

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.91	2
5-yr UST	2.24	2
10-yr UST	2.43	2
30-yr UST	2.76	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.32	-1	3.48	0
5-yr	3.54	0	3.85	-3
7-yr	3.91	0	4.10	3
10-yr	3.94	0	4.25	-1
15-yr	4.43	3	4.67	0
20-yr	4.59	-2	4.79	0
30-yr	4.85	-2	4.98	0

\*Market indicative

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.65	0
3-yr	3.74	-1
5-yr	3.83	0
7-yr	3.93	-2
10-yr	4.06	0

Source: Bloomberg

#### Upcoming Government Bond Tenders

Nil

#### US Treasuries

- US Treasuries pared gains made the earlier session with dollar weakness and softer 7Y auction of \$28b which saw it close at average of 2.37% versus 2.361% for WI. The weakness was aided also by stronger than expected Chicago PMI data released yesterday. UST's edged up by 1-2bps across most tenures with the 5s30s spread continuing to flatten; breaching 52bps. The much-watched 10Y closed 2bps higher at 2.43%. We expect clearer direction next week upon the release of several economic data.

#### MGS/GII

- Local Govvies saw volume improve to RM928m with literally half of the trades seen on both benchmarks 7Y and 10Y MGS and GII as well. The benchmark 7Y MGS 9/24 and 10Y MGS 11/27 closed unchanged at 3.91% and 3.94% respectively compared to previous-done levels whereas the equivalent GII's closed mixed at 4.097% and 4.245% respectively. Investors are expected to be sidelined for the last trading year-end ahead of the long weekend.

#### PDS/Sukuk

- Corporate Bonds saw total volume traded at RM215m with almost half of bonds traded in the AA-space with names like MMC Corp, WCT and UEM Sunrise closing unchanged from previously-done levels. However KIMANIS Power 8/25 closed 13bps higher at 4.73%. The AAA-rated DANGA 1/30 however saw demand; closing 5bps lower at 4.80%. RM40m of Bank Islam 27nc22 traded unchanged at 5.04% levels. We expect low volume to prevail for the last trading session of the year.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/18	2.848	50	2.799	22/12/2017	5
MGS	09/18	2.781	90	2.651	27/12/2017	13
MGS	10/19	3.140	1	3.173	26/12/2017	-3
MGS	11/19	3.123	1	3.147	27/12/2017	-2
MGS	02/21	3.321	20	3.328	22/12/2017	-1
MGS	11/21	3.482	30	3.521	21/12/2017	-4
MGS	08/22	3.726	10	3.749	27/12/2017	-2
MGS	09/22	3.766	5	3.794	26/12/2017	-3
MGS	08/23	3.799	2	3.857	26/12/2017	-6
MGS	09/24	3.905	52	3.905	27/12/2017	0
MGS	09/25	4.061	13	4.052	22/12/2017	1
MGS	04/26	4.125	3	4.119	26/12/2017	1
MGS	11/26	4.075	5	4.095	22/12/2017	-2
MGS	05/27	4.162	1	4.052	30/11/2017	11
MGS	11/27	3.938	140	3.942	26/12/2017	0
MGS	04/30	4.461	10	4.471	27/12/2017	-1
MGS	04/33	4.434	10	4.424	26/12/2017	1
MGS	05/35	4.560	1	4.543	26/12/2017	2
MGS	04/37	4.588	5	4.604	26/12/2017	-2
MGS	03/46	4.850	4	4.867	27/12/2017	-2
GII	04/22	3.845	225	3.875	27/12/2017	-3
GII	07/22	3.927	30	3.940	14/12/2017	-1
GII	08/24	4.097	30	4.070	26/12/2017	3
GII	07/27	4.245	190	4.260	22/12/2017	-1
			<u>928</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*	
YTL Power International Berhad	05/27	AA1	4.889	30	4.893	27/12/2017	0	91
Northern Gateway Infrastructure Sdn Berhad	08/27	AA1	4.849	10	4.849	21/12/2017	0	91
Danajamin Nasional Berhad	10/27	AA1	4.768	2	4.773	12/12/2017	0	83
Gamuda Berhad	03/19	AA3	4.354	10	4.197	23/10/2017	16	145
Affin Bank Berhad	02/27	A1	4.835	10	4.836	26/12/2017	0	86
AMMB Holdings Berhad	03/27	A1	4.847	10	4.848	26/12/2017	0	87
Bank Islam Malaysia Berhad	11/27	A1	5.035	40	5.035	29/11/2017	0	110
Golden Assets International Finance Limited	08/19	A1	5.181	30	5.910	18/12/2017	-73	203
Alpha Circle Sdn Berhad	11/18	AA-	5.017	2	4.432	30/10/2017	59	211
WCT Holdings Berhad	05/22	AA-	5.117	10	5.116	18/12/2017	0	161
Kimanis Power Sdn Berhad	08/22	AA-	4.497	10	4.502	18/12/2017	0	90
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	12/22	AA-	4.997	10	4.999	27/12/2017	0	140
Kimanis Power Sdn Berhad	08/25	AA-	4.726	10	4.599	17/08/2016	13	78
MMC Corporation Berhad	04/27	AA-	5.327	10	5.328	26/12/2017	0	135
West Coast Expressway Sdn Berhad	08/31	AAA	4.938	10	4.930	23/08/2017	1	52
Danga Capital Berhad	01/30	AAA	4.798	10	4.850	28/11/2017	-5	86
Projek Lebuhraya Usahasama Berhad	01/18	AAA	3.487	1	3.522	26/10/2017	-3	58
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\*spread against nearest indicative tenured MGS (Source : BPAM)

