

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.08	-3
5-yr UST	2.54	0
10-yr UST	2.85	3
30-yr UST	3.16	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.37	-5	3.59	0
5-yr	3.59	0	3.89	1
7-yr	3.90	-1	4.11	0
10-yr	3.92	-4	4.21	0
15-yr	4.42	-1	4.60	0
20-yr	4.60	0	4.78	0
30-yr	4.87	1	4.96	0

*Market indicative

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.76	0
3-yr	3.83	1
5-yr	3.91	1
7-yr	4.01	0
10-yr	4.13	0

Source: Bloomberg

Upcoming Government Bond Tenders

Nil

US Treasuries

- US Treasuries were mixed as they whipsawed causing the curve to end steeper as the short-tenured 2-5Y papers ended lower by 0-3bps whereas the longer-end ended saw opposite fortunes; rising by 3bps instead. The 2Y (which is sensitive to Fed policy interest rate expectations) ended Friday's session at 2.08% whilst the much-watched 10Y closed at 2.85%. Asset managers and speculators seem divided as they took opposite positions of net positioning of 10Y futures. Rates have also been seen correlating to equities in recent days. Upcoming important data are the release of US CPI figures this Wednesday.

MGS/GII

- Local Govvies saw secondary market volume improve further to RM4.52b with interest mainly seen in most of the benchmarks MGS 3-20Y tenures and also in some off-the-run MGS 18-21's. Generally yields were 0-5 bps lower with the widely-watched benchmark 7Y MGS 9/24 and 10Y MGS 11/27 closing at 3.90% and 3.92% respectively compared to previous-done levels. The increase in foreign holdings of Malaysian govvies boosted trades and interest is expected to be sustained. Upcoming data include GDP figures this Wednesday.

