

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries moved within 1bps from previous session amid gains in oil and equities. The 5s30s spread flattened to 41bps having reached a year-to-date low of 39bps the prior week in view of some liquidation on steepeners due to a heavy auction cycle this week. Both the 2Y (most sensitive to interest rate outlook) and the much-watched 10Y edged 1bps higher at 2.28% and 2.78% respectively. Focus will be on this week's auction i.e. \$30b of 3Y, \$21b of 10Y reopening and \$13b of 30Y reopening. With inflation still low and USTs continuing to be a safe-haven bet for domestic and foreign institutions, financing the expanding Federal Debt may continue to be mitigated. Upcoming data include Producer Price Indices for March.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.28	1
5-yr UST	2.60	1
10-yr UST	2.78	1
30-yr UST	3.01	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.46	0	3.59	0
5-yr	3.56	2	3.83	0
7-yr	3.86	0	4.00	0
10-yr	3.95	0	4.15	0
15-yr	4.41	1	4.55	-1
20-yr	4.55	2	4.75	0
30-yr	4.80	1	4.92	0

*Market indicative

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.76	0
3-yr	3.81	1
5-yr	3.87	0
7-yr	3.98	1
10-yr	4.10	0

Source : Bloomberg

MGS/GII

- Trading volume in local govies eased yet again to a mere RM937m with sporadic trades across the MGS curve up to 30Y tenures with off-the-run 19-20's the target of inter-bank and foreign investors. Overall benchmark yields were 0-2bps higher compared to previous-done levels. The benchmark 7Y MGS 3/25 and the much-watched 10Y MGS 11/27 closed unchanged at 3.86% and 3.95% respectively. With expected run-up in Ringgit prior to the elections and confidence-boosting uptick in foreign-holdings of Govvies as at end-March to RM184.8bn; expect decent support in secondary market trades going forward. Up next is the Industrial Production figures due tomorrow.

Corp Bonds/Sukuk

- Corporate Bonds notched lower market volume of RM440m with bulk of trades done yet again within the AA-rated space. The Govt-Guaranteed (GG) deals took a back-seat with LPPSA 4/33 making its debut issuance/trade at coupon of 4.90% levels. Short-dated CAGA 18's closed mixed on yields between 3.70-73% levels whilst AA-rated infra cum power-related bonds saw plentiful trades. All three names i.e. SEB 6/18, YTL Power 18-23's and Southern Power 10/28, 4/32 saw lower yields between 0-5bps. In the banking/finance space, AMBANK 3/19 closed unchanged at 4.10% whilst HLF 11/18 closed 1bps lower at 4.22%.

