

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.05	0
5-yr UST	2.42	1
10-yr UST	2.63	4
30-yr UST	2.90	5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.31	1	3.52	3
5-yr	3.51	0	3.87	3
7-yr	3.87	5	4.08	0
10-yr	3.91	7	4.18	3
15-yr	4.41	3	4.64	0
20-yr	4.61	1	4.76	0
30-yr	4.82	-2	4.94	0

*Market indicative

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.64	0
3-yr	3.78	1
5-yr	3.85	1
7-yr	3.96	1
10-yr	4.08	2

Source : Bloomberg

US Treasuries

- US Treasuries market extended losses yesterday with yields generally 1-5bps higher across the 5-30Y part of the curve with market lacking directional catalysts. The yield curve bear-steepened instead with the longer-end i.e. 30Y hitting 2.90% levels. The 2Y (which is sensitive to Fed Policy interest rate expectations) was unchanged at 2.05% whilst the much-watched 10Y tanked to a 1-year low by 4bps to end at 2.63%. Signs of quicker inflation emerging are seen as reason for traders to own TIPS with volume surging at the 10Y portion of the curve. The recent release of stronger initial jobless claims coupled with the potential US Govt shutdown in the next 24hours may cause markets to fret. Upcoming data on for today include the University of Michigan consumer sentiment survey.

MGS/GII

- Local Govvies mainly sold-of across the 5-20Y tenures with total volume dipping slightly to RM2.3b. Yields were higher generally by 1-7bps across the curve. Trades were scattered across most tenures with more interest seen on GII 5 and 10Y bonds which edged higher by 3bps. Both the widely-watched benchmark 7Y MGS 9/24 and MGS 11/27 rose to close at 3.87% and 3.91% respectively compared to previous-done levels. Investor interest is expected to be muted as both BNM and BOJ take center-stage with regards to interest rate decision soon.

