

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.31	0
5-yr UST	2.61	-1
10-yr UST	2.78	-2
30-yr UST	3.00	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.47	0	3.60	0
5-yr	3.57	0	3.83	0
7-yr	3.86	0	4.01	1
10-yr	3.97	0	4.16	0
15-yr	4.43	1	4.56	1
20-yr	4.57	4	4.75	0
30-yr	4.80	0	4.92	0

*Market indicative

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.76	0
3-yr	3.81	0
5-yr	3.88	0
7-yr	3.98	0
10-yr	4.10	0

Source: Bloomberg

US Treasuries

- US Treasuries rallied going into US session before fading the spike towards closing, though still closed firmer. Demand was mostly driven by uptick in US inflation that pushed the longer-ended maturities higher; 10Y yield fell 2bps to 2.78% while 30Y yield ended 3bps lower at 3.00%. The 2Y (most sensitive to interest rate outlook) pared losses from US morning after FOMC minutes were released, likely supported by slight improvement in market expectations that the Fed is generally more optimistic on outlook of growth and inflation. Expect USTs to be supported by on-going tensions between US and Russia regarding Syrian conflict. Data front carries little impact amid tepid releases.

MGS/GII

- Trading volume in local govies more than halved to RM 1.25b as interest dissipated on a lack of positive catalysts in regional markets, more so when Malaysian data underperformed. Interest in the short-ended securities were focused on MGS 20's and to a lesser extent MGS 19's but demand was mixed, leaving benchmark yields unchanged across 3Y to 10Y maturities. The much-watched MGS 11/27 again ended unchanged at 3.96%, with tepid demand. With rising risk aversion in the markets amid on-going US-Russia geopolitical tensions, we expect demand to likely remain subdued.

Upcoming Government Bond Tenders

RM2.5b of 20Y GII 8/37 on Thursday, 12th April

Corp Bonds/Sukuk

- Corporate Bonds market volume improved further, rising to RM 1.08b yesterday from RM 639m a day before, with most trades done in the government-guaranteed space. GovCo Holdings Bhd saw the highest volume, garnering RM 200m trades, moving yields 5bps lower to 4.156%. Interest is followed by well-spread demand in names such as PTPTN, down 3bps to 4.308%, Khazanah Nasional Bhd (down 4bps to 4.269%), Pengurusan Air SPV Bhd (down 3bps to 3.471%) and Lembaga Pembiayaan Perumahan Sektor Awam (unchanged at 4.899%), amongst others.

