

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

| UST | | |
|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) |
| 2-yr UST | 2.24 | 0 |
| 5-yr UST | 2.65 | 2 |
| 10-yr UST | 2.88 | 2 |
| 30-yr UST | 3.15 | 1 |

| MGS | | GII* | | |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr | 3.39 | -1 | 3.55 | 0 |
| 5-yr | 3.59 | 0 | 3.85 | 0 |
| 7-yr | 3.89 | -1 | 4.05 | 0 |
| 10-yr | 4.01 | 1 | 4.19 | 0 |
| 15-yr | 4.44 | 0 | 4.58 | 0 |
| 20-yr | 4.55 | -3 | 4.78 | 0 |
| 30-yr | 4.76 | -1 | 4.96 | 0 |

*Market indicative

| M YR IRS Levels | | |
|-----------------|-------------|-----------|
| IRS | Closing (%) | Chg (bps) |
| 1-yr | 3.76 | -1 |
| 3-yr | 3.83 | 0 |
| 5-yr | 3.91 | -1 |
| 7-yr | 4.02 | -1 |
| 10-yr | 4.16 | -1 |

Source : Bloomberg

Upcoming Government Bond Tenders

Nil

US Treasuries

- US Treasuries ended slightly weaker over a muted session with overall yields a mere 1-2 bps higher amid decent economic data by ISM. The curve bear-steepened slightly with the front end 2Y (which is sensitive to Fed policy interest rate expectations) unchanged at 2.24% whilst the much-watched 10Y weakened pushing yields higher by 2bps at 2.88%. Meanwhile market players will be following trade-related news as US President Trump faces growing pressure following the imposition of tariffs on steel and aluminium products. Upcoming data includes the all-important NFP figures out on 9th this Friday.

MGS/GII

- Local Govvies reversed the strong volume seen in recent sessions with secondary market volume down at RM1.03b. Interest was mainly seen in the shorter off-the-run 21's and 24's; Despite lower traded volume; benchmark yields were generally 0-3bps lower. The widely-watched benchmark 7Y MGS 9/24 dipped 1bps lower to 3.89% whereas the 10Y MGS 11/27 moved opposite at 4.01%. We expect sustained interest by both foreign and local investors in view of attractive pick-up in yields for EM debt over UST's. Up next is OPR decision by BNM tomorrow which is expected to remain unchanged.

PDS/Sukuk

- Secondary market volume for Corporate Bonds maintained at about RM334m with interest seen yet again across the yield curve especially on longer-tenured names. Govt-Guaranteed bonds saw a flurry of trades with LPPSA, JKSB and PRASA 24-26's moving higher between 2-7bps; closing 4.33-52% levels compared to previous-done levels. AAA-rated EKVE 1/28 meanwhile notched a rare trade closing 12bps higher at 4.79%. In the banking space both MBB and PBB 23nc18 were traded at 4.23% and 4.30% respectively whilst the AA-rated infra cum power related bonds i.e. MALAKOFF 12/31, JEV 11/20 and TBEI 3/32 continued to see decent demand closing mixed on levels. Expect investor interests to be sustained.

