

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

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US Treasuries

- UST yields continue to edge higher with 10-year backing up to reach 2.27%, potentially testing the 2.30% level. On data the front, US 1Q GDP 2017 was revised higher to 1.4%, whilst personal consumption gained 1.1% versus a previous level of 0.6%. UST yields seen heading north this week after ECB's Draghi signaled that the European central bank is moving towards tapering bond buying and potentially raising interest rates. Upward pressure for UST yields may persist ahead of PCE and personal spending release tonight.

MGS/GII

- Trading volume for local govies improved to reach RM2.4b versus RM1b traded on Wednesday. Bond yields seen inched higher with yields on the short-end retraced higher. 10-year GII 7/27 meanwhile saw RM355m changing hands, with levels moving 1 bp higher to close at 4.06%. Versus the 10-year MGS 11/27, 10-year GII provides a yield pickup of circa 16 bps based on latest traded levels. Going into next week, we expect focus to shift towards Malaysia's trade data as well as FX reserves release.

PDS/Sukuk

- We continue to see thinner traded volumes for the corporate bonds/sukuk space with only RM272m traded. LPPSA '4/32 ended at 4.87% with RM5m dealt. Other notable trades include Tanjung Bin '7/26 and '7/27 seen hovering at 4.74% and 4.78%, whilst Duke 3 sukuk '8/29 saw levels crossed at 4.90% with RM20m traded. AMMB '3/22 dealt at 4.94% with RM20m transacted. Expect trading volume to pick up next week with most investors returning from the Raya break.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.37	1
5-yr UST	1.85	3
10-yr UST	2.27	3
30-yr UST	2.81	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.36	3	3.59	2
5-yr	3.60	-1	3.83	3
7-yr	3.87	0	3.93	0
10-yr	3.90	1	4.06	1
15-yr	4.34	0	4.49	1
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	3.72	1
7-yr	3.81	0
10-yr	3.96	0