PDS/Sukuk

- Secondary market trades for Corporate Bonds increased 3-fold with total volume at RM561m with interest returning across the curve. The Govt-Guaranteed DANAINFRA 24-29's traded higher between 3-12bps between 4.34-4.62% levels compared to previous-done levels. Cagamas 11/20, 11/22 and 10/33 also saw active trading closing higher at 4.07%, 4.26% and 4.99% respectively. A slew of infrastructure-related bonds; namely SEB 12/32, JEV 11/19, MALAKOFF 20-21 and Souther Power 34-35's were traded mixed on yields. Investor interest is expected to be led by leads in local govvies as global markets look to stabilize.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	03/18	3.056	20	3.214	08/02/2018	-16
MGS	09/18	3.099	405	3.093	08/02/2018	1
MGS	03/19	3.143	1	3.064	08/02/2018	8
MGS	07/19	3.213	50	3.206	05/02/2018	1
MGS	10/19	3.294	67	3.284	07/02/2018	1
MGS	11/19	3.290	282	3.344	08/02/2018	-5
MGS	03/20	3.368	2	3.368	08/02/2018	0
MGS	07/20	3.462	109	3.393	05/02/2018	7
MGS	10/20	3.420	10	3.416	08/02/2018	0
MGS	02/21	3.374	635	3.385	08/02/2018	-1
MGS	07/21	3.505	280	3.501	08/02/2018	0
MGS	09/21	3.610	18	3.611	07/02/2018	0
MGS	11/21	3.491	230	3.503	08/02/2018	-1
MGS	03/22	3.586	319	3.610	08/02/2018	-2
MGS	08/22	3.759	60	3.758	08/02/2018	0
MGS	09/22	3.756	40	3.768	08/02/2018	-1
MGS	03/23	3.829	1	3.818	08/02/2018	1
MGS	08/23	3.841	10	3.824	08/02/2018	2
MGS	07/24	3.931	13	3.932	07/02/2018	0
MGS	09/24	3.903	476	3.903	08/02/2018	0
MGS	09/25	3.970	6	3.985	08/02/2018	-1
MGS	11/26	4.001	4	4.049	07/02/2018	-5
MGS	11/27	3.917	350	3.948	08/02/2018	-3
MGS	06/28	4.054	95	4.060	08/02/2018	-1
MGS	04/30	4.434	24	4.433	08/02/2018	0
MGS	04/32	4.532	1	4.457	02/02/2018	8
MGS	04/33	4.423	23	4.427	07/02/2018	0
MGS	05/35	4.587	10	4.578	07/02/2018	1
MGS	04/37	4.596	198	4.623	08/02/2018	-3
MGS	03/46	4.867	39	4.854	06/02/2018	1
GII	05/18	3.281	28	3.279	06/02/2018	0
GII	08/18	3.215	7	3.260	08/02/2018	-4
GII	11/18	3.335	20	3.262	17/01/2018	7
GII	09/19	3.439	1	3.454	05/02/2018	-2
GII	04/20	3.587	32	3.587	08/02/2018	0
GII	04/22	3.889	278	3.889	08/02/2018	0
GII	07/23	4.015	1	4.005	08/02/2018	1
GII	08/24	4.169	40	4.137	07/02/2018	3
GII	10/25	4.197	40	4.174	07/02/2018	2
GII	09/26	4.279	7	4.236	26/01/2018	4
GII	07/27	4.206	120	4.210	08/02/2018	0
GII	06/33	4.595	11	4.595	06/02/2018	0
GII	08/25	4.114	152	4.112	07/02/2018	0
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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*	
Pengurusan Air SPV Berhad	09/20	GG	3.926	20	3.985	29/08/2017	-6	51
Danalnfra Nasional Berhad	07/24	GG	4.340	5	4.277	10/01/2017	6	53
Danalnfra Nasional Berhad	04/25	GG	4.380	30	4.350	23/01/2018	3	45
Danalnfra Nasional Berhad	11/25	GG	4.411	10	4.376	09/01/2017	3	46
Pengurusan Air SPV Berhad	02/26	GG	4.403	20	4.402	05/02/2018	0	46
Danalnfra Nasional Berhad	04/26	GG	4.433	10	4.313	20/06/2017	12	49
Danalnfra Nasional Berhad	07/29	GG	4.620	2	4.566	18/01/2018	5	67
Aman Sukuk Berhad	05/19	AAA	4.072	10	4.034	17/01/2018	4	84
Putrajaya Bina Sdn Berhad	09/22	AAA	4.339	10	4.399	13/11/2017	-6	73
Putrajaya Holdings Sdn Berhad	04/25	AAA	4.468	10	4.459	24/01/2018	1	54
Projek Lebuhraya Usahasama Berhad	01/36	AAA	5.040	10	5.051	30/01/2018	-1	44
Inverfin Sdn Berhad	02/19	AAA	4.120	22	4.000	16/11/2017	12	89
Al Dzhab Assets Berhad	09/19	AAA	4.548	10	4.550	03/01/2018	0	123
Cagamas Berhad	11/20	AAA	4.067	10	4.000	20/10/2017	7	65
Cagamas Berhad	12/22	AAA	4.259	10	4.168	23/10/2017	9	65
Cagamas Berhad	10/33	AAA	4.990	20	4.941	07/09/2017	5	56
Teknologi Tenaga Perlis Consortium Sdn Berhad	07/22	AA1	4.483	10	4.444	12/10/2017	4	96
Public Bank Berhad	09/23	AA1	4.959	1	4.477	29/01/2018	48	114
Malayan Banking Berhad	01/24	AA1	4.554	40	4.550	30/01/2018	0	74
Northern Gateway Infrastructure Sdn Berhad	08/30	AA1	4.999	5	4.979	18/12/2017	2	57
Northern Gateway Infrastructure Sdn Berhad	08/31	AA1	5.029	5	-	-	-	-
TRIpIc Medical Sdn Berhad	10/32	AA1	5.149	5	5.149	22/01/2018	0	72
Sarawak Energy Berhad	12/32	AA1	5.250	25	5.238	19/01/2018	1	82
CIMB Bank Berhad	08/26	AA+	5.131	0	4.849	25/01/2018	28	118
Krung Thai Bank Public Company Limited	07/25	AA2	4.471	10	4.413	15/01/2018	6	55
Hong Leong Bank Berhad	09/39	AA2	5.033	0	5.045	06/02/2018	-1	44
PBFIN Berhad	06/59	AA2	4.928	0	5.000	06/02/2018	-7	33
Bumitama Agri Ltd	09/19	AA3	4.533	20	4.497	10/01/2018	4	121
Jimah Energy Ventures Sdn Berhad	11/19	AA3	4.241	10	4.423	03/05/2017	-18	92
RHB Bank Berhad	07/24	AA3	4.949	0	4.633	04/01/2018	32	113
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	12/18	AA-	4.346	20	4.381	26/01/2018	-4	112
Malakoff Power Berhad	12/20	AA-	4.435	10	4.438	30/01/2018	0	102
Malakoff Power Berhad	12/21	AA-	4.518	30	4.500	22/01/2018	2	100
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	12/22	AA-	4.875	30	4.899	30/01/2018	-2	127
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	05/23	AA-	4.896	10	4.909	08/02/2018	-1	129
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/25	AA-	4.752	60	4.691	07/11/2017	6	80
Southern Power Generation Sdn Berhad	10/34	AA-	5.369	20	5.510	05/01/2018	-14	94
Southern Power Generation Sdn Berhad	04/35	AA-	5.399	10	5.459	24/01/2018	-6	97
Southern Power Generation Sdn Berhad	10/35	AA-	5.439	20	5.508	16/01/2018	-7	84
Celcom Networks Sdn Berhad [fka Celcom Transmiss	08/22	AA+	4.696	10	4.718	03/01/2018	-2	109
CIMB Group Holdings Berhad	05/16	A1	4.834	0	5.230	08/02/2018	-40	24
				561				

