

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.26	1
5-yr UST	2.65	2
10-yr UST	2.90	4
30-yr UST	3.16	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.39	0	3.59	-1
5-yr	3.58	0	3.84	1
7-yr	3.88	1	4.03	1
10-yr	3.98	-1	4.16	0
15-yr	4.41	0	4.56	1
20-yr	4.55	-1	4.77	1
30-yr	4.78	3	4.90	-2

\*Market indicative

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.75	-1
3-yr	3.81	0
5-yr	3.89	0
7-yr	4.05	3
10-yr	4.14	-1

Source: Bloomberg

#### Upcoming Government Bond Tenders

Nil

#### US Treasuries

- US Treasuries were sold off despite better than expected NFP job creation as softer wage gains revived expectations that the Fed will maintain a gradual pace of interest rate increases this year. UST yields rose 1-4bps, steepening the curve. 2Y yields inched up a bp to 2.26% whilst the 10s climbed higher by 4bps to 2.90%. We expect markets to scrutinize upcoming CPI, retail sales and industrial production numbers this week for more clues on the Fed's policy path. There will be little to sway expectations of another Fed rate hike in next week's FOMC meeting in our view.

#### MGS/GII

- Local Govvies saw sustained interests with trading in the secondary market inching marginally higher to RM2.10bn on Friday, despite cautious sentiments ahead of US nonfarm payroll data. Notable interests were seen in the 10Y and 15Y of the MGS curve with RM561m and RM362m changed hands respectively. Yields of the benchmark 10Y MGS closed 1bp lower at 3.98%. Yields were generally mixed gyrating between -1 to +3bps across other tenors. In the GII space, trading interests were seen skewed towards the front end of the curve notably GII 10/18 and 4/22 with a combined volume of RM222m done. Expect interests in local govies to pick up somewhat today as latest nonfarm data reinforced the case for gradual Fed policy normalization.

#### Corp Bonds/Sukuk

- Closely tracking local govies, secondary market volume for Corporate Bonds also saw sustained interests of RM663m with interest seen across the curve with the most trades centered around GG-AA-rated bonds. Khazanah '2/21 and '3/21 saw a substantial RM200m being changed hands, with yields traded wider by 8-9bps at 4.055% and 4.070% respectively. DanaInfra '11/21 and '7/23 also saw a combined RM75m done at 4.120% and 4.165% respectively. There was also notable interests in banking papers namely HCFG '11/18, CIMB '10/38, AmBank Islamic '3/24, RHB Islamic '4/27, and Affin '9/27.

## Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 03/19	3.099	50	3.104	06/03/2018	0
MGS 10/19	3.260	51	3.255	07/03/2018	0
MGS 03/20	3.369	1	3.365	07/03/2018	0
MGS 02/21	3.386	1	3.387	05/03/2018	0
MGS 09/21	3.536	3	3.552	08/03/2018	-2
MGS 11/21	3.420	42	3.395	06/03/2018	2
MGS 03/22	3.584	51	3.581	08/03/2018	0
MGS 08/22	3.689	139	3.726	08/03/2018	-4
MGS 09/22	3.698	1	3.722	06/03/2018	-2
MGS 03/23	3.763	41	3.767	08/03/2018	0
MGS 08/23	3.779	81	3.785	07/03/2018	-1
MGS 07/24	3.884	5	3.894	07/03/2018	-1
MGS 09/24	3.883	91	3.867	07/03/2018	2
MGS 09/25	3.978	4	3.955	07/03/2018	2
MGS 09/26	4.084	10	4.152	26/01/2018	-7
MGS 11/27	3.976	561	3.986	08/03/2018	-1
MGS 04/30	4.396	3	4.398	08/03/2018	0
MGS 06/31	4.399	57	4.398	08/03/2018	0
MGS 04/33	4.414	362	4.413	08/03/2018	0
MGS 04/37	4.545	4	4.549	07/03/2018	0
MGS 09/43	4.782	1	4.829	02/03/2018	-5
MGS 03/46	4.782	15	4.762	08/03/2018	2
GII 05/18	3.183	50	3.201	08/03/2018	-2
GII 08/18	3.212	10	3.129	06/03/2018	8
GII 10/18	3.272	120	3.280	08/02/2018	-1
GII 04/22	3.830	102	3.827	08/03/2018	0
GII 07/22	3.899	70	3.929	02/03/2018	-3
GII 08/24	4.089	20	4.107	07/03/2018	-2
GII 08/25	4.030	31	4.025	08/03/2018	0
GII 07/27	4.165	1	4.160	08/03/2018	0
GII 09/30	4.578	20	4.603	06/03/2018	-2
GII 05/47	4.900	100	4.918	08/03/2018	-2
		<u>2098</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*	
Khazanah Nasional Berhad	02/21	GG	4.055	100	3.966	19/09/2017	9	66
Khazanah Nasional Berhad	03/21	GG	4.070	100	3.995	22/02/2018	8	67
DanaInfra Nasional Berhad	11/21	GG	4.120	5	3.998	30/08/2017	12	62
DanaInfra Nasional Berhad	07/22	GG	4.165	70	4.104	17/01/2018	6	67
Jambatan Kedua Sdn Berhad	07/23	GG	4.230	30	4.286	09/12/2016	-6	65
Telekom Malaysia Berhad	12/24	AAA	4.439	10	4.391	16/01/2018	5	56
Projek Lebuhraya Usahasama Berhad	01/19	AAA	4.079	10	4.001	06/03/2018	8	88
Cagamas MBS Berhad	05/19	AAA	4.079	5	4.081	17/01/2018	0	88
Rantau Abang Capital Berhad	08/19	AAA	4.040	25	4.016	07/03/2018	2	85
Gas Malaysia Berhad	10/20	AAA	4.250	20	-	-	-	-
Danga Capital Berhad	02/26	AAA	4.548	20	4.529	19/10/2017	2	61
Danga Capital Berhad	09/27	AAA	4.685	20	4.659	01/03/2018	3	70
TNB Northern Energy Berhad	05/32	AAA	4.890	10	4.651	02/08/2016	24	47
YTL Corporation Berhad	06/19	AA1	4.342	5	4.329	07/02/2018	1	115
TRIpIc Medical Sdn Berhad	10/26	AA1	4.837	10	4.839	07/03/2018	0	86
TRIpIc Medical Sdn Berhad	10/33	AA1	5.219	10	5.239	27/02/2018	-2	80
Celcom Networks Sdn Berhad [fka Celcom Transmis	08/22	AA+	4.669	20	4.698	23/02/2018	-3	117
CIMB Bank Berhad	08/26	AA+	4.879	1	5.451	13/02/2018	-57	94
UMW Holdings Berhad	10/19	AA2	4.434	50	4.439	28/02/2018	0	112
Hong Leong Financial Group Berhad	11/18	AA	4.235	20	4.236	08/03/2018	0	104
CIMB Bank Berhad	10/38	AA	4.426	25	5.203	12/02/2018	-78	-13
Bumitama Agri Ltd	03/19	AA3	4.467	10	4.458	28/02/2018	1	127
AmBank Islamic Berhad (fka AmIslamic Bank Berha	03/24	AA3	4.527	10	4.566	01/03/2018	-4	74
RHB Islamic Bank Berhad	04/27	AA3	4.714	20	4.717	07/03/2018	0	74
Tadua Energy Sdn Berhad	07/29	AA3	5.551	10	5.569	13/09/2017	-2	157
UEM Edgenta Berhad [fka Faber Group Berhad]	04/22	AA-	4.643	10	4.680	22/02/2018	-4	114
Jimah East Power Sdn Berhad	06/25	AA-	4.707	10	4.709	07/03/2018	0	83
Southern Power Generation Sdn Berhad	04/26	AA-	4.807	10	4.809	06/03/2018	0	87
Southern Power Generation Sdn Berhad	10/33	AA-	5.284	10	5.289	28/02/2018	0	87
Affin Bank Berhad	09/27	A1	5.000	1	4.871	19/02/2018	13	102
DRB-Hicom Berhad	12/14	A-	7.665	6	7.970	10/07/2017	-31	311
			<u>663</u>					

