

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.08	0
5-yr UST	2.56	2
10-yr UST	2.86	1
30-yr UST	3.14	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.42	5	3.66	7
5-yr	3.59	0	3.86	-3
7-yr	3.92	1	4.11	0
10-yr	3.84	-8	4.21	0
15-yr	4.47	5	4.60	0
20-yr	4.58	-1	4.78	0
30-yr	4.89	2	4.96	0

*Market indicative

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.77	0
3-yr	3.82	-1
5-yr	3.91	0
7-yr	4.01	0
10-yr	4.13	0

Source: Bloomberg

Upcoming Government Bond Tenders

Nil

US Treasuries

- US Treasuries were mixed with yields higher up to 10Y; whilst the 30Y of the curve rallied lower by about 2bps with flattening taking precedence. The 2Y (which is sensitive to Fed policy interest rate expectations) ended unchanged at 2.08% whilst the much-watched 10Y edged higher by 1bps at 2.86%. Banks and other investors were seen divided with some pricing-in up to four interest rate hikes for 2018 as ongoing QE gets tapered with supply duration; putting pressure on yields. Upcoming important data are the release of US CPI figures and retail sales this Wednesday.

MGS/GII

- Local Govvies saw secondary market volume halve to RM2.08b with interest mainly seen in some off-the-run MGS 21's and also across the curve for GII's. Generally yields were mildly higher by 1-5bps with some of levels on the 3Y, 10Y and 30Y skewed due to odd-lot trades. The widely-watched benchmark 7Y MGS 9/24 and 10Y MGS 11/27 closed at 3.92% and 3.84% respectively compared to previous-done levels. The increase in foreign holdings of Malaysian govies boosted trades and buying interest may be sustained. Upcoming data include GDP figures this Wednesday which is expected to show more moderate growth in 4Q.

PDS/Sukuk

- Secondary market trades for Corporate Bonds also dropped in line with local govies with total volume at RM322m with interest anchored within the AAA and AA space. Manjung 11/20 and PLUS 1/20 traded unchanged at 4.22% and 4.09% respectively compared to previous-done levels. Genting Cap 6/22 however ended 9bps higher at 4.69%. In the AA-space a slew of infra-related (namely power) bonds like YTL Power 27, Malakoff 25 traded together with the short-end Sepangar Bay 18 and BGSM 19SEB; notching 0-3bps lower. Investor interest is expected to be selective ahead of the lunar year celebrations this week.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	09/18	3.196	135	3.165	09/02/2018	3
MGS	03/19	3.140	78	3.096	09/02/2018	4
MGS	11/19	3.335	20	3.304	09/02/2018	3
MGS	03/20	3.358	0	3.368	09/02/2018	-1
MGS	07/20	3.448	23	3.462	09/02/2018	-1
MGS	10/20	3.432	10	3.416	08/02/2018	2
MGS	02/21	3.423	125	3.399	09/02/2018	2
MGS	07/21	3.511	33	3.505	09/02/2018	1
MGS	09/21	3.619	121	3.610	09/02/2018	1
MGS	11/21	3.480	89	3.491	09/02/2018	-1
MGS	03/22	3.588	11	3.602	09/02/2018	-1
MGS	08/22	3.779	64	3.759	09/02/2018	2
MGS	09/22	3.773	36	3.756	09/02/2018	2
MGS	07/24	3.967	44	3.949	09/02/2018	2
MGS	09/24	3.917	11	3.912	09/02/2018	0
MGS	09/25	3.985	1	3.985	09/02/2018	0
MGS	11/26	4.049	33	4.056	09/02/2018	-1
MGS	03/27	4.172	1	4.174	07/02/2018	0
MGS	11/27	3.837	112	3.942	09/02/2018	-11
MGS	06/28	4.056	90	4.043	09/02/2018	1
MGS	04/30	4.444	5	4.444	09/02/2018	0
MGS	06/31	4.497	10	4.497	09/02/2018	0
MGS	04/32	4.532	5	4.532	09/02/2018	0
MGS	04/33	4.470	90	4.423	09/02/2018	5
MGS	04/37	4.584	86	4.596	09/02/2018	-1
MGS	03/46	4.889	23	4.874	09/02/2018	2
GII	05/18	3.228	40	3.281	09/02/2018	-5
GII	08/18	3.299	50	3.215	09/02/2018	8
GII	04/20	3.656	81	3.597	09/02/2018	6
GII	04/22	3.855	157	3.889	09/02/2018	-3
GII	07/23	4.009	57	4.015	09/02/2018	-1
GII	08/24	4.178	100	4.169	09/02/2018	1
GII	10/25	4.191	80	4.197	09/02/2018	-1
GII	07/27	4.205	140	4.206	09/02/2018	0
GII	08/33	4.636	120	4.636	07/02/2018	0
			<u>2080</u>			

