

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.47	2
5-yr UST	1.93	7
10-yr UST	2.31	7
30-yr UST	2.86	9

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.36	-2	3.51	0
5-yr	3.54	0	3.74	4
7-yr	3.79	1	3.97	0
10-yr	3.88	2	4.09	0
15-yr	4.28	0	4.51	0
20-yr	4.51	0	4.72	0
30-yr	4.77	-2	4.85	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.50	0
3-yr	3.62	2
5-yr	3.73	1
7-yr	3.84	1
10-yr	3.97	0

Source: Bloomberg

Upcoming Government Bond Tenders

RM3bn GII 8/33 auction in addition to RM1bn private placement today

- US Treasuries yields were broadly higher while the yield-curve bear-steepened with yields moving 2-9 bps; partly weighed by optimism over Trump's tax proposal & Yellen's rate comments. The 10Y jumped 7bps, closing at 2.31%. Implied probability of a Fed rate hike in Dec now stands at ~70%. Up next on the data front are the final print of 2Q GDP figures and initial jobless claims. Firm US data are expected to reinforce the prospects of Fed rate hike, keeping yields supported.

MGS/GII

- Volume was rather tepid at RM1.85b as trades were seen across 5Y and 7Y benchmarks i.e. MGS 3/22 & MGS 9/24 closing 0-1 bps higher at 3.54% and 3.79% respectively. The much-watched 10Y closed 2 bps higher at 3.88%. Both foreign and local players were largely seen adopting a wait and see approach as there were very little leads following the recent rebound in MGS. Announcement of the issuance of 15Y GII 8/33 auction came with WI quoted 4.57-52% at the time of writing with values seen ~ 4.70-65% levels.

PDS/Sukuk

- Trading in MYR corporate bond was decent despite a lower volume of RM756m with maiden trades of RM160m seen on the recently-issued GOVCO 2022-2032 closing unchanged from coupon levels. The 15Y PTPTN was also traded between 4.82-83% levels. The GG spreads are @ 50-55 bps for now with investors somewhat still vary of govies movement. Interest continues to be skewed towards AA-rated bonds with names traded like YTL Power, TBEI, Gamuda, ANIH and Malakoff.

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 10/17	2.996	67	3.005	26/09/2017	-1
MGS 02/18	3.001	66	2.964	26/09/2017	4
MGS 03/18	2.941	80	3.038	26/09/2017	-10
MGS 09/18	2.945	207	2.926	26/09/2017	2
MGS 03/19	3.085	1	3.090	26/09/2017	0
MGS 07/19	3.241	25	3.251	25/09/2017	-1
MGS 10/19	3.238	273	3.239	26/09/2017	0
MGS 11/19	3.225	25	3.283	26/09/2017	-6
MGS 10/20	3.356	13	3.363	26/09/2017	-1
MGS 02/21	3.361	80	3.377	25/09/2017	-2
MGS 07/21	3.478	13	3.492	26/09/2017	-1
MGS 09/21	3.521	3	3.522	26/09/2017	0
MGS 03/22	3.539	164	3.539	26/09/2017	0
MGS 09/22	3.663	2	3.652	26/09/2017	1
MGS 08/23	3.780	36	3.796	26/09/2017	-2
MGS 07/24	3.818	10	3.826	26/09/2017	-1
MGS 09/24	3.789	205	3.776	26/09/2017	1
MGS 09/25	3.925	5	3.915	26/09/2017	1
MGS 04/26	4.002	14	3.954	26/09/2017	5
MGS 11/26	3.919	6	3.893	25/09/2017	3
MGS 03/27	4.072	46	4.059	26/09/2017	1
MGS 11/27	3.881	23	3.845	26/09/2017	4
MGS 06/31	4.315	12	4.295	26/09/2017	2
MGS 05/35	4.393	6	4.426	25/09/2017	-3
MGS 03/46	4.771	1	4.788	26/09/2017	-2
GII 04/20	3.499	60	3.494	26/09/2017	0
GII 08/20	3.616	140	3.597	26/09/2017	2
GII 04/22	3.742	100	3.707	26/09/2017	4
GII 07/23	3.940	140	3.960	20/09/2017	-2
GII 09/26	4.178	12	4.151	26/09/2017	3
GII 07/27	4.087	11	4.089	21/09/2017	0
		1846			

