

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.02	2
5-yr UST	2.35	1
10-yr UST	2.54	-1
30-yr UST	2.83	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.30	0	3.48	-1
5-yr	3.52	-1	3.83	0
7-yr	3.81	-1	4.06	0
10-yr	3.83	-2	4.14	1
15-yr	4.38	0	4.64	1
20-yr	4.60	0	4.76	0
30-yr	4.85	1	4.94	-4

*Market indicative

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.64	0
3-yr	3.76	0
5-yr	3.84	0
7-yr	3.95	0
10-yr	4.06	0

Source: Bloomberg

Upcoming Government Bond Tenders

Nil

US Treasuries

- US Treasuries market “see-sawed” yesterday with the front-end selling off; pushing the yield curve flatter against a backdrop of potential rise in interest rates. The 2Y (which is sensitive to Fed Policy interest rate expectations) edged 2bps higher at 2.02% whilst the much-watched 10Y and the long bond saw a reversal in fortunes ending lower at 2.54% and 2.83% respectively. The 2s10s and 5s10s spread moved lower by about 2bps notching a 10-year low. The OIS market is pricing in two (2) Fed rate hikes through September FOMC and a 60bps tightening for 2018. Meanwhile the upcoming data on 18th January are US Fed Beige Book Release, Housing Starts and Initial Jobless Claims.

MGS/GII

- Local Govvies continues to tread cautiously with volume dipping to RM1.53b with both MGS and GII having a fair share of trades. Overall yields were mixed between -1 to +1 bps across the curve. Some interest scattered across most tenures including the off-the-run bonds. Both the widely-watched benchmark 7Y MGS 9/24 closed 1bps lower at 3.81% whilst the 10Y MGS 11/27 moved 2bps lower on odd-lot trades. Investor interest is expected to be sustained but cautious ahead of the MPC meeting amid MYR strength.

