

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

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US Treasuries

- UST pared gains with yields inched higher circa 1-3 bps for benchmarks. Jobless claims came in higher with 244K print versus prior 234K, whilst durable goods orders for month of June climbed higher, +6.5% versus a prior level of -0.1% (survey : +3.9%). Sale of \$34b 5-year notes drew a BTC 2.58x, which was stronger than the previous 2.33x average. All eyes on US 2Q GDP and PCE release tonight.

MGS/GII

- Local govies ended mixed, with yields on the belly of the MGS curve eased lower taking cue from Fed's decision to stay pat at the recently concluded FOMC meeting this week. Demand for the 10-year MGS reopening moderated to 1.68x BTC. Notably saw SPK 7/22 traded with RM100m crossed at 3.89% level. Despite moderate demand at yesterday's tender for MGS 11/27, we opine the MYR govies space remains supported as investors will continue to look for bargain hunting interest once attractive valuations emerges. All eyes on US data tonight as well as upcoming Malaysia's trade data releases next week.

PDS/Sukuk

- Trading volume remained thin with only RM320m changing hands. PASB '6/18 and Danalnfra '5/36 saw levels crossed at 3.64% and 4.99% level respectively. AAA Aman Sukuk '2/21 and '5/21 traded at 4.32% and 4.31% level. Celcom '10/21 and '10/26 saw a combined amount of RM50m traded with levels closing at 4.74% and 5.00% level. Also traded were KESTURI '12/22 and '12/33 with levels done at 4.59% and 5.27% level.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.37	1
5-yr UST	1.85	2
10-yr UST	2.31	2
30-yr UST	2.92	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.32	1	3.58	4
5-yr	3.68	-1	3.81	1
7-yr	3.90	-2	4.01	1
10-yr	3.98	-1	4.09	0
15-yr	4.33	0	4.53	0
20-yr	4.56	0	4.75	0
30-yr	4.82	6	4.94	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.50	0
3-yr	3.64	0
5-yr	3.76	-1
7-yr	3.87	0
10-yr	4.00	-1

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	09/18	3.259	0	3.206	26/07/2017	5
MGS	03/19	3.324	23	3.313	26/07/2017	1
MGS	10/19	3.442	15	3.467	26/07/2017	-2
MGS	11/19	3.452	61	3.482	26/07/2017	-3
MGS	03/20	3.526	2	3.558	26/07/2017	-3
MGS	07/20	3.588	20	3.599	26/07/2017	-1
MGS	10/20	3.593	1	3.591	26/07/2017	0
MGS	07/21	3.735	61	3.749	26/07/2017	-1
MGS	09/21	3.746	11	3.747	25/07/2017	0
MGS	03/22	3.679	70	3.691	26/07/2017	-1
MGS	08/22	3.825	45	3.824	26/07/2017	0
MGS	09/22	3.809	3	3.833	26/07/2017	-2
MGS	03/23	3.898	1	3.898	26/07/2017	0
MGS	08/23	3.988	30	4.006	26/07/2017	-2
MGS	07/24	3.990	37	3.982	25/07/2017	1
MGS	09/24	3.903	200	3.916	26/07/2017	-1
MGS	09/25	4.064	21	4.086	26/07/2017	-2
MGS	04/26	4.129	10	4.142	26/07/2017	-1
MGS	11/26	4.088	26	4.094	26/07/2017	-1
MGS	11/27	3.982	738	3.988	26/07/2017	-1
MGS	04/30	4.396	50	4.425	26/07/2017	-3
MGS	06/31	4.426	12	4.426	26/07/2017	0
MGS	04/32	4.516	50	4.516	26/07/2017	0
MGS	04/37	4.560	20	4.556	26/07/2017	0
MGS	03/46	4.823	0	4.761	18/07/2017	6
GII	08/17	3.143	155	3.155	26/07/2017	-1
GII	08/17	3.071	106	3.058	24/07/2017	1
GII	04/20	3.579	200	3.575	26/07/2017	0
GII	08/21	3.863	30	3.903	26/07/2017	-4
GII	04/22	3.807	20	3.802	25/07/2017	0
GII	07/23	4.017	10	4.031	26/07/2017	-1
GII	05/24	4.053	40	4.070	26/07/2017	-2
GII	08/24	4.012	80	4.004	26/07/2017	1
GII	07/27	4.093	60	4.086	26/07/2017	1
SPK	07/22	3.899	100	3.950	20/07/2017	-5
			<u>2308</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**
Pengurusan Air SPV Berhad	06/18	GG	3.637	5	3.693	23/05/2017	-6	14
Bank Pembangunan Malaysia Berhad	09/21	GG	4.021	20	4.016	25/07/2017	0	34
Danahra Nasional Berhad	05/36	GG	4.994	20	4.659	17/10/2016	34	82
Sabah State Government	12/19	AAA	4.120	2	3.901	10/07/2017	22	56
Aman Sukuk Berhad	02/21	AAA	4.317	5	3.961	28/10/2016	36	63
Aman Sukuk Berhad	05/21	AAA	4.308	5	4.261	20/06/2017	5	62
Manjung Island Energy Berhad	11/21	AAA	4.231	40	4.152	15/06/2017	8	55
GENM Capital Berhad	03/22	AAA	4.648	10	4.730	13/07/2017	-8	89
Cagamas Berhad	04/22	AAA	4.132	25	4.139	18/07/2017	-1	38
Cagamas Berhad	07/24	AAA	4.336	10	4.359	11/07/2017	-2	47
Sarawak Hidro Sdn Berhad	08/29	AAA	4.838	20	4.839	21/07/2017	0	84
SDB	07/18	AA1	4.300	1	-	-	-	81
Kuala Lumpur Kepong Berhad	09/22	AA1	4.389	50	4.432	17/04/2017	-4	63
Celcom Networks	10/21	AA+	4.740	10	4.678	22/06/2017	6	106
Celcom Networks	10/26	AA+	5.000	40	4.979	20/07/2017	2	101
RHB Bank Berhad	07/19	AA3	4.175	1	4.258	26/07/2017	-8	61
BGSM Management Sdn Berhad	12/19	AA3	4.455	5	4.477	19/07/2017	-2	89
RHB Islamic Bank Berhad	04/22	AA3	4.857	10	4.841	12/07/2017	2	110
KESTURI	12/22	AA-	4.595	30	4.527	07/06/2017	7	84
KESTURI	12/33	AA-	5.270	10	5.229	06/07/2017	4	110
CIMB Group Holdings Berhad	05/21	A1	5.149	0	4.828	26/07/2017	32	146
Mah Sing	-	NR	6.484	1	-	-	-	-
				<u>320</u>				