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 09/18	3.264	14	3.244	10/04/2018	2
MGS 03/19	3.246	50	3.192	10/04/2018	5
MGS 11/19	3.370	80	3.359	10/04/2018	1
MGS 03/20	3.465	110	3.375	09/04/2018	9
MGS 09/21	3.575	30	3.578	09/04/2018	0
MGS 11/21	3.471	10	3.466	10/04/2018	0
MGS 03/22	3.572	31	3.583	10/04/2018	-1
MGS 08/22	3.719	4	3.694	10/04/2018	2
MGS 09/22	3.711	9	3.726	09/04/2018	-2
MGS 03/23	3.710	2	3.647	10/04/2018	6
MGS 07/24	3.872	252	3.868	10/04/2018	0
MGS 09/24	3.882	30	3.877	10/04/2018	1
MGS 09/25	3.955	17	3.950	10/04/2018	0
MGS 04/26	4.031	2	4.019	10/04/2018	1
MGS 11/27	3.966	7	3.962	10/04/2018	0
MGS 04/33	4.433	3	4.413	10/04/2018	2
MGS 04/37	4.568	3	4.523	10/04/2018	4
GII 04/20	3.601	30	3.596	10/04/2018	0
GII 04/22	3.827	150	3.824	10/04/2018	0
GII 07/22	3.884	12	3.892	09/04/2018	-1
GII 07/23	3.983	70	3.979	09/04/2018	0
GII 05/24	4.052	40	4.074	10/04/2018	-2
GII 08/24	4.048	30	4.053	10/04/2018	0
GII 08/25	4.013	19	4.004	30/03/2018	1
GII 09/30	4.585	150	4.540	15/03/2018	4
GII 06/33	4.562	100	4.55	09/04/2018	2
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Daily Trades: Corp Bonds / Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against IRS*	
Pengurusan Air SPV Berhad	06/18	GG	3.471	50	3.499	02/03/2018	-3	-28
Danainfra Nasional Berhad	04/22	GG	4.090	15	4.056	12/10/2017	3	25
GovCo Holdings Berhad	06/23	GG	4.156	200	4.208	03/04/2018	-5	28
Pengurusan Air SPV Berhad	06/23	GG	4.155	25	4.170	10/04/2018	-1	28
Danainfra Nasional Berhad	10/23	GG	4.210	10	3.932	04/11/2016	28	29
GovCo Holdings Berhad	02/24	GG	4.219	50	4.269	23/08/2017	-5	30
Khazanah Nasional Berhad	03/24	GG	4.269	60	4.306	04/04/2018	-4	35
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	4.308	90	4.338	02/04/2018	-3	39
Khazanah Nasional Berhad	08/24	GG	4.283	40	4.361	03/04/2018	-8	36
PR1MA Corporation Malaysia	10/24	GG	4.297	20	4.360	25/10/2017	-6	32
Lembaga Pembiayaan Perumahan Sektor Awam	04/33	GG	4.899	50	4.899	10/04/2018	0	60
Cagamas Berhad	04/22	AAA	4.300	20	4.150	04/12/2017	15	46
Sarawak Hidro Sdn Berhad	08/23	AAA	4.376	10	4.387	10/04/2018	-1	50
Suria KLCC Sdn Berhad	12/24	AAA	4.446	50	4.428	11/01/2018	2	47
YTL Corporation Berhad	06/19	AA1	4.342	30	4.360	10/04/2018	-2	59
Sarawak Energy Berhad	07/19	AA1	4.208	20	4.167	21/11/2017	4	46
YTL Power International Berhad	06/22	AA1	4.562	5	4.573	09/04/2018	-1	72
UMW Holdings Berhad	06/20	AA2	4.424	20	4.444	05/04/2018	-2	65
UMW Holdings Berhad	02/21	AA2	4.486	20	4.525	14/03/2018	-4	68
UMW Holdings Berhad	06/22	AA2	4.632	50	4.624	10/04/2018	1	79
UMW Holdings Berhad	10/26	AA2	4.859	10	4.908	26/02/2018	-5	85
Hong Leong Financial Group Berhad	09/20	AA	4.438	20	4.615	22/06/2017	-18	66
Perbadanan Kemajuan Negeri Selangor	08/18	AA3	4.227	10	4.247	19/02/2018	-2	48
BGSM Management Sdn Berhad	12/18	AA3	4.094	10	4.148	06/02/2018	-5	34
Gamuda Berhad	11/22	AA3	4.647	20	4.668	05/04/2018	-2	77
Edra Energy Sdn Berhad	01/23	AA3	5.198	20	5.209	16/01/2018	-1	132
Tadua Energy Sdn Berhad	07/25	AA3	5.158	10	5.212	29/11/2017	-5	118
Edra Energy Sdn Berhad	07/27	AA3	5.509	10	5.500	15/01/2018	1	141
RHB Investment Bank Berhad	10/27	AA3	4.890	60	4.901	03/01/2018	-1	79
Edra Energy Sdn Berhad	01/33	AA3	5.919	5	6.310	04/01/2018	-39	162
AMMB Holdings Berhad	02/28	A1	5.285	7	4.997	06/04/2018	29	119
CIMB Group Holdings Berhad	05/16	A1	4.853	1	5.229	09/04/2018	-38	55
Alliance Bank Malaysia Berhad	10/25	A2	4.693	1	5.130	09/04/2018	-44	69
Fortune Premiere Sdn Berhad	12/22	AA	4.757	10	4.650	19/12/2017	11	88
MMC Corporation Berhad	03/28	AA-	5.700	20	5.700	29/03/2018	0	160
SAJ Capital Sdn Berhad	01/29	AA-	5.489	10	5.487	07/03/2018	0	139
Putrajaya Holdings Sdn Berhad	10/19	AAA	4.075	10	4.075	10/04/2018	0	30
GENM Capital Berhad	03/22	AAA	4.680	20	4.686	27/03/2018	-1	84
			<u>1089</u>					