PDS/Sukuk

- Strong demand for Corporate Bonds seen in the secondary market total volume traded at RM616m with bulk of trades within both the AAA and the AA-segment. In the Govt-Guaranteed space, PRASA 9/25 changed hands closing 9 bps higher at 4.40% whilst Khazanah 3/19 closed at 3.73% compared to previous-done levels. The AAA-rated papers saw several trades with telco issuers TELEKOM 23-24's and DIGI 4/24 and 4/27 seeing mixed fortunes on yield levels. There were also a slew of trades done on infrastructure and power-related names with RM80m worth of trades on MMC Corp 11/20 and 11/27. Expect sustained interest for Corporate Bonds for portfolio requirements.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	02/18	3.076	3	2.994	12/01/2018	8
MGS	03/18	3.203	136	3.204	12/01/2018	0
MGS	09/18	2.845	12	2.957	15/01/2018	-11
MGS	03/19	3.062	3	3.093	15/01/2018	-3
MGS	11/19	3.233	6	3.125	12/01/2018	11
MGS	03/20	3.230	5	3.258	15/01/2018	-3
MGS	07/20	3.329	2	3.314	12/01/2018	2
MGS	10/20	3.311	19	3.312	12/01/2018	0
MGS	07/21	3.464	6	3.441	15/01/2018	2
MGS	09/21	3.612	63	3.606	15/01/2018	1
MGS	11/21	3.438	12	3.438	15/01/2018	0
MGS	03/22	3.515	7	3.528	15/01/2018	-1
MGS	09/22	3.642	12	3.666	10/01/2018	-2
MGS	08/23	3.776	50	3.760	15/01/2018	2
MGS	07/24	3.847	9	3.848	12/01/2018	0
MGS	09/24	3.811	90	3.819	15/01/2018	-1
MGS	07/25	4.026	90	4.019	04/01/2018	1
MGS	11/26	3.994	40	3.995	15/01/2018	0
MGS	03/27	4.150	2	4.136	12/01/2018	1
MGS	04/30	4.349	5	4.391	12/01/2018	-4
MGS	06/31	4.361	1	4.386	15/01/2018	-3
MGS	04/37	4.596	49	4.592	15/01/2018	0
GII	08/18	3.249	50	3.250	10/01/2018	0
GII	09/19	3.461	100	3.313	09/01/2018	15
GII	08/20	3.636	30	3.636	15/01/2018	0
GII	04/21	3.735	9	3.735	11/01/2018	0
GII	04/22	3.826	150	3.823	15/01/2018	0
GII	07/22	3.939	180	3.920	29/08/2017	2
GII	07/22	3.924	30	3.930	11/01/2018	-1
GII	07/23	3.959	30	3.960	11/01/2018	0
GII	05/24	4.100	50	4.082	15/01/2018	2
GII	07/27	4.136	40	4.126	15/01/2018	1
GII	08/33	4.640	190	4.629	15/01/2018	1
GII	05/47	4.942	57	4.983	03/01/2018	-4
			<u>1537</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*	
Khazanah Nasional Berhad	03/19	GG	3.730	25	3.741	06/04/2016	-1	71
Prasarana Malaysia Berhad [fka Syarikat Prasarana Ne	09/25	GG	4.397	40	4.310	14/09/2017	9	53
Sabah State Government	12/19	AAA	4.301	10	4.120	27/07/2017	18	110
Cagamas Berhad	01/20	AAA	3.950	30	-	-	-	-
HSBC Amanah Malaysia Berhad	03/20	AAA	4.175	25	4.178	10/01/2018	0	97
Cagamas Berhad	01/21	AAA	4.080	25	-	-	-	-
Gulf Investment Corporation G.S.C	06/22	AAA	5.107	0	5.152	06/12/2017	-4	165
Cagamas Berhad	11/22	AAA	4.231	5	4.229	06/12/2017	0	70
Telekom Malaysia Berhad	04/23	AAA	4.323	30	4.252	20/09/2017	7	79
DiGi Telecommunications Sdn Berhad	04/24	AAA	4.482	10	4.518	19/12/2017	-4	75
Telekom Malaysia Berhad	12/24	AAA	4.391	5	4.324	24/10/2017	7	57
DiGi Telecommunications Sdn Berhad	04/27	AAA	4.622	10	4.644	19/12/2017	-2	73
Bank Pembangunan Malaysia Berhad	03/32	AAA	4.929	10	4.940	03/01/2018	-1	55
Putrajaya Bina Sdn Berhad	09/27	AAA	4.608	10	4.577	28/09/2017	3	76
EKVE Sdn Berhad	01/29	AAA	4.800	2	4.649	26/09/2017	15	96
Tenaga Nasional Berhad	08/32	AAA	4.894	10	4.895	05/01/2018	0	52
YTL Power International Berhad	05/27	AA1	4.906	20	5.350	12/01/2018	-44	102
CIMB Bank Berhad	08/26	AA2	4.720	120	4.830	07/11/2017	-11	83
Imtiaj Sukuk II Berhad	12/18	AA2	4.119	5	4.218	15/05/2017	-10	110
BEWG (M) Sdn Berhad	07/21	AA	4.980	10	5.200	18/07/2017	-22	153
Anih Berhad	11/23	AA	4.493	20	4.513	03/11/2017	-2	76
Anih Berhad	11/24	AA	4.538	15	4.539	22/12/2017	0	72
Anih Berhad	11/29	AA	4.895	10	4.938	12/12/2017	-4	105
Jati Cakerawala Sdn Berhad	01/19	AA3	4.548	5	4.939	06/11/2013	-39	153
Bumitama Agri Ltd	03/19	AA3	4.414	20	4.444	04/01/2018	-3	140
Gamuda Berhad	11/22	AA3	4.702	25	4.729	05/01/2018	-3	117
Edra Energy Sdn Berhad	01/23	AA3	5.209	5	5.670	04/01/2018	-46	168
RHB Investment Bank Berhad	04/25	AA3	4.889	2	4.741	11/12/2017	15	107
MMC Corporation Berhad	11/20	AA-	4.890	40	4.901	03/01/2018	-1	158
Southern Power Generation Sdn Berhad	04/27	AA-	4.898	10	4.969	05/01/2018	-7	101
MMC Corporation Berhad	11/27	AA-	5.338	40	5.359	03/01/2018	-2	149
Southern Power Generation Sdn Berhad	04/35	AA-	5.468	10	5.550	05/01/2018	-8	109
Southern Power Generation Sdn Berhad	10/35	AA-	5.508	10	5.590	05/01/2018	-8	92
DRB-Hicom Berhad	12/14	A-	7.642	1	7.653	04/01/2018	-1	305
Mah Sing Perpetual	-	-	6.319	1	6.320	15/01/2018	0	-
			<u>616</u>					

