

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.95	2
5-yr UST	2.27	2
10-yr UST	2.45	0
30-yr UST	2.79	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.32	0	3.46	-2
5-yr	3.53	1	3.77	-1
7-yr	3.87	0	4.07	-1
10-yr	3.92	2	4.14	-2
15-yr	4.42	3	4.69	-4
20-yr	4.58	0	4.76	-1
30-yr	4.82	0	4.98	0

*Market indicative

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.65	0
3-yr	3.75	0
5-yr	3.83	0
7-yr	3.93	-1
10-yr	4.06	0

Source: Bloomberg

Upcoming Government Bond Tenders

Nil

US Treasuries

- US Treasuries sold-off on the front-end amid bigger than forecast ADP employment data. Flattening of the yield curve continued to be seen with the 5s30s spread lower by another 2bps. However the longer-end was unchanged with the much-watched 10Y unchanged at 2.45%. Today, focus will be on US nonfarm payroll and other related job details. Other first tier US data include durable goods orders, factory orders, ISM services and trade balance.

MGS/GII

- Local Govvies saw volume spike five-fold to RM5.03b across all tenures with literally half of trades done in GII's notching 1-15bps gains with the short 18-19's, 5Y and 10Y active. On the flip-side we note MGS end slightly weaker with the much-watched benchmark 7Y MGS 9/24 close unchanged at 3.87% whilst the 10Y MGS 11/27 moved 2bps higher at 3.92%. Expect keen offshore/foreign interest to continue participating with local investors as the stronger Ringgit is also deemed a proxy.

PDS/Sukuk

- Corporate Bonds saw decent interest returning with total secondary market volume at RM307m with the bulk of trades concentrated in the AA-space i.e. mainly AA3-rated papers. On short-to-mid tenor requirements. Yesterday marked the maiden issuance of RM1.8b EDRA Energy bonds which was raised to fund Malaysia's largest gas-turbine power plant in Melaka. BUMITAMA 19's saw RM60m change hands to close between 4.44-51% levels whereas MALAKOF 12/18 and 12/19 closed 2-4bps lower at 4.18% and 4.36% respectively compared to previous-done levels. In the banking space RHB BANK 24nc19 traded weaker closing 3bps higher at 4.64%. Expect interest in Corporate Bonds to improve for the coming sessions.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/18	2.739	439	2.766	03/01/2018	-3
MGS	09/18	2.755	15	2.708	03/01/2018	5
MGS	03/19	2.976	80	3.024	03/01/2018	-5
MGS	07/19	3.125	295	3.110	02/01/2018	2
MGS	10/19	3.176	87	3.134	02/01/2018	4
MGS	11/19	3.166	36	3.123	29/12/2017	4
MGS	03/20	3.209	1	3.261	03/01/2018	-5
MGS	07/20	3.292	50	3.316	03/01/2018	-2
MGS	07/21	3.430	8	3.432	02/01/2018	0
MGS	09/21	3.557	42	3.572	03/01/2018	-2
MGS	11/21	3.439	43	3.467	03/01/2018	-3
MGS	03/22	3.789	64	3.523	03/01/2018	27
MGS	08/22	3.638	9	3.655	03/01/2018	-2
MGS	03/23	3.758	1	3.736	03/01/2018	2
MGS	08/23	3.867	79	3.799	03/01/2018	7
MGS	07/24	3.883	1	3.845	03/01/2018	4
MGS	09/24	3.868	304	3.871	03/01/2018	0
MGS	07/25	4.019	20	4.054	25/10/2017	-4
MGS	09/25	4.023	10	4.031	02/01/2018	-1
MGS	04/26	4.082	96	4.082	03/01/2018	0
MGS	11/26	4.075	38	4.075	03/01/2018	0
MGS	11/27	3.917	234	3.899	02/01/2018	2
MGS	04/33	4.420	93	4.415	03/01/2018	0
MGS	04/37	4.580	480	4.580	03/01/2018	0
GII	05/18	3.100	40	3.251	29/12/2017	-15
GII	08/18	3.049	50	3.202	19/12/2017	-15
GII	11/18	3.147	90	3.172	03/01/2018	-3
GII	04/19	3.225	222	3.249	22/12/2017	-2
GII	09/19	3.386	700	3.316	29/12/2017	7
GII	04/20	3.456	4	3.478	03/01/2018	-2
GII	04/22	3.773	375	3.786	03/01/2018	-1
GII	07/23	4.022	1	4.021	03/01/2018	0
GII	08/24	4.065	180	4.079	03/01/2018	-1
GII	09/26	4.178	90	4.216	03/01/2018	-4
GII	07/27	4.143	492	4.162	03/01/2018	-2
GII	06/33	4.619	190	4.655	03/01/2018	-4
GII	08/33	4.691	45	4.737	29/12/2017	-5
GII	08/37	4.762	20	4.771	29/12/2017	-1
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Daily Trades: PDS / Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Bank Pembangunan Malaysia Berhad	03/22	AAA	4.401	10	4.418	13/11/2017	-2	96
Encorp Systembilt Sdn Berhad	11/18	AA1	4.026	10	4.029	20/11/2017	0	112
Encorp Systembilt Sdn Berhad	11/20	AA1	4.266	10	4.224	28/09/2017	4	93
Encorp Systembilt Sdn Berhad	05/26	AA1	4.631	10	4.659	15/06/2017	-3	71
YTL Power International Berhad	05/27	AA1	4.879	10	4.889	28/12/2017	-1	93
Tanjung Bin Power Sdn Berhad	08/19	AA2	4.316	10	4.268	12/10/2017	5	118
UMW Holdings Berhad	10/26	AA2	4.938	10	4.957	08/12/2017	-2	99
Malaysia Airport Holdings Berhad	12/14	AA2	4.909	10	4.946	06/12/2017	-4	31
Perbadanan Kemajuan Negeri Selangor	10/18	AA3	4.384	10	4.403	14/12/2017	-2	148
Bumitama Agri Ltd	03/19	AA3	4.444	40	4.449	03/01/2018	0	154
Jimah Energy Ventures Sdn Berhad	05/19	AA3	4.151	10	4.193	05/12/2017	-4	124
Bumitama Agri Ltd	09/19	AA3	4.513	20	4.582	18/12/2017	-7	137
BGSM Management Sdn Berhad	06/24	AA3	4.709	10	4.728	08/12/2017	-2	95
RHB Bank Berhad	07/24	AA3	4.633	65	4.608	07/12/2017	3	76
CIMB Group Holdings Berhad	05/16	A1	4.809	1	5.520	02/01/2018	-71	21
DRB-Hicom Berhad	12/14	A-	7.914	1	7.974	24/11/2017	-6	332
DRB-Hicom Berhad	12/14	A-	7.653	1	7.397	25/05/2016	26	306
Malakoff Power Berhad	12/18	AA-	4.179	10	4.195	27/12/2017	-2	127
Malakoff Power Berhad	12/19	AA-	4.359	20	4.396	21/12/2017	-4	122
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	04/22	AA-	4.867	10	4.679	20/10/2017	19	143
Kimanis Power Sdn Berhad	08/23	AA-	4.578	10	4.611	04/08/2017	-3	82
Southern Power Generation Sdn Berhad	10/27	AA-	4.987	10	5.009	15/12/2017	-2	108
Westports Malaysia Sdn Berhad	10/24	AA+	4.659	10	4.368	17/10/2016	29	79
Alliance Bank Malaysia Berhad	11/17	BBB1	5.708	1	5.950	07/11/2017	-24	111
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

