

**Global Markets Research**

**Fixed Income**

**Fixed Income Daily Market Snapshot**

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.25	-2
5-yr UST	2.55	-2
10-yr UST	2.73	-1
30-yr UST	2.96	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.46	1	3.61	0
5-yr	3.54	0	3.82	0
7-yr	3.83	0	4.00	0
10-yr	3.95	0	4.15	0
15-yr	4.39	-2	4.55	0
20-yr	4.53	-1	4.77	0
30-yr	4.80	1	4.90	0

\*Market indicative

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.76	0
3-yr	3.80	0
5-yr	3.85	0
7-yr	3.96	0
10-yr	4.08	0

Source : Bloomberg

**US Treasuries**

- US Treasuries rose sending both the 10Y and 30Y to the lowest yields in a month; following the opening of markets post-Easter holidays. The long-end led yields higher having flattened earlier causing the 5s30s spread to notch below 40bps; last seen in 2007. However it steepened eventually to ~42bps. Overall benchmark yields were 1-2bps lower as the 2Y; most sensitive to interest rate outlook closing 2bps lower at 2.25% whilst the 10Y closed within 1bps at 2.73%. Meanwhile the deluge in Treasury Bill supply that allowed a surge in short-term funding costs has started to ease but investors continue to fret over persistently high US dollar LIBOR.

**MGS/GII**

- Trading volume in local Govvies dropped to a mere RM547m on lack of interest with MGS/GII share of overall trades at 3:1 with some interest seen in the belly i.e. 22-24 maturities. The rarely traded Islamic bond SPK 8/20 saw RM60m change hands closing at 3.737%; an attractive 12bps premium compared to similar-tenures GII. Overall benchmark yields were mixed between -2 to +1bps across the curve. Both the benchmark 7Y MGS 3/25 and the much-watched 10Y MGS 11/27 were unchanged at 3.83% and 3.95% respectively.

**Corp Bonds/Sukuk**

- Corporate Bonds too notched lower secondary market volume of RM489m with most trades within the Govt-Guaranteed space. The longer-tenured DANA 4/34 saw RM140m traded closing at 4.93% whilst PRASA 3/19 and 2/23 closed mixed on yields at 3.70% and 4.185 respectively. CAGAMAS 2/19 closed unchanged at 3.83% levels whilst AA-rated Southern Power 10/22 and 4/31 closed within 1bps at 4.56% and 5.07% respectively compared to previous-done levels. Expect investor interest to be continued on selective basis.

**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	03/19	3.069	6	3.113	30/03/2018	-4
MGS	07/19	3.255	61	3.247	30/03/2018	1
MGS	10/19	3.297	4	3.292	30/03/2018	1
MGS	11/19	3.289	1	3.320	30/03/2018	-3
MGS	07/20	3.358	3	3.406	28/03/2018	-5
MGS	10/20	3.409	6	3.417	30/03/2018	-1
MGS	11/21	3.455	1	3.448	30/03/2018	1
MGS	03/22	3.538	1	3.552	30/03/2018	-1
MGS	09/22	3.697	30	3.685	29/03/2018	1
MGS	08/23	3.789	32	3.799	30/03/2018	-1
MGS	07/24	3.891	33	3.901	30/03/2018	-1
MGS	09/24	3.874	7	3.883	30/03/2018	-1
MGS	03/25	3.827	1	3.827	30/03/2018	0
MGS	09/25	3.949	1	3.947	30/03/2018	0
MGS	11/26	3.964	5	3.961	30/03/2018	0
MGS	03/27	4.101	8	4.103	30/03/2018	0
MGS	11/27	3.946	142	3.943	30/03/2018	0
MGS	06/31	4.342	2	4.311	30/03/2018	3
MGS	04/32	4.387	1	4.392	30/03/2018	-1
MGS	04/33	4.393	3	4.413	30/03/2018	-2
MGS	04/37	4.529	4	4.537	30/03/2018	-1
MGS	09/43	4.775	1	4.795	30/03/2018	-2
MGS	03/46	4.801	15	4.791	30/03/2018	1
SPK	08/20	3.737	60	3.768	22/06/2017	-3
GII	08/20	3.622	40	3.614	30/03/2018	1
GII	03/21	3.734	2	3.734	30/03/2018	0
GII	04/21	3.781	40	3.737	23/03/2018	4
GII	08/21	3.805	1	3.774	28/02/2018	3
GII	07/23	3.951	40	3.985	30/03/2018	-3
			<u>547</u>			