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

Market/Corporate News: What's Brewing

At the Gohtong Memorial Park, an exclusive cloud-shrouded hilltop family burial ground on the outskirts of Kuala Lumpur, resting plots have been earmarked for unborn clan members. "My grandfather was illiterate, but he thought about everything," said Joey Lim Keong Yew, the eldest grandson of the late Lim Goh Tong, founder of the **international casino-based conglomerate Genting Group**, whose remains occupy the prime spot in the memorial park. "That he would want to have a legacy that would not include all of his family members is unthinkable," the 39-year-old businessman told The Sunday Times. The late Lim's legacy is now at the centre of a bitter intergenerational court battle in Malaysia over ownership and the financial allocations to family members from the multi-billion-dollar global corporate empire. The empire boasts assets such as Resorts World Sentosa in Singapore, casinos in the United States, luxury liners in Europe, ski resorts in China, plantation holdings in Malaysia and offshore oil and gas fields across South-east Asia. Keong Yew, together with his younger brother Keong Hoe and sister Seok Leng, are suing their uncles — Genting chairman and chief executive Lim Kok Thay and Datuk Lim Chee Wah — over a family trust that their grandfather had created for their late father Lim Tee Keong, the eldest of the Genting patriarch's six children. The dispute over the trust, one of several created as corporate vehicles for the family inheritance, has spawned other legal battles. The suits involve dispute over the Tee Keong Family Trust. The children of the late Lim Tee Keong, Genting patriarch Lim Goh Tong's eldest son, are challenging their removal as beneficiaries of their family trust and demanding to examine the trust document. The High Court and Court of Appeal have ruled in their favour and an application for leave to appeal to the Federal Court is now pending. The suit filed by Keong Hoe and Seok Leng is against Infoline — the trustee of the family trust, where their uncle Chee Wah is a director. Dispute over the late Lim Tee Keong's last will sees Tee Keong's two sons, Keong Yew and Keong Hoe, disputing the validity of the will, which excludes them. They claim it was executed under suspicious circumstances less than a month before he died of cancer in April 2014. The suit is against their uncles Kok Thay and Chee Wah. The challenge on validity of Power of Attorney executed by late Genting matriarch sees Keong Hoe is claiming that the power of attorney (POA) purportedly created by his grandmother Lee Kim Hua is doubtful as she had suffered a stroke and the POA does not bear her signature but a thumbprint. In his suit against Kok Thay and Chee Wah, Keong Hoe claims the POA was created by his uncles to maintain control and custody over the Tee Keong Family Trust. Lim Siew Kim against brother Lim Kok Thay and Genting family holding company Kien Huat Realty. Lim Siew Kim, third daughter of Genting patriarch Lim Goh Tong, is suing her brother Kok Thay and Kien Huat Realty over the ownership of 796,250 Genting shares, which she maintains were gifted to her by her father. Kok Thay is counter-suing her for RM32 million (S\$10.6 million) that he claims is owed to him. They include challenges to the validity of a will Tee Keong allegedly prepared before he died and a thumb-printed power of attorney that the late matriarch of the Genting clan, Madam Lee Kim Hua, is claimed to have authorised for a token sum of RM10. Separately, Kok Thay is facing a suit from his sister Lim Siew Kim over the beneficial interest in a block of Genting stock. The family feud that began four years ago has far-reaching ramifications for the Genting Group, which has publicly-listed entities in Malaysia, Singapore, the Philippines, Hong Kong, Australia and the Nasdaq exchange in the US. The unfolding courtroom drama is bringing into public glare the opaque ownership structures and elaborate trust entities that bind the domestic and international business holdings of one of Asia's wealthiest and intensely private families. Bankers and lawyers said the legal battle could lead to challenges to Kok Thay's control over the Genting Group. How the Genting patriarch divided the family inheritance among the trust entities is not known. But the stakes are huge. The Genting Group has a combined market capitalisation of more than RM135 billion (S\$45 billion) and the family is estimated to control close to 45% of the group. "This whole business with the courts is going to be very lengthy and messy," said a senior partner of a Malaysian law firm, which has relations with the group going back many years. Because of the group's financial heft and its clout over professionals that offer services to Genting, the lawyer, like several bankers and investment analysts that track the group, refused to be identified for fear of being cut off from future business opportunities. Kok Thay's office referred requests for comment for this article to Mr Gerard Lim, the general manager of Kien Huat Realty, a family-controlled private investment vehicle that owns commanding stakes in the Genting Group. Mr Lim (no