The Malaysian ringgit strengthened these past couple of days to its highest level against the U.S. dollar since August 2016, boosted by higher oil prices. The ringgit advanced about 0.2 percent to 3.998 to the dollar, breaking the psychologically significant 4 level. It is believed that there are a few factors at work: the latest catalyst being a confluence of oil prices being very buoyant...paired with a dollar that is unable to hold its footing. Malaysia is one of the few countries in this region which benefits all around from oil. Last month, the World Bank raised its 2017 growth estimate for Malaysia's economy to 5.8 percent, buoyed by burgeoning domestic demand and an improved labour market (Source: The Star)

The Genting Group has plans to invest around €105 million (RM503 million) to build a casino resort in Andorra, according to a report on news portal Casino News yesterday. Nestled between Spain and France, the small European country's government is currently reviewing proposals from interested bidders for a single casino licence, the report said, and Genting is among major international companies to have expressed interest in operating a casino resort there. Citing a recent statement from Genting, it said the group intends to build an integrated resort with a casino facility in the Clot d'Emprivat area. "Genting pointed out that it wants to develop a resort with unique offerings that will complement and boost the existing entertainment experience Andorra currently offers to both residents and visitors. "The multi-million [ringgit] complex will aim to feature entertainment options beyond casino gambling, including a host of musical and different cultural events. The resort will also offer a variety of dining options, some of which will be the result of partnerships with locally-renowned restaurateurs. "Retail space and other facilities will also be included in the expensive development project, if it gets the necessary approval from the government of Andorra," the report read. It added that Genting applied for the Andorra casino licence as part of the Genting SA consortium, which includes British gambling veteran David Gray, leisure specialist Mark Vlassopoulos, and local businessman Marc Giebels van Bekestein. Meanwhile, the report said Andorra's government closed the bidding process for the nation's sole casino licence on Oct 31, 2017. (Source: The Edge)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Cahaya Mata Sarawak Berhad (CMS)	RM2.0 billion Islamic Medium-Term Notes Programme (2017/2037)	AAA/Stable	Reaffirmed
Jati Cakerawala Sdn Bhd	RM540 million Sukuk Murabahah (2013/2023)	AA3/Negative	Reaffirmed
Teknologi Tenaga Perlis Consortium Sdn Bhd	RM835 million Sukuk Murabahah (2013/2023)	AA1/Stable	Reaffirmed
Segi Astana Sdn Bhd (Segi Astana)	ASEAN Green Medium-Term Notes facility (MTN facility) of up to RM415.0 million	AA-	Assigned Final Rating

Source: RAM Ratings; MARC

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