

**Global Markets Research**

**Fixed Income**

**Fixed Income Daily Market Snapshot**

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.48	-2
5-yr UST	2.80	-2
10-yr UST	2.97	0
30-yr UST	3.15	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.68	3	3.68	0
5-yr	3.79	0	3.89	0
7-yr	3.97	0	4.13	0
10-yr	4.16	0	4.34	0
15-yr	4.67	0	4.73	0
20-yr	4.75	0	4.84	0
30-yr	4.90	0	4.92	0

\* Market indicative

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.77	0
3-yr	3.83	0
5-yr	3.90	0
7-yr	4.01	0
10-yr	4.16	0

Source : Bloomberg

**Upcoming Government Bond Tenders**

RM3.0b new issuance of 15Y MGS 11/33 on Friday, 4<sup>th</sup> May

**US Treasuries**

- US Treasuries gained; driven by the less-hawkish than expected statement by the FOMC with decent support seen especially in the belly of the curve. Overall benchmark yields within -2 to +2bps; with the 2Y (most sensitive to interest rate outlook) 2bps lower at 2.48% whilst the much-watched 10Y rose was within 1bps at 2.97%. The 5s30s spread has however widened to ~34bps denoting a rare occurrence at this juncture as traders were less hawkish than anticipated after its preferred measure of inflation neared the 2% target for the first time since February 2017. Nevertheless, the Fed Fund Futures market is currently pricing in a 73% possibility of a hike in June. Upcoming data include the all-important NFP data tomorrow.

**MGS/GII**

- Trading volume in local Govvies jumped to RM183m post-Labour Day holiday with interest seen in the short off-the-run 18's and also the benchmark 10 and 15Y bonds. Yields ended within 1bps across the curve save for the short 3Y MGS as market volatility evaporated following last week's massive movements. The benchmark 7Y MGS 3/25 closed at 3.97% whilst the 10Y MGS 11/27 ended at 4.16% compared to previous-done levels. Expect a cautious session for Govvies ahead of the new issuance of 15Y MGS 11/33 tomorrow and the upcoming GE14 next week. On the data front we have the trade balance, imports and export numbers out tomorrow.

**Corp Bonds/Sukuk**

- Corporate Bonds saw market volume ease substantially to RM183m with interest mainly in AAA-AA part of the curve. Govt-guaranteed MDV 12/22 jumped 15bps to 4.25% compared to previous-done levels whilst several odd-lot trades on CAGAMAS 18's saw yields move lower; closing between 3.75-4.10% levels. AAA-rated AMAN 24's grinded higher yield-wise to close at 4.57% levels whilst AA-rated Southern Power 4/28 and 10/30 edged 1-2bps higher to close at 5.06% and 5.18% respectively. Another infra power-related bond MALAKOFF 12/24 also ended 9bps higher at 4.84%. Meanwhile CIMB 23nc18 rallied to close at 4.40% on RM50m worth of trades.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	09/18	3.442	675	3.368	30/04/2018	7
MGS	03/19	3.459	60	3.495	30/04/2018	-4
MGS	07/19	3.483	40	3.576	27/04/2018	-9
MGS	10/19	3.584	55	3.605	30/04/2018	-2
MGS	11/19	3.583	46	3.617	30/04/2018	-3
MGS	03/20	3.710	48	3.655	30/04/2018	6
MGS	07/20	3.723	21	3.705	27/04/2018	2
MGS	10/20	3.706	35	3.710	30/04/2018	0
MGS	09/21	3.842	28	3.826	30/04/2018	2
MGS	11/21	3.680	220	3.649	30/04/2018	3
MGS	08/22	3.942	4	3.926	30/04/2018	2
MGS	09/22	3.907	11	3.894	30/04/2018	1
MGS	03/23	4.021	191	4.002	30/04/2018	2
MGS	04/23	3.790	12	3.768	30/04/2018	2
MGS	08/23	4.007	35	3.968	30/04/2018	4
MGS	07/24	4.079	38	4.070	30/04/2018	1
MGS	09/24	4.041	5	4.014	30/04/2018	3
MGS	03/25	3.965	110	3.974	30/04/2018	-1
MGS	09/25	4.177	50	4.164	30/04/2018	1
MGS	04/26	4.198	60	4.168	30/04/2018	3
MGS	11/26	4.172	76	4.208	27/04/2018	-4
MGS	03/27	4.260	1	4.253	26/04/2018	1
MGS	11/27	4.156	216	4.129	30/04/2018	3
MGS	06/28	4.104	2	4.113	26/04/2018	-1
MGS	04/30	4.509	20	4.536	27/04/2018	-3
MGS	04/33	4.683	317	4.648	30/04/2018	4
MGS	05/35	4.857	109	4.862	27/04/2018	0
MGS	04/37	4.754	5	4.730	30/04/2018	2
MGS	09/43	4.935	11	4.898	25/04/2018	4
MGS	03/46	4.901	6	4.888	26/04/2018	1
GII	05/18	3.386	49	3.451	30/04/2018	-6
GII	10/18	3.462	2	3.400	27/04/2018	6
GII	04/20	3.681	40	3.788	27/04/2018	-11
GII	08/21	3.839	1	3.832	26/04/2018	1
GII	04/22	3.892	227	3.851	30/04/2018	4
GII	07/23	4.022	28	4.011	30/04/2018	1
GII	08/24	4.163	10	4.126	26/04/2018	4
GII	07/27	4.284	1	4.234	30/04/2018	5
GII	10/28	4.345	250	4.303	30/04/2018	4
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## 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*	
Malaysia Debt Ventures Berhad	12/22	GG	4.247	10	4.098	20/06/2017	15	44
DanaInfra Nasional Berhad	03/27	GG	4.590	10	4.512	16/11/2017	8	47
Cagamas Berhad	08/18	AAA	3.890	5	3.931	27/04/2018	-4	48
Cagamas Berhad	10/18	AAA	3.746	4	3.800	19/04/2018	-5	33
Cagamas Berhad	12/18	AAA	4.100	2	4.156	27/04/2018	-6	69
Aman Sukuk Berhad	04/24	AAA	4.564	10	4.469	28/03/2018	9	64
Aman Sukuk Berhad	05/24	AAA	4.564	10	4.489	15/03/2018	8	64
Telekom Malaysia Berhad	09/27	AAA	4.638	4	4.649	26/04/2018	-1	52
Danga Capital Berhad	09/27	AAA	4.633	1	4.688	20/04/2018	-5	51
Putrajaya Bina Sdn Berhad	09/27	AAA	4.718	10	4.730	27/04/2018	-1	60
CIMB Islamic Bank Berhad	09/24	AA+	5.081	1	4.375	06/04/2018	71	115
CIMB Bank Berhad	09/23	AA1	4.401	50	4.774	20/04/2018	-37	59
First Abu Dhabi Bank PJSC (fka National Bank of Abu Dhabi PJSC)	12/27	AA1	4.910	2	4.787	23/06/2017	12	76
Sarawak Energy Berhad	07/29	AA1	5.036	7	4.979	19/04/2018	6	88
AmBank Islamic Berhad (fka Amlslamic Bank Berhad)	03/24	AA3	4.527	2	4.536	04/04/2018	-1	60
UEM Edgenta Berhad [fka Faber Group Berhad]	04/22	AA-	4.727	15	4.657	10/04/2018	7	96
Malakoff Power Berhad	12/24	AA-	4.839	10	4.751	19/10/2017	9	84
Southern Power Generation Sdn Berhad	04/28	AA-	4.915	10	4.898	23/04/2018	2	76
Southern Power Generation Sdn Berhad	10/30	AA-	5.061	10	5.049	23/04/2018	1	40
Bank Muamalat Malaysia Berhad	11/21	A	5.175	10	5.148	05/03/2018	3	141
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\*spread against nearest indicative tenured MGS (Source : BPAM)