Upcoming Government Bond Tenders

Nil

PDS/Sukuk

- There was continued interest across the yield curve with almost 55 different trades on various names Corporate Bonds as volume in the secondary market notched RM560m. In the Govt-Guaranteed space, PRASA 23-24's changed hands closing generally 0-2bps lower compared to previous-done levels. There were a slew of odd-lot trades on DANAINFRA bonds. Meanwhile less variety of AAA-rated papers were bid yesterday with PUBLIC BANK 18's traded on RM65m closing 3.73-75% levels. In the AA-space we note sustained interest for infrastructure and power-related bonds i.e. BGSM, Southern Power, BEWG and MALAKOFF on a wide range of tenors with yields generally closing lower. Expect continued interest for Corporate Bonds.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	02/18	3.188	53	3.209	17/01/2018	-2
MGS	03/18	3.124	40	3.011	17/01/2018	11
MGS	09/18	3.200	117	3.175	17/01/2018	3
MGS	03/19	3.039	60	3.129	17/01/2018	-9
MGS	07/19	3.302	69	3.235	17/01/2018	7
MGS	10/19	3.213	52	3.215	17/01/2018	0
MGS	11/19	3.281	1	3.308	17/01/2018	-3
MGS	03/20	3.347	201	3.277	17/01/2018	7
MGS	02/21	3.309	51	3.303	15/01/2018	1
MGS	07/21	3.508	12	3.485	17/01/2018	2
MGS	09/21	3.605	138	3.611	17/01/2018	-1
MGS	11/21	3.438	1	3.452	17/01/2018	-1
MGS	03/22	3.515	11	3.541	17/01/2018	-3
MGS	08/22	3.694	30	3.693	17/01/2018	0
MGS	09/22	3.654	10	3.700	17/01/2018	-5
MGS	03/23	3.760	1	3.759	12/01/2018	0
MGS	08/23	3.789	18	3.800	17/01/2018	-1
MGS	09/24	3.870	113	3.862	17/01/2018	1
MGS	09/25	3.954	22	3.954	17/01/2018	0
MGS	04/26	4.131	40	4.138	17/01/2018	-1
MGS	11/26	4.035	51	4.010	17/01/2018	3
MGS	11/27	3.905	39	3.880	17/01/2018	2
MGS	06/28	4.090	60	4.235	05/01/2018	-15
MGS	04/30	4.375	1	4.349	16/01/2018	3
MGS	06/31	4.336	1	4.401	17/01/2018	-6
MGS	04/33	4.407	13	4.388	17/01/2018	2
MGS	05/35	4.522	10	4.496	17/01/2018	3
MGS	04/37	4.605	2	4.604	17/01/2018	0
MGS	03/46	4.821	6	4.840	17/01/2018	-2
GII	10/18	3.296	2	3.247	19/12/2017	5
GII	09/19	3.490	50	3.491	17/01/2018	0
GII	04/20	3.515	77	3.482	17/01/2018	3
GII	08/20	3.656	30	3.636	16/01/2018	2
GII	04/22	3.869	428	3.844	17/01/2018	3
GII	07/22	3.931	110	3.928	17/01/2018	0
GII	09/26	4.215	10	4.215	17/01/2018	0
GII	07/27	4.181	380	4.155	17/01/2018	3
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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*
Lembaga Pembiayaan Perumahan Sektor Awam	04/22	GG	4.109	10	4.109	17/01/2018	0	64
Prasarana Malaysia Berhad [fka Syarikat Prasarana I	08/23	GG	4.193	5	4.209	14/06/2017	-2	42
Prasarana Malaysia Berhad [fka Syarikat Prasarana I	09/24	GG	4.332	10	4.336	15/01/2018	0	45
Pengurusan Air SPV Berhad	02/26	GG	4.398	12	4.399	17/01/2018	0	48
Pengurusan Air SPV Berhad	06/26	GG	4.416	2	4.351	06/06/2017	7	50
Prasarana Malaysia Berhad [fka Syarikat Prasarana I	09/27	GG	4.499	10	4.455	16/10/2017	4	59
DanaInfra Nasional Berhad	04/29	GG	4.551	4	4.580	10/01/2018	-3	64
DanaInfra Nasional Berhad	07/29	GG	4.566	2	4.610	13/12/2017	-4	66
Bank Pembangunan Malaysia Berhad	01/31	GG	4.711	4	4.598	12/05/2016	11	32
GovCo Holdings Berhad	02/32	GG	4.819	10	4.848	24/10/2017	-3	42
DanaInfra Nasional Berhad	03/32	GG	4.802	14	4.839	19/12/2017	-4	41
DanaInfra Nasional Berhad	10/33	GG	4.870	10	4.558	14/10/2016	31	47
Prasarana Malaysia Berhad [fka Syarikat Prasarana I	02/36	GG	4.972	2	4.962	13/03/2017	1	37
DanaInfra Nasional Berhad	05/36	GG	4.938	1	4.939	11/10/2017	0	33
DanaInfra Nasional Berhad	04/45	GG	5.200	3	5.300	30/11/2017	-10	59
DanaInfra Nasional Berhad	05/46	GG	5.179	1	5.200	17/08/2017	-2	57
DanaInfra Nasional Berhad	11/47	GG	5.219	10	5.328	18/12/2017	-11	61
West Coast Expressway Sdn Berhad	08/31	AAA	4.924	10	4.938	28/12/2017	-1	53
GENM Capital Berhad	03/32	AAA	5.241	1	5.232	19/12/2017	1	85
Public Bank Berhad	04/18	AAA	3.754	15	3.749	12/01/2018	0	72
Public Bank Berhad	05/18	AAA	3.728	50	3.758	15/01/2018	-3	69
Samalaju Industrial Port Sdn Berhad	12/29	AA1	5.109	3	5.191	29/03/2017	-8	120
Malaysia Building Society Berhad	05/18	AA1	4.098	20	4.070	20/12/2017	3	106
UniTapah Sdn Berhad	12/20	AA1	4.281	5	4.304	05/01/2018	-2	95
UMW Holdings Berhad	10/19	AA2	4.366	10	4.399	18/12/2017	-3	114
UMW Holdings Berhad	02/21	AA2	4.498	10	4.567	14/11/2017	-7	117
UMW Holdings Berhad	06/22	AA2	4.614	10	4.687	15/11/2017	-7	115
Bright Focus Berhad	01/30	AA2	5.136	11	5.158	20/12/2017	-2	123
BGSM Management Sdn Berhad	12/20	AA3	4.445	35	4.479	23/11/2017	-3	111
BGSM Management Sdn Berhad	08/21	AA3	4.507	50	4.581	08/11/2017	-7	104
Jimah Energy Ventures Sdn Berhad	11/21	AA3	4.428	10	4.567	11/08/2016	-14	96
BGSM Management Sdn Berhad	12/22	AA3	4.607	10	4.638	22/12/2017	-3	107
BGSM Management Sdn Berhad	08/25	AA3	4.775	10	4.778	17/01/2018	0	86
Central Impression Sdn Berhad	11/25	AA-	5.005	2	5.110	09/03/2017	-11	109
Southern Power Generation Sdn Berhad	10/33	AA-	5.358	1	5.388	15/01/2018	-3	96
Affin Bank Berhad	02/27	A1	5.015	2	4.813	12/01/2018	20	108
Golden Assets International Finance Limited	08/18	A1	4.883	3	4.966	17/01/2018	-8	185
BEWG (M) Sdn Berhad	07/20	AA	4.849	10	4.881	15/01/2018	-3	162
BEWG (M) Sdn Berhad	07/21	AA	4.941	10	4.980	16/01/2018	-4	147
BEWG (M) Sdn Berhad	07/22	AA	5.073	10	5.300	18/07/2017	-23	153
BEWG (M) Sdn Berhad	07/23	AA	5.182	10	5.400	18/07/2017	-22	141
Malakoff Power Berhad	12/18	AA-	4.170	6	4.177	05/01/2018	-1	114
Malakoff Power Berhad	12/19	AA-	4.356	10	4.359	04/01/2018	0	113
Malakoff Power Berhad	12/20	AA-	4.392	10	4.455	14/12/2017	-6	106
UEM Edgenta Berhad [fka Faber Group Berhad]	04/22	AA-	4.647	20	4.633	10/01/2018	1	118
Northport (Malaysia) Berhad	12/22	AA-	4.978	2	4.995	27/12/2017	-2	144
Southern Power Generation Sdn Berhad	04/25	AA-	4.807	6	4.808	17/01/2018	0	92
MMC Corporation Berhad	11/27	AA-	5.336	10	5.338	16/01/2018	0	143
Southern Power Generation Sdn Berhad	10/28	AA-	4.968	10	4.995	15/01/2018	-3	106
Southern Power Generation Sdn Berhad	10/29	AA-	5.029	25	5.119	27/12/2017	-9	112
Jimah East Power Sdn Berhad	06/31	AA-	5.043	8	5.009	13/10/2017	3	65
MEX II Sdn Berhad	04/34	AA-	5.534	8	5.560	21/12/2017	-3	114
Quantum Solar Park (Semenanjung) Sdn Berhad	04/35	AA-	5.910	10	-	06/04/2035	-	-
Lebuh raya DUKE Fasa 3 Sdn Berhad	08/35	AA-	5.256	4	5.308	15/12/2017	-5	65
Lebuh raya DUKE Fasa 3 Sdn Berhad	08/38	AA-	5.468	4	5.479	18/12/2017	-1	86
Mumtaz Rakyat Sukuk Berhad	06/26	AA3	4.695	10	4.674	16/01/2018	2	78
				560				

