

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.75	0
5-yr UST	2.06	0
10-yr UST	2.33	0
30-yr UST	2.76	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.41	2	3.47	2
5-yr	3.65	1	3.87	4
7-yr	3.93	4	4.06	-3
10-yr	3.95	4	4.27	1
15-yr	4.48	-1	4.71	0
20-yr	4.58	-6	4.79	0
30-yr	4.85	-2	4.97	0

*Market indicative levels

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.64	0
3-yr	3.74	0
5-yr	3.82	0
7-yr	3.94	1
10-yr	4.06	1

Source : Bloomberg

US Treasuries

- US Treasuries were generally unchanged across the curve with the 2Y and the much-watched 10Y closing at 1.75% and 2.33% respectively. The long-end was seen well-supported amid a soft auction for the 7Y notes at 2.236% versus 2.215% WI bid. Volumes traded were high as news on North Korea missile launch filtered through. Eyes are expected to be on the progress of the Tax Bill along with further data releases on annualized GDP q-o-q (today), PCE (tomorrow) and ISM (Friday).

MGS/GII

- Trading in local govies was lackluster, with attention focused on the re-opening of the 5Y GII 4/22. Yields were mixed with the front-end and 7-10Y closing weaker by 1-4bps whereas the longer end saw some interest moving yields lower. The benchmark 7Y MGS closed at 3.93% whilst MGS 11/27 ended at 3.95%. Interest on the short off-the-runs 18's continued to be seen on potential currency play by offshore investors and inter-bank players. The 15Y MGS 8/33 moved 1 bps lower at 4.48% on decent volume. We expect a cautious stance as investors digest current economic indicators and await further clues to the direction of ringgit and UST's.

Upcoming Government Bond Tenders

Nil

PDS/Sukuk

- Corporate bonds printed a decent RM448m of trades; with interest spread out across the curve. In the GG-space PASB 6/21 closed at 4.01% whereas DANA 11/47 saw 20m traded 1bps higher at 5.36%. The AAA-rated TTM Sukuk 11/21 printed at a higher yield of 4.24%. In the AA sector we note the recently-downgraded MCIL 2/19 chased 8bps lower at 4.35% whilst UEM Edgenta 4/22 closed higher at 4.64%. The rather short-tenured Sabah Dev 1/18 was also well-bid with yields moving a whopping 19bps lower at 4.28%. We continue to expect interest in both AAA and AA-secondary space as investors look for yield.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	02/18	2.399	20	2.428	43066	-3
MGS	09/18	2.555	314	2.512	43066	4
MGS	03/19	3.000	6	2.926	43063	7
MGS	10/19	3.155	12	3.274	43066	-12
MGS	11/19	3.180	44	3.182	43066	0
MGS	10/20	3.362	9	3.402	43061	-4
MGS	07/21	3.550	11	3.494	43063	6
MGS	09/21	3.611	4	3.640	43066	-3
MGS	11/21	3.634	1	3.647	43066	-1
MGS	08/22	3.780	30	3.791	43063	-1
MGS	03/23	3.805	8	3.880	43062	-7
MGS	09/24	3.927	21	3.890	43066	4
MGS	09/25	4.106	6	4.121	43066	-2
MGS	11/26	4.142	32	4.155	43063	-1
MGS	11/27	3.952	46	3.911	43062	4
MGS	04/30	4.466	55	4.529	43066	-6
MGS	06/31	4.479	32	4.516	43066	-4
MGS	04/32	4.508	20	4.562	43066	-5
MGS	04/33	4.478	111	4.488	43066	-1
MGS	04/37	4.581	3	4.635	43066	-5
MGS	03/46	4.850	2	4.867	43061	-2
GII	08/18	2.850	70	3.000	43063	-15
GII	04/22	3.872	840	3.832	43066	4
GII	07/23	4.017	69	4.022	43063	0
GII	09/26	4.310	1	4.289	43066	2
GII	09/30	4.598	48	4.651	43054	-5
			<u>1816</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*
Cagamas Berhad	10/18	AAA	3.600	10	3.643	20/10/2017	-4	93
Cagamas Berhad	12/18	AAA	3.600	20	3.699	27/11/2017	-10	93
Cagamas Berhad	10/20	AAA	4.072	10	3.974	05/10/2017	10	67
Gulf Investment Corporation G.S.C	03/21	AAA	5.041	1	5.038	14/11/2017	0	164
Sarawak Hidro Sdn Berhad	08/23	AAA	4.466	10	4.338	28/09/2017	13	64
Sabah Development Bank Berhad	01/18	AA1	4.277	20	4.462	18/05/2017	-19	161
UniTapah Sdn Berhad	12/24	AA1	4.580	2	4.618	22/06/2017	-4	65
YTL Power International Berhad	05/27	AA1	4.877	10	4.877	24/11/2017	0	89
Danajamin Nasional Berhad	10/27	AA1	4.778	20	4.773	22/11/2017	0	82
Media Chinese International Limited	02/19	AA2	4.349	10	4.429	07/06/2017	-8	168
AmBank (M) Berhad	12/23	AA3	4.452	10	4.454	21/11/2017	0	63
CIMB Thai Bank Public Company Limited	07/24	AA3	5.129	0	4.835	07/11/2017	29	120
CIMB Group Holdings Berhad	05/16	A1	4.978	1	5.166	27/11/2017	-19	33
HILFG Perpetual Capital Securities	-	A1	5.130	166	-	-	-	-
DRB-Hicom Berhad	11/20	A+	5.903	1	-	-	-	-
BEWG (M) Sdn Berhad	07/20	AA	4.903	7	4.914	20/11/2017	-1	150
Anih Berhad	11/25	AA	4.636	4	4.635	06/11/2017	0	68
MMC Corporation Berhad	11/20	AA-	4.908	6	4.906	22/11/2017	0	151
UEM Edgenta Berhad [fka Faber Group Berhad]	04/22	AA-	4.636	10	4.619	24/11/2017	2	108
Southern Power Generation Sdn Berhad	10/27	AA-	5.011	6	5.000	14/11/2017	1	105
Southern Power Generation Sdn Berhad	04/30	AA-	5.159	10	-	-	-	-
Celcom Networks Sdn Berhad [fka Celcom Transmission	08/27	AA+	5.087	10	5.058	14/11/2017	3	113
Benih Restu Berhad	06/25	AA2	4.618	4	4.566	28/09/2017	5	66
West Coast Expressway Sdn Berhad	08/32	AAA	5.049	10	5.019	22/06/2017	3	56
Danga Capital Berhad	01/30	AAA	4.850	10	4.718	08/09/2017	13	89
TTM Sukuk Berhad	11/21	AAA	4.244	35	4.207	05/04/2017	4	69
Projek Lebuhraya Usahasama Berhad	01/26	AAA	4.700	14	4.499	10/11/2017	20	74
Senari Synergy Sdn Berhad	08/18	AAA IS	4.271	1	4.277	10/11/2017	-1	160
Pengurusan Air SPV Berhad	06/21	GG	4.006	5	4.033	06/09/2017	-3	45
Turus Pesawat Sdn Berhad	11/22	GG	4.160	5	3.902	21/09/2016	26	51
Danainfra Nasional Berhad	11/47	GG	5.359	20	5.351	16/11/2017	1	72
				<u>448</u>				