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

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

Malaysia Debt Ventures Bhd (MDV) a wholly owned subsidiary of the Minister of Finance Inc, last week launched its Islamic Venture Financing Programme (IVFP). The IVFP will better enable MDV to finance early-stage companies and fill the gap in the ecosystem for venture-financing funding for growth. The development of this ecosystem is crucial for technology-based entrepreneurs as traditional financial institutions are not prepared to support the areas in which they operate in commonly due to lack of business assets and track record. "Venture financing addresses a very real gap in the market and this programme will ensure that MDV is able to continue lending its assistance to high-potential technology companies in Malaysia, providing further incentive towards realising Malaysia's aspiration in achieving a high-income nation status by 2020," said MDV chairman, Tan Sri Zarinah Anwar in a statement. "As a venture financier, MDV adopts a different approach to funding, emphasising on the potential of an applicant and its project by analysing the viability of its technology, the management behind the applicant and the feasibility of its business plan and cash flow projections, as opposed to focusing on the applicant's past track records and hard collaterals." This programme represents a long-term strategy for MDV's business transformation in the effort to ensure continued sustainability of operations and reduce dependency on government's support. The launch was officiated by Tan Sri Mohd Irwan Serigar Abdullah, the Secretary General of Treasury. (Source: NST online)

A consortium consisting of Pelaburan Hartanah Bhd (PHB), UEM Group Bhd and Japan's Medical Care Service Inc (MCS) is set to launch Malaysia's first luxury senior living with care services project, Rei Seraya Residence (Rei Seraya). Rei Seraya is set to cater exclusively for the senior retired community and will be the first luxury senior living with proficient care services. Two types of options will be provided. The first is Assisted Living, a 300 sq ft unit with en-suite bathroom within an exclusive household concept, providing medium to high care services for residents. The second option is Independent Living, a 900 sq. ft. unit with the concept of luxury two-bedroom apartments with en-suite bathroom, kitchen and living room. Care services are provided upon request by the residents. "Malaysia's population is increasing steadily with age and by 2020, 10 per cent of the country's population will be above the age of 60 and by 2030, the percentage of people aged above 60 will increase to 15 percent. "This demographic reality will undoubtedly have profound economic and social implications, as well as new healthcare concerns, leading to opportunities," said PHB group managing director and chief executive officer Datuk Kamalul Arifin Othman. "This presents an opportunity for the consortium to offer a world class senior living development, right here in Kuala Lumpur, not less than what you would have found in other developed countries," he said in a statement. Those interested in what's on offer can visit the Rei Seraya Discovery Gallery, located at Jalan Ampang, adjacent to Gleneagles Hospital. UEM Group group managing director and CEO Datuk Izzaddin Idris explained that the decision to open a Discovery Gallery, as opposed to a sales gallery, is to allow the market to understand the product and services being offered given that it is a new and unique concept in Malaysia. "The Discovery Gallery also provides an opportunity for us to showcase a building that's senior friendly and care services by one of Japan's leading senior living care provider," he said. "While we have conducted market research and the result is very convincing, we would like to gather additional feedback and interest from the public which would allow us to further fine-tune the service offering based on local interest

and demand.” Care services at Rei Seraya will be provided by MCS, a Japan-based company that has been providing care services for the elderly since 1999 and operates more than 280 facilities in Japan, China and Philippines. (Source: NST online)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Al Dzahab Assets Berhad	RM135.0 million Class A Sukuk and RM45.0 million Class B Sukuk, under Al Dzahab's RM900.0 million Sukuk Murabahah Asset-Backed Securitisation Programme	AAA/Stable and AA3/Stable	Assigned final rating

Source: RAM Ratings; MARC

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