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

Market/Corporate News: What's Brewing

Permodalan Nasional Bhd (PNB) and the Employees Provident Fund (EPF) have entered into a heads of terms to buy the commercial assets currently being developed within phase two of the Battersea Power Station project in London for £1.6bil (RM8.8bil). PNB and the EPF have entered into a heads of terms with Battersea Phase 2 Holding Company Ltd, a unit of Battersea Project Holding Company Ltd, in which SP Setia Bhd and Sime Darby Property Bhd own a 40% stake each. The proposed transaction is to reorganise the ownership of the Battersea Power Station's commercial property under PNB and the EPF, who are long-term investors, while Sime Darby Property and SP Setia are principally property developers. In a statement, SP Setia said the proposed transaction would augur well for the group's business plans. The company said the proposed transaction would enhance investment returns and allow it to capitalise on arising opportunities as a property developer, while continuing to play a significant role in the overall development of the project. "It will also enable SP Setia to focus on securing the development's profit and investment returns from the remaining development phases in the Battersea Power Station project. "SP Setia remains committed to and is positive on the long-term prospects of the Battersea Power Station project," it said. Sime Darby and SP Setia said both PNB and the EPF had expressed their interest to explore the transaction following strong progress made under phase 2, as over 90% of residential units had been pre-sold and the entire 470,000 sq ft of office space in the power station building had been let to Apple. In an outline of the heads of terms, SP Setia said the proposed transaction, once completed, would provide increased certainty of investment returns to SP Setia and Sime Darby Property as development partners, earlier than would otherwise be the case. Additionally, the transaction shall enable both parties to focus on securing the development profit and investment returns from the three to seven remaining development phases of the project. (Source: The Edge)

National mortgage corporation **Cagamas Bhd has issued RM450 million** conventional medium-term notes (CMTN) to fund the purchase of loan receivables from the financial system. The issuance is the national mortgage corporation's first this year. The notes comprise one-, two- and three-year tenures. "Despite broad uncertainty ahead of the upcoming overnight policy rate decision taking place at the first Monetary Policy Committee meeting for the year, Cagamas managed to price its multiple ringgit issuances comprising RM230 million one-year, RM100 million two-year and RM120 million three-year CMTN competitively," said Cagamas in a statement today. Its chief executive officer Datuk Chung Chee Leong said the pricing for the one- and three-year tenured CMTN was tightened from the initial price guidance. "Despite it being only a half day book building exercise, the multi-tenured bonds which were concluded via a public offering, received commendable response evidenced by a book-to-cover ratio of over two times with subscription from a diverse range of investors including sovereign wealth funds, pension funds, financial institutions and insurance companies," he added. (Source: The Edge)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
TNB Western Energy Berhad	RM4.0 billion Sukuk	AAA-IS	Affirmed

Source: RAM Ratings; MARC

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