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

Market/Corporate News: What's Brewing

Core euro zone bond yields edged down on Friday as renewed selling in world stocks lent some support to safe-haven debt markets, which themselves have been bruised as investors brace for an end to easy-monetary policies by major central banks. World stocks were set for the biggest weekly decline since 2011. Europe's STOXX 600 ended down 1.65 percent and Chinese markets fell 4 percent on Friday. That kept German Bund yields around 0.74 percent, below 2 1/2-year highs of just above 0.8 percent. Most other 10-year bond yields in the euro area also eased a touch. US 10-year yields, which on Thursday approached four-year highs hit earlier this week, also inched down. "The risk-off sentiment in global markets should ultimately support sentiment in bond markets," Commerzbank strategist Michael Leister, said. However, the modest relief comes after Germany, the euro zone's powerhouse economy and its benchmark bond issuer, has seen 10-year bond yields rise for seven straight weeks - the longest stretch of weekly rises since 2007. Nick Wall, a portfolio manager at Old Mutual Global Investors, said that despite the recent rise, Bund yields remained "artificially depressed" and predicted they would rise another 10 to 15 basis points in the next six months. "We expect the general bond selloff to continue and yields to rise meaningfully," he said. Peripherals underperformed on the day, rising 2 to 5 bps. Portugal's 10-year government bond yield briefly hit a one-month high at 1.942 percent in late trade. Greece's 10-year government bond yields rose 34 basis points to a five-week high of 4.12 percent. Athens raised 3 billion euros in orders on Thursday, through a sale of seven-year bonds. Borrowing costs in Europe and the United States rose after the Bank of England said on Thursday interest rates probably needed to rise sooner and by a bit more than

it had previously thought, given a stronger global economy. "Yesterday's hawkish Bank of England caused the market to reprice all developed-market central bank paths steeper," said Peter Chatwell, head of rates strategy at Mizuho in London. The US Federal Reserve's William Dudley also signalled his support for a March rate rise despite market volatility. Wall at Old Mutual added it had been clear for a while that "government spending would pick up and end austerity which brings better growth, inflation and bond supply, all of which would be negative for bonds." In Asia, the Japanese government decided on Friday to nominate Haruhiko Kuroda to serve a second term as governor of the central bank when his current term expires in April, a sign the country's ultra-loose monetary policy will remain in place. (Source: Reuters, The Edge)

The world's leading oil companies published a bumper crop in profits last year as rising crude prices helped turn their fortunes around, but they remain cautious and are unlikely to rush out on a new spending spree just yet. In a flourish of earnings reports over the past week, the picture painted by majors ranging from ExxonMobil and Chevron to BP, Royal Dutch Shell and Total has been a very rosy one. French giant Total saw its bottom line jump by more than a third, Shell's net profit tripled, ExxonMobil's fourth-quarter earnings rose nearly five-fold, Norway's Statoil swung back into the black and BP's profits soared. In fact, "2017 was one of the strongest years in BP's recent history," the British group's chief executive Bob Dudley told his annual earnings news conference. Key to this success was the steady rise in crude prices in recent months, driven by a landmark deal between oil-producing countries both inside and outside the Opec cartel to reduce the worldwide glut in supply by throttling output. Correspondingly, after falling from US\$115 per barrel in 2014 to under US\$35 at the start of 2016, oil prices have been rising, from an average US\$44 in 2016 to US\$54 in 2017 to nearly US\$70 this month. Flush with their new-found profits, the oil majors have raised dividends and announced share buy-back programmes, eager to make it up to their shareholders who have become restive after having to do with meagre payouts for years. But it's still a far shot from the heady days of old. Companies have learned to live with low oil prices, slashing costs and investment to become leaner and fitter, and said they have little intention of abandoning that regime any time soon. Shell's CEO Ben van Beurden said he now always worked on the assumption that oil prices would remain "lower forever". "We're sticking to the cost-cutting programmes, despite the rise in crude prices," said Total chief executive Patrick Pouyanne. Such prudence is evident in the only modest uptick in investment in upstream exploration and production activities. Globally, these investments rose by 4% to US\$389bil last year and should increase by a modest 2%-6% again this year, according to estimates published by IFP Energies Nouvelles this week. By comparison, the amount totalled US\$683bil in 2014. Developments vary from region to region, and the anticipated growth this year is driven almost entirely by independent companies and US shale firms, whose overheads are much lower. The majors, for their part, expect to cut investment in exploration and production by 16% this year. "There's been a sigh of relief across the boardrooms of the global oil and gas companies as higher prices have boosted results significantly," said David Elmes, energy specialist at the Warwick Business School "But there's also a hesitancy and uncertainty about the longer term which is tempering any return to full speed ahead," he said. Companies are holding back because oil prices look set to remain volatile and vulnerable to fluctuation. Demand for oil from energy-hungry economies, such as China and India, is expected to remain robust. But the market's much-needed rebalancing could be jeopardised by increased production by US shale companies. "I'm certain that US independents will again invest a lot to profit from a price of US\$60 per barrel and ramp up shale production, so the market is going to remain volatile," said Total's Pouyanne (Source: The Star

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM Ratings; MARC

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