

## Global Markets Research

### Fixed Income

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### Fixed Income Daily Market Snapshot

#### US Treasuries

- UST yield mirrored slight steepening as long-end yields edged higher whilst short-ends seen drifted lower. 10-year UST levels inched 2 bps to close at 2.23% level. Meanwhile sale of \$28b 7-year UST note printed a softer BTC of 2.46x, versus previous average of 2.53x at past 10 auctions held. Pending home sales contracted for the month of May, declined -0.8% versus expectations for a 1% gain. All eyes on US 1Q2017 GDP (3<sup>rd</sup> reading) release tonight ahead of PCE and personal spending data on Friday. Expect UST to trade on range-bound mode.

#### MGS/GII

- Trading volume for local govies remained thin, with only RM1b worth changing hands. Yields on the belly of the curve seen inched higher 2-3 bps, with benchmark 5- and 7-year MGS closing at 3.61% and 3.87% level respectively. Spreads between benchmark 7-year MGS and comparable benchmark GII seen narrowing back to circa 7 bps. Expect trading volume to remain thin with momentum potentially picking up next week.

#### PDS/Sukuk

- On a similar note, transacted amounts for corporate bonds/sukuk stayed thin with only RM226m traded. Notable papers seen crossed include short-dated Cagamas maturing '9/17, '3/18 and '8/18 with combined amounts of RM40m. Levels ended at 3.44%, 3.72% and 3.82% level respectively. Other notable trades include MBSB '10/17 dealt at 4.12%, whilst YTL Power International '5/27 seen changing hands at 4.97% level.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.36	-1
5-yr UST	1.82	-1
10-yr UST	2.23	2
30-yr UST	2.78	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.30	-3	3.57	0
5-yr	3.61	2	3.80	0
7-yr	3.87	3	3.93	-1
10-yr	3.89	-1	4.05	0
15-yr	4.34	1	4.48	0
20-yr	4.54	0	4.60	0
30-yr	4.74	0	4.85	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.49	0
3-yr	3.61	0
5-yr	3.71	0
7-yr	3.81	2
10-yr	3.96	2

