car headlights, will be manufactured there as well as infrared diodes for sensors that can be used in applications including facial recognition in mobile phones, or in cars for intelligent assistance systems," he said. The global LED market for general lighting is estimated to be 6bil in 2018, roughly 6% of which is for street lighting. "An average growth rate in the market of 7% per annum is foreseen through 2020. "The overall market for optoelectronic components-including general lighting-will be 17.5bil in 2018," Berlien said. Meanwhile, Kamper said enormous production capacity of the new plant could in one week's production retrofit the street lighting of New York, Rio, Hong Kong, and Berlin with LED. (Source: The Star Online)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Poh Kong Holdings Berhad	RM150 million Danajamin-Guaranteed ICP/IMTN Programme (2011/2018)	AAA(fg)/Stable/P1	Reaffirmed
Sunway Berhad	RM2.0 billion seven-year (2013-2020) Commercial Papers/Medium-Term Notes (CP/MTN) programme	MARC-1/AA-(Positive)	Affirmed

Source: RAM Ratings; MARC

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