

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.96	1
5-yr UST	2.29	2
10-yr UST	2.48	2
30-yr UST	2.81	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.34	2	3.46	0
5-yr	3.50	-3	3.76	-1
7-yr	3.84	-3	4.05	-2
10-yr	3.90	-2	4.13	-1
15-yr	4.36	-6	4.69	0
20-yr	4.57	-1	4.76	0
30-yr	4.82	0	4.98	0

\* Market indicative

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.65	0
3-yr	3.75	0
5-yr	3.82	0
7-yr	3.92	0
10-yr	4.05	0

Source: Bloomberg

#### Upcoming Government Bond Tenders

Nil

#### US Treasuries

- US Treasuries sold-off especially on the long-ends; as Fed rate hike outlook remained intact supported by quicker wage gains even though headline NFP numbers and ISM services disappointed. Traders may be seen to begin bracing for higher inflation. The 2Y UST closed at 1.96% whereas the much-watched 10Y moved 2bps higher at 2.48%. Data is light today and tomorrow with news on the debt-ceiling deadline expected to be brought forward in March.

#### MGS/GII

- Local Govvies saw volume maintain at RM5.9b across all tenures with interest returning on the short-end MGS 18-19's. We also note strong interest in both the 10Y MGS and GII benchmarks. The much-watched benchmark 7Y MGS 9/24 closed 3bps lower at 3.84% whilst the 10Y MGS 11/27 fell 2bps; closing at 3.90%. Expect keen offshore/foreign interest to continue participating with locals on the back of the stronger Ringgit.