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 10/17	3.087	11	3.119	22/06/2017	-3
MGS 02/18	3.176	257	3.152	23/06/2017	2
MGS 03/19	3.297	2	3.285	23/06/2017	1
MGS 10/19	3.405	100	3.406	23/06/2017	0
MGS 11/19	3.406	110	3.414	21/06/2017	-1
MGS 03/20	3.525	32	3.498	23/06/2017	3
MGS 07/21	3.663	2	3.653	22/06/2017	1
MGS 09/21	3.663	105	3.643	22/06/2017	2
MGS 11/21	3.632	0	3.644	22/06/2017	-1
MGS 03/22	3.613	59	3.594	23/06/2017	2
MGS 08/22	3.752	51	3.748	23/06/2017	0
MGS 09/22	3.741	2	3.710	22/06/2017	3
MGS 08/23	3.855	11	3.836	23/06/2017	2
MGS 07/24	3.894	31	3.870	23/06/2017	2
MGS 09/24	3.867	80	3.842	23/06/2017	2
MGS 09/25	3.983	20	3.954	23/06/2017	3
MGS 04/26	4.040	3	4.040	21/06/2017	0
MGS 11/26	3.929	10	3.900	23/06/2017	3
MGS 03/27	4.051	1	4.105	22/06/2017	-5
MGS 11/27	3.893	2	3.897	22/06/2017	0
MGS 06/28	4.195	1	4.188	06/06/2017	1
MGS 04/30	4.425	91	4.394	23/06/2017	3
MGS 06/31	4.333	8	4.386	22/06/2017	-5
MGS 04/33	4.337	5	4.328	20/06/2017	1
MGS 05/35	4.445	1	4.441	22/06/2017	0
MGS 09/43	4.777	0	4.780	19/06/2017	0
MGS 03/46	4.742	1	4.736	21/06/2017	1
GII 07/22	3.853	1	3.854	21/06/2017	0
GII 08/24	3.931	15	3.939	23/06/2017	-1
GII 09/26	4.092	5	4.115	23/06/2017	-2
GII 12/28	4.306	1	4.281	16/06/2017	3
		<u>1018</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**	
Cagamas Berhad	09/17	AAA	3.438	20	3.440	06/06/2017	0	-5
Cagamas Berhad	03/18	AAA	3.721	10	3.722	05/06/2017	0	23
Cagamas Berhad	08/18	AAA	3.824	10	3.842	05/06/2017	-2	33
AI Dzahab Assets Berhad	06/23	AAA	4.803	20	4.871	19/06/2017	-7	104
Projek Lebuhraya Usahasama Berhad	01/27	AAA	4.489	10	4.509	14/06/2017	-2	53
Manjung Island Energy Berhad	11/29	AAA	4.699	5	4.869	23/12/2016	-17	74
Malaysia Building Society Berhad	10/17	AA1	4.123	20	4.119	04/08/2016	0	63
Sarawak Energy Berhad	06/18	AA1	4.099	15	4.090	28/03/2017	1	61
Sepangar Bay Power Corporation Sdn Berh:	07/18	AA1	4.187	2	4.248	15/03/2017	-6	70
YTL Power International Berhad	05/27	AA1	4.971	25	4.969	23/06/2017	0	101
PBFIN Berhad	06/19	AA2	4.869	0	-	-	-	132
Hong Leong Bank Berhad	06/19	AA2	4.596	10	-	-	-	105
UniTapah Sdn Berhad	06/30	AA2	4.929	10	4.887	17/11/2016	4	79
KT Kira Sertifikalari Varlik Kiralama A.S.	03/20	AA3	5.536	10	5.564	23/05/2017	-3	193
TF Varlik Kiralama A. S	05/20	AA3	5.862	10	5.959	09/03/2017	-10	225
BGSM Management Sdn Berhad	06/24	AA3	4.887	10	4.887	23/06/2017	0	108
UEM Sunrise Berhad (fka UEM Land Holdin	05/23	AA-	4.777	4	4.783	05/06/2017	-1	102
Malakoff Power Berhad	12/25	AA-	4.780	1	4.800	09/06/2017	-2	93
CIMB Group Holdings Berhad	05/21	A1	5.191	4	5.192	23/06/2017	0	153
Special Power Vehicle Berhad	11/21	A1	5.182	6	5.340	21/04/2017	-16	152
Affin Bank Berhad	02/22	A1	5.062	10	5.059	15/06/2017	0	136
AMMB Holdings Berhad	03/22	A1	5.051	2	4.989	21/06/2017	6	135
DRB-Hicom Berhad	02/20	A-	7.968	8	7.535	28/03/2017	43	436
DRB-Hicom Berhad	04/20	A-	8.001	2	-	-	-	439
Mah Sing	-	NR	6.481	2	-	-	-	-
			<u>226</u>					

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

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

The Securities Commission (SC) has entered into an innovation cooperation agreement with the Australian Securities and Investments Commission (ASIC), to further promote innovation in financial services in their respective markets. In a statement yesterday, the SC said that under the agreement, the regulator will work with ASIC to share information on emerging trends and regulatory issues in digital finance. It added that both regulators will also facilitate referrals of innovative businesses seeking to operate in each other's jurisdictions, as well as explore potential joint innovation projects relating to the application of new technologies. SC chairman Tan Sri Ranjit Ajit Singh signed the agreement with the ASIC chairman Greg Medcraft on the sidelines of the Salzburg Global Seminar on Finance that was co-chaired by the SC chairman. Ranjit said the cooperation agreement is an important milestone for Malaysia's digital finance sector and was a positive development for innovative fintech businesses seeking to expand and reach greater scale. "Even as we continue to enable new forms of innovation in capital markets, we must not lose sight of the need to manage digital risks, by taking a strategic approach to risk management, recruiting digital talent and improving IT architectures," he said. "The collaboration between SC and ASIC in the realm of digital finance will further strengthen the cooperative arrangements between Malaysia and Australia in capital market development and regulation," he pointed out. Meanwhile, Medcraft said the agreement would help local businesses grow beyond borders, and improve understanding of fintech in the region. "International cooperation on fintech is essential... we look forward to working more closely with our colleagues at the Malaysian Securities Commission," he said. (Source : The Star)

### Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Lafarge Cement Sdn Bhd	RM500 million Sukuk Wakalah Programme	AA2 / Negative	Outlook revised to Negative from Stable

Source: MARC and RAM ratings

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