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 09/18		3.180	10	3.214	06/04/2018	-3
MGS 03/19		3.139	6	3.141	06/04/2018	0
MGS 10/19		3.287	115	3.356	06/04/2018	-7
MGS 11/19		3.348	86	3.331	06/04/2018	2
MGS 03/20		3.375	84	3.423	06/04/2018	-5
MGS 07/20		3.433	2	3.425	05/04/2018	1
MGS 10/20		3.424	115	3.416	06/04/2018	1
MGS 02/21		3.440	20	3.433	04/04/2018	1
MGS 07/21		3.489	3	3.476	06/04/2018	1
MGS 09/21		3.578	28	3.570	06/04/2018	1
MGS 03/22		3.569	35	3.559	06/04/2018	1
MGS 09/22		3.726	2	3.709	06/04/2018	2
MGS 03/23		3.746	3	3.735	06/04/2018	1
MGS 08/23		3.768	8	3.758	05/04/2018	1
MGS 09/24		3.883	2	3.869	06/04/2018	1
MGS 03/25		3.857	60	3.857	06/04/2018	0
MGS 09/25		3.947	11	3.947	06/04/2018	0
MGS 04/26		4.031	20	4.031	06/04/2018	0
MGS 11/27		3.949	20	3.953	06/04/2018	0
MGS 06/28		3.955	10	3.955	04/04/2018	0
MGS 04/30		4.347	2	4.344	06/04/2018	0
MGS 04/33		4.413	10	4.415	06/04/2018	0
MGS 05/35		4.507	5	4.511	04/04/2018	0
MGS 04/37		4.552	23	4.537	06/04/2018	1
MGS 09/43		4.825	0	4.818	06/04/2018	1
MGS 03/46		4.798	1	4.788	06/04/2018	1
GII 05/18		3.255	3	3.255	06/04/2018	0
GII 08/18		3.302	13	3.193	29/03/2018	11
GII 08/18		3.302	7	3.364	16/03/2018	-6
GII 11/18		3.262	7	3.298	23/03/2018	-4
GII 04/22		3.827	70	3.829	06/04/2018	0
GII 07/22		3.892	20	3.884	15/03/2018	1
GII 07/23		3.979	30	3.975	06/04/2018	0
GII 05/24		4.074	10	4.108	29/03/2018	-3
GII 08/24		4.057	2	3.951	05/04/2018	11
GII 09/26		4.213	2	4.197	06/04/2018	2
GII 06/33		4.546	1	4.558	05/04/2018	-1
GII 08/33		4.638	20	4.620	03/04/2018	2
GII 08/37		4.747	1	4.747	04/04/2018	0
GII 05/47		4.915	10	4.914	04/04/2018	0
SPK 10/21		3.860	10	3.868	04/04/2018	-1
SPK 07/22		3.948	51	3.949	03/04/2018	0
			<u>937</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*
Pengurusan Air SPV Berhad	06/23 GG	4.170	20	4.154	09/01/2018	2	61
Lembaga Pembiayaan Perumahan Sektor Awam	04/33 GG	4.899	50	-	-	-	48
Cagamas Berhad	08/18 AAA	3.726	30	3.692	21/03/2018	3	52
Cagamas Berhad	08/18 AAA	3.696	10	3.826	05/03/2018	-13	49
Gulf Investment Corporation G.S.C	06/22 AAA	5.092	10	5.091	26/01/2018	0	158
Telekom Malaysia Berhad	06/24 AAA	4.410	10	4.308	06/06/2017	10	65
Sarawak Energy Berhad	06/18 AA1	3.984	10	4.025	27/03/2018	-4	78
YTL Power International Berhad	08/18 AA1	4.178	10	4.184	09/03/2018	-1	97
YTL Power International Berhad	06/22 AA1	4.573	5	4.574	08/11/2017	0	107
YTL Power International Berhad	03/23 AA1	4.622	5	4.626	21/03/2018	0	106
Maybank Islamic Berhad	04/24 AA1	4.273	10	5.041	03/04/2018	-77	52
CIMB Bank Berhad	08/26 AA+	4.869	1	5.451	05/04/2018	-58	97
AmBank (M) Berhad	03/19 AA2	4.104	50	4.104	06/04/2018	0	90
Konsortium ProHAWK Sdn Berhad	12/27 AA2	4.858	20	4.907	23/01/2017	-5	91
Konsortium ProHAWK Sdn Berhad	06/28 AA2	4.898	20	4.934	18/03/2016	-4	95
Mukah Power Generation Sdn Berhad	12/19 AA2	4.434	2	4.469	14/12/2017	-4	109
Hong Leong Financial Group Berhad	11/18 AA	4.223	10	4.235	09/03/2018	-1	102
Perbadanan Kemajuan Negeri Selangor	05/18 AA3	4.124	1	4.227	23/11/2017	-10	92
Gamuda Berhad	10/18 AA3	4.191	10	4.200	06/04/2018	-1	98
Perbadanan Kemajuan Negeri Selangor	10/18 AA3	4.272	10	4.356	07/02/2018	-8	106
Bumitama Agri Ltd	03/19 AA3	4.436	30	4.446	06/04/2018	-1	123
AMMB Holdings Berhad	08/19 AA3	4.543	16	4.542	27/03/2018	0	134
Cahaya Mata Sarawak Berhad	05/22 AA3	4.622	60	4.606	04/04/2018	2	111
RHB Bank Berhad	09/27 AA3	4.757	10	4.758	26/03/2018	0	81
Konsortium Lebuh Raya Utara-Timur (KL) Sdn Berhad	12/21 AA-	4.531	10	4.551	03/01/2018	-2	102
Southern Power Generation Sdn Berhad	10/28 AA-	4.921	10	4.968	18/01/2018	-5	97
Southern Power Generation Sdn Berhad	04/32 AA-	5.125	10	5.139	30/03/2018	-1	71
Tan Chong Motor Holdings Berhad	11/19 A1	6.285	31	6.197	04/04/2018	9	294
CIMB Group Holdings Berhad	05/16 A1	5.201	1	5.201	02/04/2018	0	65
CIMB Group Holdings Berhad	05/16 A1	5.229	1	4.851	05/04/2018	38	68
Alliance Bank Malaysia Berhad	10/25 A2	5.130	1	5.131	05/04/2018	0	124
Alliance Bank Malaysia Berhad	12/25 A2	4.726	1	4.927	15/12/2017	-20	83
			<u>440</u>				

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

Market/Corporate News: What's Brewing

Genting Bhd is optimistic that the Japan Integrated Resort Execution Bill will be tabled in this year's Diet session, paving the way for the group to formally bid for its Japan gaming licence.