#### PDS/Sukuk

- Corporate Bonds saw huge volume return with secondary market trades notching RM898m in total with the bulk of trades done on Southern Power Generation 2022-2035. The previous favourite AAA-rated bonds i.e. DANGA 20-27 and RANTAU 20-32 made a comeback closing mixed on decent volume. AA-space saw tremendous interest with YTL Power 5/27 and Gamuda 11/22 closing unchanged at 4.89% and 4.73% respectively compared to previous-done levels. In the banking space Bank Islam 27nc22 closed 3bps lower at 5.01%. Expect interest in Corporate Bonds to continue on yield-carry requirements.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	02/18	2.604	182	2.794	02/01/2018	-19
MGS	03/18	2.603	122	2.766	03/01/2018	-16
MGS	09/18	2.681	513	2.708	03/01/2018	-3
MGS	03/19	3.060	101	3.024	03/01/2018	4
MGS	10/19	3.050	944	3.134	02/01/2018	-8
MGS	11/19	3.166	46	3.123	29/12/2017	4
MGS	03/20	3.255	116	3.261	03/01/2018	-1
MGS	07/20	3.313	123	3.316	03/01/2018	0
MGS	10/20	3.295	65	3.252	02/01/2018	4
MGS	02/21	3.344	66	3.321	29/12/2017	2
MGS	07/21	3.429	36	3.432	02/01/2018	0
MGS	11/21	3.439	254	3.467	03/01/2018	-3
MGS	03/22	3.504	164	3.523	03/01/2018	-2
MGS	08/22	3.632	38	3.655	03/01/2018	-2
MGS	09/22	3.694	28	3.694	03/01/2018	0
MGS	03/23	3.736	32	3.736	03/01/2018	0
MGS	08/23	3.779	16	3.799	03/01/2018	-2
MGS	07/24	3.861	3	3.845	03/01/2018	2
MGS	09/24	3.837	417	3.871	03/01/2018	-3
MGS	09/25	3.988	202	4.031	02/01/2018	-4
MGS	11/26	4.041	29	4.075	03/01/2018	-3
MGS	11/27	3.899	330	3.899	02/01/2018	0
MGS	04/30	4.391	7	4.465	03/01/2018	-7
MGS	06/31	4.301	1	4.415	03/01/2018	-11
MGS	04/33	4.364	392	4.415	03/01/2018	-5
MGS	04/37	4.569	153	4.580	03/01/2018	-1
MGS	09/43	4.863	10	4.833	03/01/2018	3
GII	04/19	3.225	90	3.249	22/12/2017	-2
GII	06/20	3.590	40	3.595	29/11/2017	-1
GII	04/22	3.762	525	3.786	03/01/2018	-2
GII	07/23	3.937	65	4.021	03/01/2018	-8
GII	08/24	4.048	190	4.079	03/01/2018	-3
GII	09/26	4.180	1	4.216	03/01/2018	-4
GII	07/27	4.131	570	4.162	03/01/2018	-3
GII	09/30	4.627	3	4.626	02/01/2018	0
GII	06/33	4.587	50	4.655	03/01/2018	-7
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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*	
Cagamas Berhad	03/19	AAA	3.835	5	3.804	22/11/2017	3	92
Cagamas Berhad	11/20	AAA	4.051	20	4.029	04/12/2017	2	72
Cagamas Berhad	12/20	AAA	4.054	10	-	-	-	72
Bank Pembangunan Malaysia Berhad	04/21	AAA	4.342	60	4.381	21/11/2017	-4	101
Tenaga Nasional Berhad	08/32	AAA	4.895	40	4.968	17/11/2017	-7	50
UniTapah Sdn Berhad	12/20	AA1	4.304	2	4.322	18/12/2017	-2	97
Malaysia Building Society Berhad	12/22	AA1	4.827	5	4.848	07/12/2017	-2	132
YTL Power International Berhad	05/27	AA1	4.887	30	4.889	28/12/2017	0	96
Public Islamic Bank Berhad	08/27	AA1	4.578	10	4.558	13/11/2017	2	71
First Resources Limited	06/20	AA2	4.486	6	4.490	13/10/2017	0	134
First Resources Limited	10/21	AA2	4.596	10	4.600	29/12/2017	0	116
UMW Holdings Berhad	10/23	AA2	4.708	10	4.739	07/12/2017	-3	98
UMW Holdings Berhad	10/26	AA2	4.941	5	4.957	08/12/2017	-2	101
Konsortium ProHAWK Sdn Berhad	12/32	AA2	5.162	15	5.339	10/01/2017	-18	77