Daily Trades : Government Bonds

| Securities | | Closing YTM | Vol (RM mil) | Previous YTM | Previous Trade Date (dd/mm/yyyy) | Chg (bp) |
|------------|-------|----------------|-----------------|-----------------|----------------------------------------|-------------|
| MGS | 09/18 | 3.124 | 15 | 3.156 | 02/03/2018 | -3 |
| MGS | 03/19 | 3.107 | 10 | 3.036 | 02/03/2018 | 7 |
| MGS | 07/19 | 3.253 | 6 | 3.253 | 01/03/2018 | 0 |
| MGS | 10/19 | 3.238 | 14 | 3.276 | 02/03/2018 | -4 |
| MGS | 11/19 | 3.298 | 33 | 3.315 | 02/03/2018 | -2 |
| MGS | 03/20 | 3.390 | 14 | 3.370 | 02/03/2018 | 2 |
| MGS | 10/20 | 3.412 | 2 | 3.411 | 02/03/2018 | 0 |
| MGS | 02/21 | 3.387 | 26 | 3.401 | 01/03/2018 | -1 |
| MGS | 07/21 | 3.396 | 10 | 3.413 | 02/03/2018 | -2 |
| MGS | 09/21 | 3.551 | 87 | 3.556 | 02/03/2018 | 0 |
| MGS | 11/21 | 3.418 | 111 | 3.432 | 02/03/2018 | -1 |
| MGS | 03/22 | 3.590 | 11 | 3.599 | 01/03/2018 | -1 |
| MGS | 08/22 | 3.723 | 13 | 3.762 | 01/03/2018 | -4 |
| MGS | 03/23 | 3.782 | 7 | 3.788 | 02/03/2018 | -1 |
| MGS | 08/23 | 3.841 | 11 | 3.816 | 01/03/2018 | 3 |
| MGS | 07/24 | 3.897 | 15 | 3.894 | 02/03/2018 | 0 |
| MGS | 09/24 | 3.885 | 260 | 3.895 | 02/03/2018 | -1 |
| MGS | 09/25 | 4.000 | 7 | 4.002 | 02/03/2018 | 0 |
| MGS | 04/26 | 4.049 | 1 | 4.071 | 01/03/2018 | -2 |
| MGS | 11/26 | 4.085 | 2 | 4.092 | 02/03/2018 | -1 |
| MGS | 11/27 | 4.011 | 73 | 3.986 | 02/03/2018 | 2 |
| MGS | 06/28 | 4.020 | 10 | 4.020 | 02/03/2018 | 0 |
| MGS | 06/31 | 4.432 | 4 | 4.452 | 02/03/2018 | -2 |
| MGS | 05/35 | 4.549 | 13 | 4.553 | 01/03/2018 | 0 |
| MGS | 04/37 | 4.549 | 15 | 4.595 | 01/03/2018 | -5 |
| GII | 05/18 | 3.220 | 130 | 3.146 | 01/03/2018 | 7 |
| GII | 09/19 | 3.442 | 100 | 3.614 | 09/08/2017 | -17 |
| GII | 04/22 | 3.849 | 10 | 3.852 | 02/03/2018 | 0 |
| GII | 08/25 | 4.054 | 22 | 4.057 | 02/03/2018 | 0 |
| | | | <u>1030</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* |
|-----------------------------------------------------|-------|--------|----------------|-----------------|-----------------|----------------------------------------|-------------|---------------------------|
| Lembaga Pembiayaan Perumahan Sektor Awam | 04/24 | GG | 4.330 | 60 | 4.257 | 06/10/2017 | 7 | 52 |
| Jambatan Kedua Sdn Berhad | 05/25 | GG | 4.400 | 10 | 4.379 | 25/10/2017 | 2 | 51 |
| Prasarana Malaysia Berhad [fka Syarikat Prasarana I | 08/26 | GG | 4.520 | 30 | 4.450 | 11/01/2018 | 7 | 56 |
| Danainfra Nasional Berhad | 03/42 | GG | 5.180 | 10 | - | - | - | - |
| Al Dza'hab Assets Berhad | 09/22 | AAA | 4.820 | 5 | 4.831 | 21/11/2017 | -1 | 121 |
| GENM Capital Berhad | 03/27 | AAA | 4.940 | 4 | 4.864 | 29/08/2017 | 8 | 94 |
| EKVE Sdn Berhad | 01/28 | AAA | 4.785 | 30 | 4.664 | 21/06/2016 | 12 | 78 |
| Projek Lebuhraya Usahasama Berhad | 01/31 | AAA | 4.840 | 10 | 4.844 | 28/02/2018 | 0 | 39 |
| Manjung Island Energy Berhad | 11/31 | AAA | 4.880 | 10 | 4.850 | 03/01/2018 | 3 | 43 |
| Public Bank Berhad | 10/23 | AA1 | 4.300 | 20 | 4.299 | 26/02/2018 | 0 | 49 |
| Malayan Banking Berhad | 12/23 | AA1 | 4.230 | 10 | 4.343 | 20/12/2017 | -11 | 42 |
| Kuala Lumpur Kepong Berhad | 04/26 | AA1 | 4.660 | 10 | 4.602 | 17/01/2018 | 6 | 70 |
| Hong Leong Bank Berhad | 09/39 | AA2 | 4.540 | 4 | 5.033 | 09/02/2018 | -49 | -6 |
| Jimah Energy Ventures Sdn Berhad | 11/20 | AA3 | 4.340 | 10 | 4.437 | 22/06/2017 | -10 | 94 |
| BGSM Management Sdn Berhad | 12/22 | AA3 | 4.610 | 12 | 4.618 | 05/02/2018 | -1 | 100 |
| BGSM Management Sdn Berhad | 12/23 | AA3 | 4.660 | 4 | 4.662 | 02/03/2018 | 0 | 85 |
| Tanjung Bin Energy Issuer Berhad | 03/32 | AA3 | 5.130 | 10 | 5.129 | 19/02/2018 | 0 | 68 |
| CIMB Group Holdings Berhad | 04/60 | AA3 | 4.770 | 36 | 5.233 | 12/02/2018 | -46 | 17 |
| Southern Power Generation Sdn Berhad | 10/22 | AA- | 4.622 | 5 | - | - | - | - |
| WCT Holdings Berhad | 10/23 | AA- | 5.310 | 3 | 5.319 | 11/01/2018 | -1 | 150 |
| UEM Sunrise Berhad (fka UEM Land Holdings Berhad | 12/24 | AA- | 5.018 | 10 | 5.040 | 01/03/2018 | -2 | 112 |
| Malakoff Power Berhad | 12/31 | AA- | 5.130 | 10 | 5.089 | 22/06/2017 | 4 | 68 |
| MEX II Sdn Berhad | 04/32 | AA- | 5.410 | 4 | 5.408 | 20/02/2018 | 0 | 96 |
| AMMB Holdings Berhad | 02/28 | A1 | 5.180 | 0 | 5.000 | 22/02/2018 | 18 | 117 |
| AmBank (M) Berhad | 08/39 | A1 | 4.650 | 12 | 4.659 | 07/02/2018 | -1 | 5 |
| CIMB Group Holdings Berhad | 05/16 | A1 | 5.430 | 1 | 4.849 | 26/02/2018 | 58 | 83 |
| Bank Muamalat Malaysia Berhad | 11/21 | A IS | 5.150 | 4 | 5.195 | 30/11/2017 | -4 | 164 |
| | | | | <u>334</u> | | | | |