## Daily Trades: Corp Bonds / Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	03/19	GG	3.700	75	3.735	26/03/2018	-3	51
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	02/23	GG	4.180	70	4.140	17/01/2018	4	64
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	4.338	40	4.337	28/03/2018	0	59
Jambatan Kedua Sdn Berhad	05/25	GG	4.374	60	4.410	13/03/2018	-4	54
Danalinfra Nasional Berhad	04/34	GG	4.934	140	4.650	28/06/2016	28	52
Cagamas Berhad	02/19	AAA	3.826	25	3.823	08/03/2018	0	64
Genting Capital Berhad	06/22	AAA	4.687	10	4.950	21/03/2018	-26	119
Gulf Investment Corporation G.S.C	06/27	AAA	5.320	10	5.310	10/08/2017	1	138
YTL Power International Berhad	05/27	AA1	4.884	10	4.894	28/03/2018	-1	95
IJM Corporation Berhad	04/19	AA3	4.219	10	4.299	27/02/2018	-8	103
RHB Islamic Bank Berhad	05/24	AA3	4.380	3	4.423	06/03/2018	-4	63
CIMB Thai Bank Public Company Limited	07/24	AA3	4.508	1	4.691	27/03/2018	-18	76
Southern Power Generation Sdn Berhad	10/22	AA-	4.563	5	4.601	07/03/2018	-4	102
Southern Power Generation Sdn Berhad	04/31	AA-	5.069	20	5.079	30/03/2018	-1	66
Mumtaz Rakyat Sukuk Berhad	06/26	AA3	4.717	10	4.708	28/03/2018	1	83
CIMB Group Holdings Berhad	05/16	A1	5.201	1	4.794	29/03/2018	41	65
				<u>489</u>				

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

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

**WCT Holdings Berhad is buying a 60% stake in Subang Skypark Sdn Bhd for RM44.56mil cash.** Subang Skypark is involved in the development of commercial retail area at the Sultan Abdul Aziz Shah Airport in Subang, known as Subang Skypark Terminal 3. "The rationale for the acquisition is to enable WCT to invest in Subang Skypark which has the potential for value enhancement as well as for development of the car park area into a mixed commercial project," it said in a filing with Bursa Malaysia yesterday. The move, WCT said, would also allow the company to diversify into the ground handling for private aviation business as well as hangarage services. These businesses are complementary to the existing retail operations at Terminal 3. The purchase price took into consideration the unaudited net-asset value of Subang Skypark Group as at June 30, 2017 and its future prospects. Subang Skypark, through wholly-owned subsidiaries Skypark RAC Sdn Bhd and Skypark FBO Sdn Bhd, holds the concession to operate the commercial retail area of Subang Skypark, a car parking area, a business aviation centre and a hangar known as the Skypark regional aviation centre. There are currently a number of commercial and private airlines flying out of Subang airport, including FlyFirefly Sdn Bhd, Malindo Airways Sdn Bhd, Berjaya Air and VistaJet. Recently, it was reported that a rail link between KL Sentral and the airport will start operation in May. WCT Holdings has an established track record in the airport retail business, being the developer and concession holder of the shopping mall known as the Gateway@KLIA2, which includes a transportation hub. (Source: The Star)

**Asian stocks extended a global selloff and the yen rose on Tuesday as investors fled for safety as an escalating trade spat between the United States and China and a renewed slump in tech shares** such as Amazon.com sapped investor confidence. MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.28 percent pressured by the tech sector. Japan's Nikkei slipped 1.1 percent while South Korea's KOSPI index skidded about 1 percent with Samsung Electronics down more than 1 percent. Australian shares were off 0.3 percent. The losses in tech shares came after U.S. President Donald Trump attacked Amazon.com over the pricing of its deliveries through the United States Postal Service and promised unspecified changes. Investors were also on the backfoot as China imposed extra tariffs on 128 U.S. products, deepening a dispute between the world's two biggest economies and stoking concerns about the impact on global growth. Fears of a full blown trade war became a clear focus in a U.S. manufacturing activity report for March which showed new orders index at its lowest since August. "The China tariffs didn't seem too bad but combined with editorials in the state press they do suggest China is ready to escalate if negotiations fail," said Greg McKenna, chief market strategist at AxiTrader. "And of course, the U.S. President's tweets about Amazon just added fuel to the fire started by a recognition maybe the 'FANGS', and thus the overall market, had got ahead of themselves." So called FANG stocks - Facebook, Amazon, Netflix and Google - have been largely responsible for a multi-year bull run in world shares, although the threat of government regulation has raised worries about their outlook. Facebook, Apple and some of their peers had a woeful last quarter as investors reassessed the high U.S. stock valuations in light of the cocktail of negative factors. The tech-heavy Nasdaq declined 2.4 percent on Monday, wiping out all of its gains this year while the S&P 500 crashed through its 200-day moving average, a closely watched technical indicator. China's tit-for-tat tariffs also hurt the U.S. dollar which fell for a fourth straight day against the Japanese yen. The dollar index was stable around recent ranges against a basket of currencies. U.S. Treasury prices rose, with yields on benchmark 10-year notes near the lowest since early February. Oil prices were left licking their wounds after falling more than 3.7 percent on Monday weighed by higher Russian output, the escalating U.S.-China trade dispute and expectations Saudi Arabia will cut prices of crude. Brent crude inched 14 cents higher to \$ 67.78 a barrel. U.S. crude rose 13 cents to \$63.14. Gold, which is often seen as a store of value during times of financial or political uncertainty, rose. Spot gold ticked up to \$1,341.38. (Source: Reuters, The Edge)

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<b>Rating Actions</b>			
<b>Issuer</b>	<b>PDS Description</b>	<b>Rating/Outlook</b>	<b>Action</b>
Nil	Nil	Nil	Nil

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Source: RAM Ratings; MARC

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