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

**Berjaya Corp Bhd (BCorp), controlled by tycoon Tan Sri Vincent Tan, posted its second straight quarterly loss today**, mainly due to provision for the impairment of a portion of the balance sales proceeds from the sale of the Great Mall of China project in China and the loss arising from the partial disposal of an associated company. The group made a net loss of RM145.99 million in the second financial quarter ended Oct 31, 2017 (2QFY18) compared with a net profit of RM176.51 million a year ago. It posted a loss per share of 2.54 sen compared with earnings per share of 3.27 sen in 2QFY17. Quarterly revenue fell 11.1% to RM2.19 billion in 2QFY18 from RM2.46 billion in 2QFY17, on lower contribution from the retail distribution and motor distribution businesses, as well as property investment and development business segment. The Great Mall project in Sanhe City, Hebei Province in China spans across 306,260 sq m of land, with 1.21 million sq m of gross floor area. The land use rights of the project were granted for a term expiring on Jan 25, 2045 for commercial, entertainment and commercial (car park) uses. In a statement today, BCorp said the retail distribution business was affected by the weak consumer sentiment coupled with the intense competition in the local and overseas markets. "The motor distribution business under HR Owen PLC also reported lower revenue due to the softening demand in the UK car market, as well as the product life cycle of the car models available for sale," it added. BCorp's property investment and development business also registered lower revenue in 2QFY18 because of a much reduced contribution from the group's foreign projects in the current quarter under review. "However, the reduced revenue from the retail distribution business and motor distribution business was mitigated by higher revenue recorded by other segments," it said. The group recorded higher revenue from the hotels and resorts business, mainly due to higher overall occupancy and average room rates, while the higher revenue from the restaurants and cafes business was mainly due to additional cafes operating in the current quarter. The gaming operations also recorded higher revenue in both Malaysia and Vietnam. For the cumulative six months (6MFY18), it posted a net loss of RM189.38 million from a net profit of RM113.83 million a year ago. Revenue dropped 6.4% to RM4.38 billion from RM4.68 billion. Given the prevailing economic conditions and global financial outlook, BCorp is of the view that the group's operating environment will be challenging going forward. (Source: The Edge)

**Cagamas Bhd has issued RM300 million** of five-year conventional medium term notes (MTN) under its RM40 billion MTN programme. Proceeds from the issuance will be used to fund the purchase of mortgage loans from the financial system. Despite the recent increase in the US Federal Reserve funds rate by 25 basis points in mid-December 2017, coupled with domestic market expectations of a looming potential hike in the overnight policy rate, the five-year conventional bond was competitively priced at 4.25%, which represented 64 basis points above the corresponding five-year Malaysian Government Securities benchmark curve," said Cagamas chief executive officer Datuk Chung Chee Leong in a statement today. The latest issuance brings the total year-to-date issuances, inclusive of foreign currency issuances, to RM15.3 billion equivalent. "It has been an eventful year where the company's total issuances more than doubled in comparison to 2016. We remain positive as we move towards 2018 and we are poised to continue fulfilling our intermediation role between the capital market and the housing sector," added Chung. The papers, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking pari passu among themselves and with all other existing unsecured obligations of the company. (Source: Bloomberg, The Edge)

### Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Gulf Investment Corporation GSC's (GIC or the Corporation)	Financial Institution ratings	AAA/Stable/P1	Reaffirmed

Source: RAM Ratings; MARC

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