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

Market/Corporate News: What's Brewing

As a shutdown of Bali's airport is extended due to volcanic ash, **airlines bracing for millions of dollars of lost revenue per day** are scrambling to minimise damage by offering travel to other destinations and alternative transport off the island. The airport on the Indonesian tourist island was closed for a second day on Tuesday because of ash from the eruption of the Mount Agung volcano, which has already disrupted several hundred flights and tens of thousands of passengers. With no immediate sign of the eruption ending any time soon, industry experts say airlines may consider making longer-term flight frequency adjustments to Bali as forward bookings collapse and risks of ash damaging aircraft linger. AirAsia will look to redeploy capacity elsewhere in its network, the airline group's chief executive Tan Sri Tony Fernandes tweeted on Tuesday, without providing details of any adjustment. Most airlines are for now offering various options to minimise the short-term impact, preparing customers to expect scheduled disruptions until at least Dec. 4. "If this situation is prolonged for 2 to 3 months, it is possible that the airlines could reduce their Bali flights in the upcoming northern summer schedule that starts from end-March," said Corrine Png, chief executive of transport research firm Crucial Perspective, although she said they would be wary of losing airport slots when demand eventually returned. Australia's Jetstar is allowing passengers to re-route to other holiday destinations like Phuket in Thailand, while Singapore Airlines Ltd budget offshoot Scoot said it would transport stranded passengers by bus and ferry from Bali to the city of Surabaya on the neighbouring island of Java for flights back to Singapore. Png said each day that the Bali airport was closed meant about \$5 million in combined lost flight revenue for the 42 airlines that fly there. "This comes at a bad time for the airlines as we are in peak travel season right now and the Bali route is highly lucrative," she said. "Forward bookings to Bali will collapse as a result and the airlines will have to re-deploy their excess capacity to alternative destinations which are less profitable and may even have to discount more to fill up their planes." Alicia Seah, an official at Singapore-based travel agency Dynasty Travel, said bookings and inquiries for travel to Bali had dropped by half in the past two months following warnings that the volcano could erupt. "Those departing this week and early December are asking for diversion to Thailand, Vietnam and Cambodia and we are now assisting them to do that. But those departing mid- to late-December are adopting a wait-and-see attitude," Seah said. To be sure, volcanic activity is common in Indonesia and ash clouds have led to sporadic airport closures and cancellations of flights to and from Bali on at least six occasions over the last three years, often for days at a time. But on those occasions, the volcano spewing ash was on a neighbouring island rather than Bali itself, making this a more serious threat to tourism. Airlines avoid flying with volcanic ash in the air because it can cause significant damage to aircraft engines, clogging fuel and cooling systems, hampering pilot visibility and even causing engine failure. In 1982, a British Airways 747 suffered severe damage and had all four engines flame out after flying through ash from Mount Galunggung in Indonesia. Flight cancellations cost airlines in terms of refunds to passengers and paying fixed costs of aircraft and crew that are not flying, as well as for "relief" flights to return stranded travellers home. Airline insurance usually covers physical damage to aircraft from ash but not the lost revenue, Png said. (Source: The Star)

Malaysian Resources Corp Bhd (MRCB) and Gamuda Bhd have partnered up to bid for the role of project delivery partner (PDP) for the Kuala Lumpur to Singapore High Speed Rail (KL-Singapore HSR) project. Both parties had entered into an agreement today to set up an unincorporated consortium on a 50:50 basis to participate in the tender, MRCB and Gamuda said in separate filings with Bursa Malaysia. "Upon securing the tender, the parties shall enter into a definitive agreement to further set out the rights and obligations of each party in relation to the project," MRCB said. The PDP tender was called upon by MyHSR Corp on Nov 22. In a Nov 21 note, CIMB Research said Gamuda is seen as a strong contender, as it is the only local contractor with the relevant experience and skill set to manage a massive rail project. Gamuda was the PDP for the Mass Rapid Transit (MRT) projects, while MRCB was appointed PDP of the light rail transit 3 (LRT3) with George Kent (M) Bhd two years ago. (Source: The Edge)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Edra Power Holdings Sdn Bhd	Corporate credit ratings	AA1/Stable/P1	Assigned

Source: RAM Ratings; MARC

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