Daily Trades: PDS / Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*	
Manjung Island Energy Berhad	11/20	AAA	4.222	20	4.221	12/12/2017	0	80
Genting Capital Berhad	06/22	AAA	4.693	10	4.598	23/01/2018	9	117
Projek Lebuhraya Usahasama Berhad	01/19	AAA	4.009	10	3.977	05/01/2018	3	78
Aman Sukuk Berhad	05/19	AAA	4.047	5	4.034	17/01/2018	1	82
Projek Lebuhraya Usahasama Berhad	01/20	AAA	4.083	10	4.086	09/11/2017	0	76
Aman Sukuk Berhad	05/24	AAA	4.479	10	4.493	15/01/2018	-1	66
Tenaga Nasional Berhad	08/37	AAA	5.099	20	5.099	07/02/2018	0	50
Sepangar Bay Power Corporation Sdn Berhad	07/18	AA1	3.912	10	3.943	08/02/2018	-3	68
CIMB Bank Berhad	09/23	AA1	4.758	1	4.184	12/01/2018	57	94
Public Bank Berhad	11/23	AA1	4.400	36	4.299	28/09/2017	10	58
Hong Leong Bank Berhad	06/24	AA1	5.103	1	4.500	21/11/2017	60	128
Malayan Banking Berhad	10/25	AA1	4.745	50	-	-	-	-
YTL Power International Berhad	05/27	AA1	4.890	20	4.920	06/02/2018	-3	91
Kesas Sdn Berhad	10/18	AA2	4.074	10	4.092	08/02/2018	-2	85
Konsortium ProHAWK Sdn Berhad	12/18	AA2	4.171	5	4.188	08/02/2018	-2	94
UMW Holdings Berhad	06/20	AA2	4.496	30	4.466	27/12/2017	3	118
Konsortium ProHAWK Sdn Berhad	12/31	AA2	5.096	1	5.119	22/06/2017	-2	66
Bumitama Agri Ltd	09/19	AA3	4.545	10	4.533	09/02/2018	1	123
BGSM Management Sdn Berhad	12/19	AA3	4.341	20	4.345	08/02/2018	0	102
IJM Corporation Berhad	06/22	AA3	4.527	2	4.489	07/12/2017	4	100
CIMB Group Holdings Berhad	04/60	AA3	5.233	1	4.912	02/02/2018	32	64
Sinar Kamiri Sdn Berhad	01/20	AA-	4.932	5	4.937	08/02/2018	0	161
Sinar Kamiri Sdn Berhad	01/23	AA-	5.169	5	5.172	08/02/2018	0	156
Malakoff Power Berhad	12/25	AA-	4.770	20	4.771	08/02/2018	0	82
Sinar Kamiri Sdn Berhad	01/28	AA-	5.559	5	5.560	08/02/2018	0	159
Bahrain Mumtalaq Holding Company B.S.C	04/18	A3	5.460	2	5.448	05/02/2018	1	223
Bank Muamalat Malaysia Berhad	06/26	A3	5.620	4	5.617	24/01/2018	0	167
			<u>322</u>					

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

Market/Corporate News: What's Brewing

The expansion of the Penang International Airport (LTAPP) will commence this year to provide greater comfort for passengers, said Penang Federal Action Council (MTPNPP) chairman Datuk Seri Zainal Abidin Osman. He said, as announced by Prime Minister Datuk Seri Najib Tun Razak, under Budget 2018 tabled last year, the federal government was committed in its efforts to upgrade LTAPP. "We have already received an allocation for the four-year project and its renovation work will begin soon. This differs from the DAP-led Penang government who only make empty promises," he told reporters after attending a meeting on the matter here yesterday. Zainal Abidin said the project involving a cost of nearly RM700 million comprised several phases. "According to a briefing by Malaysia Airport Holdings Bhd (MAHB), the first phase costing RM30 million, will involve optimising the airport's current space usage to address the long queue. "The second phase which involves the construction of a seven-storey car park will start next month. The private sector has also suggested that we build a Mitsui Outlet as well while the final phase will involve the expansion of the airport," he said, adding that the project would enable Penang Airport to accommodate up to 12 million tourists compared to its current capacity of 6.5 million. (Source: Reuters, The Edge)

Two years after announcing the proposal, **Ranhill Holdings Bhd has received a conditional letter of award (CLOA) from the Energy Commission (EC) to build a 300-megawatt (MW) combined cycle gas turbine power plant in Sandakan, Sabah.** In a filing with Bursa Malaysia today, Ranhill said the CLOA was issued to the consortium including SM Hydro Energy Sdn Bhd, which is a wholly-owned subsidiary of Ranhill Capital Sdn Bhd, which in turn is wholly-owned by Ranhill. "SM Hydro Energy is currently evaluating the terms and conditions of the CLOA and Ranhill will make the necessary announcement to Bursa as and when the decision to accept the award has been made by SM Hydro Energy," it added. On Oct 4, 2016, Ranhill had received approval from the government for the development of the proposed power plant by the consortium of private companies. The consortium was instructed to commence negotiations with Petroliam Nasional Bhd and the company identified by the government to develop the Trans-Sabah Gas Pipeline, to ascertain the terms and conditions of the gas supply required for the project. A letter of award will be issued by the EC after the terms of the gas supply agreement are determined.

(Source: The Edge)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM Ratings; MARC

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