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	09/17	3.050	170	3.063	22/06/2017	-1
MGS	02/18	3.161	63	3.076	28/06/2017	9
MGS	03/18	3.164	126	3.152	21/06/2017	1
MGS	09/18	3.269	25	3.223	23/06/2017	5
MGS	03/19	3.360	34	3.326	28/06/2017	3
MGS	07/19	3.367	1	3.400	20/06/2017	-3
MGS	10/19	3.368	170	3.405	28/06/2017	-4
MGS	11/19	3.416	114	3.406	28/06/2017	1
MGS	03/20	3.491	12	3.491	28/06/2017	0
MGS	07/20	3.532	115	3.550	23/06/2017	-2
MGS	10/20	3.593	266	3.577	22/06/2017	2
MGS	07/21	3.644	21	3.663	28/06/2017	-2
MGS	11/21	3.681	10	3.632	28/06/2017	5
MGS	03/22	3.596	1	3.601	28/06/2017	0
MGS	08/22	3.742	19	3.731	28/06/2017	1
MGS	08/23	4.060	106	3.855	28/06/2017	21
MGS	07/24	3.910	62	3.897	28/06/2017	1
MGS	09/25	3.969	10	3.976	28/06/2017	-1
MGS	11/26	3.951	63	3.929	28/06/2017	2
MGS	03/27	4.112	3	4.051	28/06/2017	6
MGS	11/27	3.900	3	3.893	28/06/2017	1
MGS	04/30	4.410	120	4.405	28/06/2017	0
MGS	06/31	4.401	7	4.333	28/06/2017	7
MGS	04/32	4.452	4	4.441	21/06/2017	1
MGS	05/35	4.483	28	4.445	28/06/2017	4
MGS	04/37	4.538	14	4.538	22/06/2017	0
GII	08/17	3.053	25	3.143	11/01/2017	-9
GII	08/19	3.473	20	3.456	15/06/2017	2
GII	04/20	3.598	70	3.569	23/06/2017	3
GII	08/20	3.652	150	3.657	20/06/2017	0
GII	08/21	3.774	12	3.794	23/06/2017	-2
GII	04/22	3.825	120	3.802	22/06/2017	2
GII	07/23	3.957	3	3.938	23/06/2017	2
GII	07/27	4.056	355	4.045	23/06/2017	1
GII	08/33	4.494	2	4.485	23/06/2017	1
SPK	10/21	3.851	50	4.051	05/04/2017	-20
SPK	07/22	3.901	50	3.900	23/06/2017	0
			<u>2424</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**	
LPPSA	04/32	GG	4.871	5	4.850	15/06/2017	2	72
Cagamas Berhad	08/17	AAA	3.445	40	3.518	23/05/2017	-7	-5
Cagamas Berhad	08/17	AAA	3.445	15	3.445	05/06/2017	0	-5
Ara Bintang Berhad	09/19	AAA	4.190	10	4.195	14/06/2017	0	63
Rantau Abang Capital Berhad	01/32	AAA	4.869	10	4.890	22/06/2017	-2	72
TNB Northern Energy Berhad	05/34	AAA	5.010	5	-	-	-	86
TNB Northern Energy Berhad	11/34	AAA	5.040	5	-	-	-	89
YTL Power International Berhad	05/27	AA1	4.970	45	4.971	28/06/2017	0	100
Mukah Power Generation Sdn Berhad	12/19	AA2	4.471	0	-	-	-	91
UMW Holdings	06/22	AA2	4.748	10	4.801	22/06/2017	-5	103
Unitapah Sdn Berhad	12/31	AA2	5.019	10	5.069	06/04/2017	-5	87
KT Kira Sertifikalari Varlik Kiralama A.S.	03/20	AA3	5.540	1	5.536	28/06/2017	0	193
TF Varlik Kiralama A. S	05/20	AA3	5.858	1	5.862	28/06/2017	0	224
UEM Edgenta Berhad [fka Faber Group Ber]	04/22	AA-	4.717	10	4.720	19/06/2017	0	100
WCT Holdings Berhad	05/22	AA-	5.227	10	5.231	05/06/2017	0	151
Tanjung Bin O&M Berhad	07/26	AA-	4.741	30	-	-	-	77
Tanjung Bin O&M Berhad	07/27	AA-	4.783	20	-	-	-	81
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/29	AA-	4.901	20	4.900	09/06/2017	0	93
AMMB Holdings Berhad	03/22	A1	4.935	20	5.051	28/06/2017	-12	122
Bank Muamalat Malaysia Berhad	11/21	A	5.246	5	5.099	31/03/2017	15	159
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*spread against nearest indicative tenured IRS (Source : BPAM)

Market/Corporate News: What's Brewing

Berjaya Corp Bhd (BCorp) has posted a stellar year-on-year financial performance turnaround in its fourth quarter ended April 30. The company posted a net profit of RM3.24mil from a net loss of RM368.9mil in the same quarter a year ago, although revenue for the quarter fell to RM2.23bil from RM2.48bil. It said the lower revenue for the quarter under review was due mainly to the lower contribution from the property investment and development business segment, as remaining units of a property project in China had been disposed of in the third quarter. "In the previous financial year, the sale of property units was high due to high demand after the government in China relaxed certain rules," the company said. It added that the marketing and consumer products and services segment and the gaming segment operated by Sports Toto Malaysia Sdn Bhd also saw lower revenues. It said the turnaround in profitability in the current quarter was mainly because there were non-cash losses such as an impairment in the value of goodwill of RM473.20mil and assets held for sale relating to Berjaya (China) Great Mall Co Ltd of RM131.81mil in the same period last year. Meanwhile, the motor distribution business, and the hotels and resorts business reported higher profits in the quarter under review mainly due to higher revenue. For the full year, BCorp also swung back into the black, posting a net profit of RM139.95mil from a net loss of RM177.22mil previously. Revenue, meanwhile, rose slightly to RM9.14bil from RM9.02bil in the previous year. "The higher revenue for the financial year under review was mainly due to higher contribution from the hotels and resorts segment, which was mainly attributed to revenue contribution from a new hotel which started operations in October 2016, and the property investment and development segment as a result of encouraging sales of apartments and higher progress billings from a property project in China." (Source : The Star)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: MARC and RAM ratings

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