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

Market/Corporate News: What's Brewing

Singapore-listed property developer Aspen (Group) Holdings Ltd, which is based in Malaysia, is confident it will continue to see top-line growth in the financial year ending Dec 31, 2018 (FY18), after posting strong numbers in FY17. "The group's achievements in FY17 have laid a strong foundation for [our] future growth. The successful IPO in July 2017 on the Singapore Exchange and the sale and construction of our ongoing projects have contributed to the record net profit of RM85.4 million. With unbilled sales totalling RM858.2 million as at Dec 31, 2017, we are confident of a continuation of revenue growth in FY18," said Aspen president and group chief executive officer Datuk Murly Manokharan in a statement. The year 2018 is a significant one for the group, Murly went on to say, as Aspen will be completing its first residential as well as first commercial developments in the third and fourth quarter of the year. "We will be delivering a total of 1,758 keys to our purchasers, with a GDV (gross development value) of RM1.36 billion." Aspen plans to launch three new projects in its 245 acre (99.1ha) flagship property project Aspen Vision City (AVC) in Penang this year, with an expected GDV of RM1.35 billion in all, and one mixed development in Tanjung Bungah with an expected GDV of RM613.3 million. The group also intends to continue to buy new land and evaluate opportunities to expand regionally with its strategic partners. Murly said business conditions in Malaysia continue to be favourable for property development, as the government has been promoting home-ownership to relieve the financial burden on first-time homebuyers. He also said the Penang state government's effort to promote Batu Kawan after the completion of the RM4.5 billion Penang Second Bridge in 2014 will have direct positive impact on AVC, a joint venture with IKEA Southeast Asia. "The IKEA Store, which is currently under construction in AVC, is scheduled to complete in November 2018 and will be open for business in early 2019. The IKEA Store will provide additional employment opportunities in Batu Kawan and increase the demand for property in AVC," he said. Last week, Aspen announced a strong set of results to close its FY17: net profit for the fourth quarter ended Dec 31 (4QFY17) surged near 29 times to near RM42 million from RM1.5 million in 4QFY16, as revenue rose near fivefold to RM207.1 million from RM44.1 million.. (Source: The Edge)

Petroleum Nasional Bhd's (Petronas) subsidiary, PC Gabon Upstream S.A. (PCGUSA) has discovered new oil and gas from its Boudji-1 exploration well in Block F14 (Likuale), located in South Gabon. In a statement Monday, Petronas said the ultra-deepwater exploration well, drilled in water depths of 2,800 metres, encountered 90 metres of gross high quality hydrocarbon-bearing pre-salt sands. The discovery marks a significant milestone for Petronas as it expands upstream growth in West Africa, demonstrating its frontier exploration and deepwater operational capabilities. "The discovery in Gabon is an encouraging development for Petronas, as we continue to pursue growth activities beyond Malaysia, in line with the strategy to expand our core oil and gas business by growing our resource base," Petronas executive vice president & upstream CEO, Datuk Mohd Anuar Taib said in the statement. "Aside from boosting Gabon's oil and gas industry, this discovery will also spur further growth activities in the region, and complements our achievements towards building a significant deepwater portfolio globally," he added. Petronas, together with the Ministry of Petroleum & Hydrocarbons, Gabon, will conduct an assessment to further determine the commerciality of the resource volume. PCGUSA is the operator for Block F14 (Likuale), with Australia's Woodside holding a 30% participating interest. To-date, Petronas' deepwater portfolio includes partnerships in the Gumusut-Kakap, Malikai and Kikeh deepwater fields located offshore Sabah. Additionally, there are two new upcoming deepwater development projects in the portfolio – the Limbayong field in Sabah and the Kelidang Cluster in Brunei. (Source: The Star)

Rating Actions

| Issuer | PDS Description | Rating/Outlook | Action |
|--------|-----------------|----------------|--------|
| Nil | Nil | Nil | Nil |

Source: RAM Ratings; MARC

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