Daily Trades: PDS / Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against IRS*	
Lembaga Pembiayaan Perumahan Sektor Awam	09/19	GG	3.791	9	3.490	20/09/2016	30	23
Lembaga Pembiayaan Perumahan Sektor Awam	04/24	GG	4.268	5	4.266	12/09/2017	0	42
Perbadanan Tabung Pendidikan Tinggi Nasional	03/32	GG	4.816	50	4.900	07/08/2017	-8	65
Perbadanan Tabung Pendidikan Tinggi Nasional	08/32	GG	4.826	50	4.878	29/08/2017	-5	66
Govco Holdings Berhad	09/24	GG	4.270	20	-	-	-	-
Govco Holdings Berhad	09/22	GG	4.040	120	-	-	-	-
Govco Holdings Berhad	09/32	GG	4.880	40	-	-	-	-
Bank Pembangunan Malaysia Berhad	03/22	AAA	4.299	10	4.287	11/09/2017	1	63
Purple Boulevard Berhad	05/24	AAA	4.521	10	4.498	14/09/2016	2	67
Telekom Malaysia Berhad	10/24	AAA	4.330	10	4.296	22/06/2017	3	48
Cagamas Berhad	10/18	AAA	3.620	10	3.812	28/07/2017	-19	11
Aquasar Capital Sdn Berhad	07/26	AAA	4.558	10	4.627	11/05/2016	-7	67
Projek Lebuhraya Usahasama Berhad	01/30	AAA	4.719	20	4.719	25/09/2017	0	75
EKVE Sdn Berhad	01/30	AAA	4.747	20	4.748	25/09/2017	0	78
EKVE Sdn Berhad	01/34	AAA	5.037	20	5.039	26/09/2017	0	87
EKVE Sdn Berhad	01/36	AAA	5.137	10	5.158	04/08/2017	-2	97
Telekom Malaysia Berhad	12/24	AAA	4.329	5	4.309	20/09/2017	2	48
Encorp Systembit Sdn Berhad	05/20	AA1	4.196	10	4.509	21/12/2016	-31	58
Malayan Banking Berhad	05/24	AA1	4.482	1	4.351	21/09/2017	13	63
YTL Power International Berhad	05/27	AA1	4.882	80	4.750	20/09/2017	13	91
Gamuda Berhad	10/18	AA3	4.145	20	4.184	30/08/2017	-4	64
Cahaya Mata Sarawak Berhad	05/22	AA3	4.531	30	4.528	14/09/2017	0	80
IJM Corporation Berhad	06/22	AA3	4.484	55	4.498	10/08/2017	-1	75
Tanjung Bin Energy Issuer Berhad	03/28	AA3	4.848	20	4.954	27/12/2016	-11	88
Tanjung Bin Energy Issuer Berhad	03/31	AA3	5.049	10	5.059	21/08/2017	-1	88
Tanjung Bin Energy Issuer Berhad	03/32	AA3	5.129	10	5.139	21/08/2017	-1	96
Anih Berhad	11/18	AA	4.084	20	4.170	16/08/2017	-9	57
UEM Edgenta Berhad [fka Faber Group Berhad]	04/22	AA-	4.653	10	4.651	19/09/2017	0	92
Malakoff Power Berhad	12/23	AA-	4.678	10	4.749	31/01/2017	-7	89
Malakoff Power Berhad	12/29	AA-	4.939	20	4.950	14/06/2017	-1	97
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/30	AA-	4.949	10	4.979	07/07/2017	-3	78
Konsortium Lebuhraya Utara-Timur (KL) Sdn Bert	12/31	AA-	5.078	30	5.125	28/08/2017	-5	91
Tan Chong Motor Holdings Berhad	11/21	A1	5.994	1	5.993	26/09/2017	0	232
				755				