Malayan Banking Berhad	09/68	AA2	4.364	30	4.372	27/12/2017	-1	-22
Gamuda Berhad	11/22	AA3	4.729	40	4.729	27/12/2017	0	122
BGSM Management Sdn Berhad	06/24	AA3	4.709	10	4.728	08/12/2017	-2	98
SPR Energy (M) Sdn Berhad	07/25	AA3	4.958	20	4.979	20/12/2017	-2	106
WCT Holdings Berhad	04/20	AA-	4.858	11	4.871	18/12/2017	-1	172
WCT Holdings Berhad	08/20	AA-	4.946	1	4.953	22/12/2017	-1	161
Bank Islam Malaysia Berhad	11/27	A1	5.006	50	5.035	28/12/2017	-3	114
RHB Bank Berhad	03/39	A1	4.697	5	4.654	23/06/2017	4	12
CIMB Group Holdings Berhad	05/16	A1	5.049	1	5.520	02/01/2018	-47	47
Golden Assets International Finance Limited	08/18	A1 (S)	4.988	6	5.001	03/01/2018	-1	208
Golden Assets International Finance Limited	08/19	A1 (S)	5.159	17	5.167	03/01/2018	-1	202
Anih Berhad	11/26	AA IS	4.659	4	4.676	20/12/2017	-2	73
Malakoff Power Berhad	12/18	AA- IS	4.177	10	4.195	27/12/2017	-2	127
WCT Holdings Berhad	12/18	AA- IS	4.515	30	4.540	03/01/2018	-3	160
Southern Power Generation Sdn Berhad	04/22	AA- IS	4.678	10	4.700	30/10/2017	-2	124
Southern Power Generation Sdn Berhad	04/27	AA- IS	4.969	15	4.977	02/01/2018	-1	104
Southern Power Generation Sdn Berhad	10/27	AA- IS	5.000	10	5.009	15/12/2017	-1	113
Southern Power Generation Sdn Berhad	04/28	AA- IS	5.019	25	5.029	27/12/2017	-1	115
Southern Power Generation Sdn Berhad	10/28	AA- IS	5.040	10	5.060	17/11/2017	-2	117
Southern Power Generation Sdn Berhad	04/29	AA- IS	5.070	15	5.048	09/11/2017	2	120
Southern Power Generation Sdn Berhad	10/30	AA- IS	5.190	10	0.000	00/01/1900	519	80
Southern Power Generation Sdn Berhad	04/31	AA- IS	5.230	10	0.000	00/01/1900	523	84
Southern Power Generation Sdn Berhad	10/31	AA- IS	5.270	10	5.269	24/11/2017	0	88
Southern Power Generation Sdn Berhad	04/32	AA- IS	5.310	10	5.309	24/11/2017	0	92
Southern Power Generation Sdn Berhad	10/32	AA- IS	5.350	30	5.360	24/11/2017	-1	96
Southern Power Generation Sdn Berhad	04/33	AA- IS	5.390	30	5.410	17/11/2017	-2	100
Southern Power Generation Sdn Berhad	10/33	AA- IS	5.430	20	5.421	12/12/2017	1	104
Southern Power Generation Sdn Berhad	04/34	AA- IS	5.470	10	5.484	16/11/2017	-1	108
Southern Power Generation Sdn Berhad	10/34	AA- IS	5.510	10	5.489	05/12/2017	2	112
Southern Power Generation Sdn Berhad	04/35	AA- IS	5.550	20	5.564	16/11/2017	-1	116
Southern Power Generation Sdn Berhad	10/35	AA- IS	5.590	10	5.577	26/12/2017	1	101
Celcom Networks Sdn Berhad [fka Celcom Transmission	10/26	AA+ IS	5.004	10	5.026	14/11/2017	-2	108
Danga Capital Berhad	04/20	AAA (S)	4.086	20	4.088	21/12/2017	0	94
Rantau Abang Capital Berhad	12/20	AAA (S)	4.107	50	4.106	27/12/2017	0	77
Danga Capital Berhad	09/27	AAA (S)	4.619	20	4.649	27/12/2017	-3	75
Rantau Abang Capital Berhad	01/32	AAA (S)	4.878	30	4.819	19/09/2017	6	49
Projek Lebuhraya Usahasama Berhad	01/19	AAA IS	3.977	10	3.961	23/11/2017	2	107
Prasarana Malaysia Berhad [fka Syarikat Prasarana Neg	03/20	NR(LT)	3.846	20	3.927	25/04/2017	-8	70
GovCo Holdings Berhad	09/32	NR(LT)	4.859	5	4.857	04/10/2017	0	47
Edra Energy Berhad	05/34	AA3	5.980	10	6.390	04/01/2018	-41	159
Edra Energy Berhad	05/34	AA3	6.030	5	6.430	04/01/2018	-40	164
				898				