relation to the Genting Lim clan) declined to comment on grounds that the matter is before the courts. The Genting Group is clearly aware that the deepening family dispute is causing investor skittishness. In a statement to the Malaysian stock exchange late last year, Genting said that legal opinions obtained by the group show that the 65-year-old Kok Thay has "reasonable grounds" to believe that he has direct control of 42.62% of Genting shares through his direct holdings and control over private entities. These include Kien Huat Realty and Parkview Management, which control the family's holdings in the group through an elaborate and complex network of trust entities and nominee concerns. The Genting empire that the late Lim Goh Tong built is easily one of corporate Malaysia's most storied rags-to-riches sagas. He left China's Fujian province in 1937 at 19 to find work in Malaysia and was soon trading second-hand heavy machinery in the construction sector, a business that helped him secure the seed capital for his big gamble. In the mid-1960s, he convinced the Malaysian government to award him rights to build a hilltop resort and a casino to attract locals and foreign tourists. The hotel and casino opened its doors in 1971 and since then, the Lim empire has been raking in the profits. The group has also broadened its horizons, venturing overseas through an aggressive investment strategy and forging collaborations with brand names such as Universal Studios, Twentieth Century Fox and Hard Rock Cafe. But like many successful Asian business families, the touchy question of wealth distribution in Genting after Lim Goh Tong's death in October 2007 is turning out to be both complex and ugly. Unlike his other siblings, who were more reserved, Tee Keong, the eldest of Lim Goh Tong's six children, fancied himself as somewhat of a bon vivant, according to several Malaysian businessmen who knew him well. He was given positions within the Genting Group, but the businesses he presided over did not perform well. He also became estranged from his first wife, left their family home and got involved with another woman, with whom he had two children. In early 2003, Tee Keong was declared bankrupt due to his failure to repay debts of more than RM200 million owed to two stockbroking companies, including TA Securities, for losses he suffered in share trading. The bankruptcy forced patriarch Lim Goh Tong to change a carefully designed inheritance structure he had created around a clutch of trust entities for each of his children and their families. Each trust was controlled separately and, according to court documents reviewed by The Sunday Times, control of the entity known as the Tee Keong Family Trust was transferred to his brothers, Kok Thay and Chee Wah, after Tee Keong's bankruptcy. Despite the bankruptcy and the change in control of the trust entity, Tee Keong and his family were never deprived of the comforts they were long accustomed to. His children received comfortable allowances during their studies overseas. Tee Keong himself continued to live well and was regularly seen in public being driven by a chauffeur in a Bentley sedan bearing the number plate TK18, court documents claim. Tee Keong was diagnosed with cancer in February 2014 and died two months later. From then on, the family affairs at the Genting household became contentious. According to court documents, his sons Keong Yew and Keong Hoe discovered that they had been struck off the family trust and a will their father executed a month before he died also excluded them from any family inheritance. The will, which named Kok Thay and Chee Wah as sole trustees, also assigned a collective 20% interest to Keong Yew and Keong Hoe's mother, Agnes Tan Bee Gaik, and their sister Seok Leng. The remaining 80% was left to the son and daughter Tee Keong fathered with his mistress. The will, which Keong Yew and Keong Hoe are claiming in court was executed under "suspicious circumstances", is now at the heart of the clutch of court challenges over the Genting empire. The brothers want the Malaysian courts to invalidate their father's will, which they insist was executed without his knowledge because of the advanced stage of his terminal illness. For their part, Kok Thay and Chee Wah have rejected the allegations and insisted in court affidavits that the claims made by the nephews are "highly irresponsible accusations". (Source: The Star)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Manjung Island Energy Berhad's (MIEB)	RM3.86 billion Islamic Securities (2011/2030)	AAA/Stable	Reaffirmed

Source: RAM Ratings; MARC

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