The group said Genting Singapore continues to be engaged in the business opportunity and was "diligently preparing for the eventual bidding process". Genting Singapore would be facing fierce competition for the limited number of licences, as many global gaming operators have expressed interest to bid, the group said in its newly released 2017 annual report. In Malaysia, it said the Genting Integrated Tourism Plan (GITP) remained the primary focus, as the group prepares to roll out the Skytropolis indoor theme park and the Twentieth Century Fox World Theme Park. It said Genting Malaysia was also looking to boost strategic marketing efforts to expand into regional markets with the introduction of the new attractions and facilities. "The completion of the GITP expansion will elevate Resorts World Genting's position as a premier integrated resort and destination of choice in the region," it said. In the UK, the group will continue its focus on strengthening its position in the non-premium player segment by growing its market share, as well as improving business efficiency. It also said its strategy of reducing short-term volatility in the premium player segment continued to be effective in delivering a sustainable performance. Meanwhile, Resorts World Birmingham expected to see further improvements in visitation and business volumes, it added. In the United States, the group's Resorts World Casino New York City has maintained its position as market leader in terms of gaming revenue in the northeast. Genting Bhd also remained focused on the US\$400mil expansion at Resorts World Casino New York City, which includes the construction of a new 400-room hotel, additional gaming space, food and beverage outlets as well as new retail and entertainment offerings. Prospects for Genting Plantations, it said, would largely be driven by the performance of its mainstay plantation segment. This, it said, was contingent upon the direction of palm oil prices and the production volume of its fresh fruit bunches (FFB). "Whilst replanting activities are expected to moderate the production of FFB from Genting Plantation's Malaysian segment, an overall uptrend is expected in 2018 with higher output from its Indonesian segment amid additional mature areas from new planting and new acquisitions made in 2017 and an overall better age profile," it pointed out. In the property segment, the group would continue to focus on providing affordable residential housing, given the prevailing soft market sentiment.. (Source: The Star)

The Digital Free Trade Zone (DFTZ) pilot project has gained traction, with about 70 small and medium manufacturers participating in the DFTZ Small and Medium Enterprise (SME) Onboarding Programme under its e-trade zone.

The first phase of the regional logistics hub, which was launched in March last year, has generated total sales of RM52.1 million with exports amounting to RM18.1 million since November last year, according to International Trade and Industry Minister Datuk Seri Mustapa Mohamed. He said the number of SMEs participating in the DFTZ SME Onboarding Programme to date have increased to 2,651, from 1,970 in November last year. "It have been a big increase. Our target now is to achieve 10,000 SMEs by the end of this year," he told a press conference to give updates on the DFTZ pilot project, after a visit to the Kuala Lumpur International Airport (KLIA) Air-Cargo Terminal 1 (KACT1) today. Mustapa said his ministry, Malaysia Digital Economy Corp (MDEC), SME Corp and Malaysia External Trade Development Corp (Matrade), will focus on encouraging more SMEs to be involved in the DFTZ to make great strides in further boosting Malaysia's e-commerce growth. He said this will not be limited to the Alibaba.com platform, but also through other e-marketplaces such as Amazon, eBay, Qoo10 and local e-marketplaces like Dagang Halal, Aladdin Street and BuyMalaysia. "These will provide more choices in terms of cost and market access for SMEs to fully enjoy the benefits of DFTZ. It has been lot of promotions done by MDEC and Matrade. "DFTZ is important project by Malaysia. It is going to be a game changer to lift a fortune of the SMEs throughout the country. "The recent announcement of RM50 million to execute the Wira eDagang DFTZ initiative for the next three years, will encourage more Bumiputera e-commerce companies to come onboard to compete globally," Mustapa said. At the same time, this is in line with Barisan Nasional's (BN) manifesto to create a total of one million digital entrepreneurs within five years, he added. "In BN manifesto which was announced recently, digital economy is an important feature. We should monitor this DFTZ progress on the monthly basis. "The focus has to be on quality; numbers are important but we want to focus on quality products. There is a lot of training [that] need to be done to make sure we reach the level of expertise, especially in terms of the response time and quality of product," Mustapa added. DEC chief executive

officer Datuk Yasmin Mahmood said the ultimate objective of this DFTZ is to help the SMEs to go global. "There is a momentum right now about SMEs going online; we keep telling our SMEs and entrepreneurs out there, that digital is the way forward. "We have about 2,651 SMEs (in the DFTZ SME Onboarding Programme) right now and we are focusing on the quality and helping them to really be the best in the area of export." "In China, they probably have 10 years experience in doing e-commerce trade and we are just starting our journey in this," Yasmin said. Currently, DFTZ pilot project is located at KACT1, which is operated and managed by Pos Aviation Sdn Bhd — a wholly-owned subsidiary of Pos Malaysia Bhd. To date, AllSome — a fulfillment and logistics provider in China, and Mister eCommerce — an e-commerce solution provider, have been identified as the next group of users in the DFTZ ecosystem. This year, the government also plans on expanding the DFTZ beyond KLIA to include all modes of connectivity, namely sea, land and rails, with Port Klang, as well as Penang and Senai International Airports being identified as the priority areas for expansion. (Source: The Edge)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Lucida Capital Berhad	Senior Class A MTN, Senior Class B MTN (collectively, the Senior MTN), and Stand-Alone Class C MTN	AAA/Stable, AA3/Stable and AAA/Stable	Reaffirmed
CJ Capital Sdn Bhd	RM114 million Sukuk Murabahah (2010/2020)	AAA/Stable	Reaffirmed

Source: RAM Ratings; MARC

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