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

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

Japan is making an all-out bid for the **Kuala Lumpur-Singapore High Speed Rail (HSR)** contract to construct Southeast Asia's largest ever infrastructure project. The Japanese package would be a truly holistic one with the best HSR technology via the first invented and world-renowned high-speed railway system, the Shinkansen, plus total transfer of technology and local vendor development to greatly benefit Malaysian and Singaporean companies, including small and medium enterprises, said Japanese Ambassador to Malaysia, Makio Miyagawa. "We will be offering our best suited technologies to Malaysians and Singaporeans as well as full-fledged training for the officials, operators and engineers of both countries so that they can start the operations by themselves from Day One." Japan would also like to offer the most comprehensive financial package which would certainly help the two nations to reduce as much of their financial burden as possible in introducing this system," Miyagawa told Bernama in an interview. Bids for the HSR, described as a game-changing joint-venture between Malaysia and Singapore, must be submitted by the middle of this year with the contract expected to be awarded by year-end. Other bidders for the project may include from China, South Korea and France. The 350-kilometre HSR is intended to cut travel time between Kuala Lumpur and Singapore to 90 minutes and stimulate the economy of several localities along the route, and it is projected to start operations around 2026. Malaysia's MyHSR Corporation Sdn Bhd and Singapore's HSR Private Ltd announced on December 20 last year that they would start accepting bids for a railway ?assets company? which will be responsible for designing, building, financing, operating and maintaining all rail assets. Second Finance Minister, Datuk Seri Johari Abdul Ghani was reported to have said that the project, which will have eight stations, would cost around RM50-RM60 billion. Miyagawa pointed out that Japan's engagement posture would tie closely with the country's long-standing philosophy of economic assistance particularly in Asia. "The philosophy of our economic assistance has all along been in such a way that Japan has assisted the recipient nations to stand on their own feet. It would not like to dominate the benefits but to share them. It would withdraw from the operation when you are ready to take over. If you would like us to stay on for some years, we would. It is not the Japan's way to win (a contract) and run away. That would be irresponsible," the Ambassador added. He said Japan had already been offering technology, human capital and financial resources to enable its companies to collaborate with companies in Malaysia and Singapore so that the all the companies and private sector could go hand in hand to advance together. "In the high-speed rail system, our government and private sector would be ready and are very keen to collaborate with the local industries in Malaysia and Singapore so that the gradual transfer of technology and human capital will succeed and will help newly-introducing technology nations like Malaysia and Singapore to operate the system right from the start," Miyagawa added. And he said that this long-lasting project would certainly invigorate and reinvigorate as well as reenergise the economies of Malaysia and Singapore linking up the two cities as well as mega cities now prospering in Asia. "The connectivity will increase and along the alignment many cities will flourish. And that is why we are very happy to participate in this project." Japan's edge over other bidders, he said, should be viewed from the most important aspect in any public transport system - safety. Here, Japan has an impeccable record recognised worldwide. "Japan invented the bullet train technology. The advantage of the Shinkansen is that it has been operated for almost 50 years without any fatal accident or human capital problems. This is the merit of the system which is based upon the superiority of the hardware as well as the excellence of the software operations based upon the accumulated know-how of the engineers and operators in Japan," he said. (Source: The Star)

**Malaysia Airports Holdings Bhd (MAHB)** expects its loss-making Istanbul Sabiha Gokcen International Airport (ISGA) in Turkey to turn around in the financial year ending Dec 31, 2018 (FY18) — two years later than predicted. In July 2016, its managing director Datuk Badlisham Ghazali had told The Edge Financial Daily in an interview that ISGA was expected to turn around its operations that year. However, ISGA continued to suffer losses on weak passenger traffic and higher effective tax charges due to write-off of expiring tax losses brought forward. Badlisham said the improvement in financial performance for FY18 will be driven by the upcoming second runway and infrastructure around ISGA. "The growth will be organic. Other than the upcoming second runway, passenger volume would be driven by infrastructure around

the airport. One of it is the MRT system connecting ISGA, which increase the convenience and people may use more of the airport," he told a press conference on the group's business update and 2018 outlook today. For the first nine months of 2017 (9MFY17), MAHB's overseas airport operation narrowed its loss by 49.61% to RM30 million from RM59.54 million in 9MFY16 on the back of a 6.27% growth in revenue to RM830.6 million, from RM781.58 million a year ago. Badlisham also said MAHB remains keen to sell a stake in ISGA, but that it will retain control in the company. "The answer is yes, in the short term, we are interested in [maintaining] a controlling stake in ISG. But in the long term, I can't speculate," he said, adding that about 10 parties have approached the airport operator expressing their interest to buy a stake in ISGA. MAHB was part of a consortium that won a €1.93 billion contract to develop the Turkish airport in May 2008. The group had in 2014 raised its shareholding in ISGA to 60% by acquiring an additional 40% stake that was held by Indian partner GMR Infrastructure Ltd for €209 million. It bought the remaining 40% from Turkey's Limak Holding AS in 2014 for €285 million.

( Source: The Edge )

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Premium Commerce Berhad's (PCB)	Class A and Class B Notes under its Notes Series 2016-A.	AAA and AA2 ratings of the Class A and Class B Notes	Negative Rating Watch Lifted
Bank Pembangunan Malaysia Berhad's (BPMB)	Financial Institution rating (FIR)	AAA/Stable/P1	Reaffirmed
Maybank Islamic Berhad	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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