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

Market/Corporate News: What's Brewing

Property developer Pavilion Group and the Canada Pension Plan Investment Board (CPPIB) unveiled one of Kuala Lumpur's most anticipated mixed integrated developments yesterday in a project that seems to buck the current slow property market. About 70% of the just unveiled Pavilion Damansara Heights have been sold. The 16-acre project, known as Pavilion Damansara Heights, will have a total of 10 office blocks, of which eight are en bloc sales, and two on strata basis. Seven of the en bloc sales have already been formally acquired. The highest block of between 40 and 50 storeys is currently under negotiation, 1 Pavilion Property Consultancy Sdn Bhd sales and marketing director Datuk Tracey Lai said. She was speaking to reporters after the project was unveiled by Federal Territories Minister Datuk Seri Utama Tengku Adnan Tengku Mansor. Pavilion Damansara Heights will have about 1.5 million sq ft of office space, a third of which will be in the last and highest block. All eight blocks will be acquired by corporate companies or corporate figures. The smallest is an 11-storey block with a net lettable area of 75,000 sq ft. The development is part of the larger Pusat Bandar Damansara (PBD), which has a 46-acre foot print which the Pavilion Group shares with a couple of other developers. Lai attributed the interest generated so far to the strong Pavilion brand, the Damansara Heights address and its connectivity. The redeveloped PBD will be served by two MRT stations. The mixed integrated development will also have about 1,300 residential units, with sizes ranging from 600 sq ft to 2,800 sq ft. Lai said the interest so far for its residential blocks has been in the larger units, which again bucks the trend because other developers have reported interest in smaller units of about 1,000 sq ft and below. Prices average about RM1,800 per sq ft and close to 2,500 have registered their interest, Lai said. The Pavilion Group will also have retail space of 1.17 million sq ft, split between a five- and seven-storey development which will be seamlessly connected. The retail mall will also be connected to the PBD MRT station. The retail mall, nine out of 10 office blocks and the majority of the residential units are expected to be completed in stages by 2022. Retail queen Datuk Joyce Yap, the CEO of Kuala Lumpur Pavilion Sdn Bhd, said the mall will be "a destination" in itself. While Yap aims to replicate the success of KL Pavilion, one of the top two retail malls in the city, the new mall in Pavilion Damansara Heights will have a different focus, with a larger emphasis on dining, entertainment, services and other new concepts. Unveiling the development, which will have a gross development value of RM9bil, Tengku Adnan acknowledged the concerns of residents about the possible congestion due to the massive redevelopment in the area. To overcome that, he said the developer would be building a new highway which will stretch between Section 16, Petaling Jaya and Jalan Semantan at a cost of about RM200mil. Pavilion Damansara Heights is a joint-venture project between the Pavilion Group and CPPIB. The investment management organisation, with a total fund size of C\$326.5bil (RM1.11 trillion) as at September 2017, took a 49% interest, or an investment of RM485mil, in the project in 2015. About a year later, CPPIB committed a further US\$162mil to buy a 40% interest in Pavilion Dalian shopping mall in Dalian, China. (Source: The Star)

PRG Holdings Bhd has teamed up with Syarikat Perumahan Negara Bhd (SPNB) to jointly develop RM5 billion worth of affordable housing development projects. In a statement yesterday, PRG said that the projects will be undertaken by newly formed joint-venture company Premier Aspirasi Development Sdn Bhd, where SPNB Aspirasi Sdn Bhd, a unit of SPNB, will hold a 51% stake and PRG's wholly-owned unit, Premier JPC Sdn Bhd, the remaining 49%. PRG group managing director Datuk Lua Choon Hann said the definitive agreement is another meaningful step towards growing the company, and demonstrates its focus on diversifying its income stream. (Source: The EdgeMarkets)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Quantum Solar Park (Semenanjung) Sdn Bhd	Green SRI Sukuk of up to RM1.0 billion	AA-IS	Assigned
Lingkar Trans Kota Sdn Bhd (Litrak)	Sukuk Musharakah IMTN I and II Programmes (2008/2023) with a combined value of up to RM1.45 billion	AA2	Reaffirmed

Source: RAM Ratings; MARC

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