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

Market/Corporate News: What's Brewing

Petroleum Nasional Bhd (Petronas) has disposed of a 10% stake in Petronas LNG 9 Sdn Bhd (PL9SB) located in Malaysia for US\$500mil (RM2.14bil) to Thailand's national company and partner. A statement by Thailand's PTT Exploration and Production Public Company Ltd (PTTEP) to the Thailand Stock Exchange said its subsidiary's joint-venture (JV) company had acquired the stake. PL9SB owns the ninth liquefied natural gas (LNG) liquefaction train and other related associated facilities located in the Petronas LNG complex in Bintulu, Sarawak, with a production capacity of 3.6 million tonnes per annum of LNG. Its commercial operations started on Jan 1, 2017. "The acquisition of the equity interest in PL9SB is part of PTTEP's strategy to synergise with PTT in the integrated LNG value chain to meet the country's growing energy demand," PTTEP said. The stake was acquired by PTTGL Investment Ltd (PTTGLI) – a company set up by PTTEP's subsidiary PTT Global LNG Company Ltd (PTTGL). PTTGL is a subsidiary of PTTEP, which is a 50:50 JV between PTTEP and PTT plc. PTTEP said yesterday that PTTGLI had signed the share sale and purchase agreement with Petronas to acquire the 10% equity stake in PL9SB. "The total consideration of the acquisition is approximately US\$500mil of which PTTEP's portion is approximately US\$250mil," it said. "The expected closing date would be within September," it added. "With the entrance of PTTGLI, the share proportion in PL9SB shall stand at 80%, 10% and 10% owned respectively by Petronas, JXTG Nippon Oil & Energy Corp (through its subsidiary, Nippon Oil Finance (Netherlands) B.V.) and PTTGLI," it added. PTTEP said the US\$500mil acquisition cost would be funded by 40:60 debt and equity. Meanwhile, Petronas' subsidiary PC Vietnam Ltd (PCVL) will hand over Blocks 01 and 02, located at the Cuu Long basin in offshore Vietnam, to the host authority once the production sharing contract (PSC) for the blocks expires on Sept 9, 2017. Petronas said in a statement that the 26-year PSC for the blocks took effect on Sept 9, 1991, and was Petronas' first successful international venture. Following the natural expiry of the PSC, PCVL will cease its operations as stipulated by the contract terms, it said. "We have come a long way since our entry into Vietnam in 1991, which was an important first step at the beginning of our globalisation journey," Petronas president and group chief executive officer Datuk Wan Zulkiflee Wan Ariffin said in the statement. (Source : The Star)

Pavilion Real Estate Investment Trust (Pavilion REIT) has acquired Elite Pavilion Mall and its related assets from Urusharta Cemerlang (KL) (UCKL) Sdn Bhd and Urusharta Cemerlang Sdn Bhd (UCSB) for RM580mil. In a filing to Bursa Malaysia, Pavilion REIT said it had signed a conditional sale and purchase (S&P) agreement with UCKL for the acquisition of Elite Pavilion and vesting agreement with UCSB and UCKL for the vesting of the extension-connections. Pavilion REIT said the proposed acquisition of Elite Pavilion involved the extension by it of its existing Pavilion Kuala Lumpur shopping mall by acquiring the new Elite Pavilion shopping mall together with strategic linkages, tenancies, car park bays, utilities and ancillary components which would provide seamless interconnection with Pavilion KL Mall. Meanwhile, in a separate filing to the bourse, Pavilion REIT said its pre-tax profit for the second quarter ended June 30, 2017 slipped to RM54.4mil from RM59.55mil in the same period a year ago. Its revenue declined to RM111.42mil from RM121.03mil previously. (Source : The Star)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: MARC and RAM ratings

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