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

Market/Corporate News: What's Brewing

The long-awaited go-ahead for the development of three gas fields off Sarawak provided a huge boost to flagging Sapura Energy Bhd, with its market capitalisation boosted by more than half a billion ringgit as its share price rallied sharply yesterday. Sapura Energy logged its largest single-day price gain since its listing six years ago to finish a fifth higher to 64.5 sen after it announced it was proceeding with the development of the Gorek, Larak and Bakong gas fields off Sarawak under phase one of the SK408 production sharing contract (PSC). The PSC follows a final investment decision (FID) made after the fields development plan received Petroleum Nasional Bhd's approval. Concurrently, the key terms of the gas sales agreement for the gas fields' development have been agreed upon. In a Bursa Malaysia filing yesterday, the integrated oil and gas services and solutions provider said it is proceeding with the project together with Petronas Carigali Sdn Bhd and Sarawak Shell Bhd. Sapura Energy said its wholly-owned subsidiary Sapura Exploration and Production (Sarawak) Inc (Sapura E&P) would be the development and production operator of the Larak and Bakong fields, and Sarawak Shell, the development and production operator of the Gorek field. "The fields under the SK408 gas field development project are part of the discoveries made by Sapura E&P in its 2014 drilling campaign," it said, adding that the fields will be developed as three separate well-head platforms tied back to the existing Sarawak Shell-operated F6 processing facility. "The SK408 gas fields will be Sapura E&P's second major upstream gas development project in East Malaysia, after the successful development of and commencement of production at the SK310 B15 gas field," it added. In a separate statement, Sapura Energy president and group chief executive officer Tan Sri Shahril Shamsuddin said the FID represents a critical milestone as the group further progresses towards unlocking the value of its gas fields, thus providing clear visibility of its long-term gas monetisation plans. "With the recent extensive addition to our exploration acreage in Mexico and New Zealand, the group has been able to geographically diversify our E&P segment and put in place a well-balanced portfolio across exploration, development and production phases." Shell Malaysia chairman Datuk Iain Lo added: "Taking [a] FID on the fields reaffirms Shell's continued commitment to developing the Sarawak basin and securing a clean energy source for Malaysia's future. With this, there have been 12 important gas discoveries in Sarawak by Shell and its equity partners over the past five years." Sapura Energy opened the morning session at 55 sen but following the announcement surged 25.23% or 13.5 sen to a peak of 67 sen, before retracing to end the day at 64.5 sen, and enlarging its market capitalisation to RM3.86 billion. A total of 607.91 million shares were traded compared with its 200-day average trading volume of 54.03 million shares. It was the day's most active counter accounting for 13% of Bursa's total trading volume of more than four billion shares. Notwithstanding Sapura Energy's impressive leap, its year-to-date performance remains negative, down 9.18% especially as it hit a historical low of 41 sen last month amid market volatility. (Source: *The Edge*)

Public Bank Bhd (PBB) is establishing an Additional Tier 1 Capital Securities (AT1CS) programme with up to RM10 billion in nominal value. PBB said in a statement today that Public Investment Bank Bhd (PIVB) has lodged with the Securities Commission Malaysia to establish the programme. PIVB has been appointed the principal adviser/lead arranger/lead manager in respect of the programme. PBB obtained approval from the central bank in March to establish the programme. PBB said the additional Tier 1 bonds it will be issuing from time to time under the programme will qualify as "additional Tier 1 Capital for the computation of the regulatory capital of PBB and PBB Group, in accordance with the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia". PBB said the programme and the additional Tier 1 bonds to be issued under it will have a perpetual tenure, and that RAM Rating Services Bhd has assigned a rating of AA3 to the programme. (Source: *The Edge*)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Sasaran Etika Sdn Bhd	RM 220m fixed-rate serial bonds (2012 / 2027)	AA1 / Stable	Reaffirmed

FIXED INCOME

April 12, 2018



Bank Pembangunan Malaysia Bhd	RM 2.0b Islamic / Conventional Commercial Papers (CP) programme	MARC.1 _{IS} / MARC.1 / Stable	Withdrawn
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Source: RAM Ratings; MARC

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