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

**The two project delivery partners (PDPs) for the KL-Singapore high speed rail (HSR) have received their respective letters of appointment from MyHSR Corp Sdn Bhd today.** The consortium of Gamuda Bhd and Malaysian Resources Corp Bhd (MRCB) is the PDP for the northern package of the project. The contract boundary is from Bandar Malaysia station here to the first standard viaduct pier on the south side of Melaka station. Gamuda told Bursa Malaysia today that the appointment is subject to the JV submitting a commitment bond for RM5mil and corporate guarantees by Gamuda and MRCB in favour of MyHSR Corp within 14 days. Gamuda said the PDP-north package project would be novated to a PDP company known as MRCB Gamuda Sdn Bhd in due course for implementation purposes. The breakdown of the total capital and investment outlay of both, Gamuda and MRCB in the PDP company will be according to their respective proportion of interest in the consortium, that is 50:50," it said. Meanwhile, the southern portion's PDP was awarded to the consortium YTL Corp Bhd and TH Properties Sdn Bhd. "The area for the PDP-south package is from the contract boundary, being the first standard viaduct pier on the south side of the Melaka station, to the international boundary between Malaysia and Singapore," YTL said in a separate filing with exchange today. The PDPs will be responsible for designing and delivering the civil works for the KL-SG HSR project at an agreed cost and schedule. It shall carry out all necessary activities throughout the planning, construction, testing, and commissioning phases, amongst others. The high-speed rail is a strategic project between the governments of Malaysia and Singapore that aims to facilitate a 90-minute travel time between Kuala Lumpur and Singapore. The service between Kuala Lumpur and Singapore is targeted to begin by Dec 31, 2026. (Source: The Star)

**The High Court has ruled in favour of WCT Holdings Bhd against Aeon Co (M) Bhd in a case involving the lease renewal for AEON Mall Bukit Tinggi.** However, the chapter is far from over as Aeon intends to appeal against the decision. Both parties were locked in a court battle which started in November 2017, when WCT announced that Aeon had sued its indirect wholly-owned subsidiary Gemilang Waras Sdn Bhd on the matter of lease renewal for the mall in Klang, Selangor. A month later, WCT's unit filed a counterclaim for vacant possession of the leased property and damages to be paid in the form of doubled rental amounting to RM4.84 million per month. Gemilang Waras alleged that Aeon's continued occupation of the property constituted a trespass after the expiration of the lease agreement. WCT said today in a bourse filing the High Court ruled that there was no renewal of the lease which expired on Nov 23, 2017. "The board of directors of WCT wishes to inform that the Kuala Lumpur High Court has delivered its judgement on April 27, 2018, in favour of Gemilang Waras Sdn Bhd, dismissing Aeon Co (M) Bhd's suit via its originating summons and allowing the defendant's counterclaim," WCT said in its filing today. As such, Aeon has been asked to vacate the shopping centre, and pay Gemilang Waras damages calculated from Nov 23, 2017 to the date of vacant possession of the lease property. Aeon has also been ordered to pay WCT's legal cost of over RM10, 000. However, Aeon is said to have informed the High Court that it intends to file an appeal against the decision, as well as a formal application for stay of execution pending the appeal. "Gemilang Waras will oppose any appeal and any application for stay which Aeon Co might file and will take the necessary legal steps to validly enforce the decision," WCT added. The group said it will make further announcement of any material development arising from the above proceeding as and when necessary. (Source: The Edge)

### Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM Ratings; MARC

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