

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.19	1
5-yr UST	2.63	-2
10-yr UST	2.88	-3
30-yr UST	3.13	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.41	2	3.58	0
5-yr	3.58	-1	3.89	0
7-yr	3.96	1	4.11	0
10-yr	3.97	-2	4.23	1
15-yr	4.52	7	4.60	0
20-yr	4.59	-1	4.78	0
30-yr	4.86	-1	4.96	0

\*Market indicative

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.76	0
3-yr	3.82	0
5-yr	3.90	0
7-yr	4.03	2
10-yr	4.15	2

Source : Bloomberg

#### Upcoming Government Bond Tenders

Nil

#### US Treasuries

- US Treasuries curve continues to flatten with yields higher between 2-3bps on the mid-to-long end whilst the front-end lags. The 2Y (which is sensitive to Fed policy interest rate expectations) ended 1bp higher at 2.19% whilst the much-watched 10Y moved opposite by 3bps at 2.88%. Asset managers were seen to show demand for long-end UST's extending net long position in bond futures as well. As the Fed moves to reduce its stimulus and the market considers a quicker pace of interest-rate increases, the UST 10Y has surged to a 4-year high. Upcoming data is light with US markets closed for President's Day.

#### MGS/GII

- Local Govvies saw secondary market volume taper off to RM1.41b ahead of the Chinese/Lunar New Year festivities with some interest seen in the off-the-run MGS 21's. Generally benchmark yields were less volatile with yields -1 to +2bps. The widely-watched benchmark 7Y MGS 9/24 closed 1bps higher at 3.95% whilst the 10Y MGS 11/27 strengthened to 3.97% compared to previous-done levels. The local ringgit bonds market is expected to be soft as market players slowly begin to head back from the festive holidays.

#### PDS/Sukuk

- Secondary market trades for Corporate Bonds literally came to a halt with a mere single trade on PASB 2/26 which closed 2bps higher at 4.42%. Again, investor interest is expected to be muted due to lack of market players in the upcoming sessions.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	09/18	3.203	88	3.161	14/02/2018	4
MGS	03/19	3.150	45	3.139	14/02/2018	1
MGS	07/19	3.159	75	3.198	14/02/2018	-4
MGS	10/19	3.302	1	3.327	14/02/2018	-2
MGS	11/19	3.343	28	3.291	14/02/2018	5
MGS	02/21	3.412	1	3.420	14/02/2018	-1
MGS	09/21	3.558	2	3.604	13/02/2018	-5
MGS	11/21	3.482	249	3.477	14/02/2018	1
MGS	03/22	3.579	23	3.615	14/02/2018	-4
MGS	08/22	3.772	18	3.772	14/02/2018	0
MGS	03/23	3.808	1	3.829	09/02/2018	-2
MGS	07/24	3.940	3	3.913	14/02/2018	3
MGS	09/24	3.961	22	3.949	14/02/2018	1
MGS	09/25	3.986	10	3.978	14/02/2018	1
MGS	04/26	4.115	2	4.115	09/02/2018	0
MGS	11/27	3.967	205	3.973	14/02/2018	-1
MGS	04/30	4.468	5	4.460	14/02/2018	1
MGS	06/31	4.491	2	4.482	13/02/2018	1
MGS	04/32	4.547	7	4.542	14/02/2018	0
MGS	04/33	4.524	123	4.457	14/02/2018	7
MGS	05/35	4.591	7	4.561	14/02/2018	3
MGS	04/37	4.588	6	4.596	13/02/2018	-1
MGS	03/46	4.861	24	4.867	14/02/2018	-1
GII	04/20	3.576	7	3.639	14/02/2018	-6
GII	04/22	3.886	241	3.886	14/02/2018	0
GII	07/23	4.034	1	4.009	12/02/2018	2
GII	08/24	4.160	80	4.162	13/02/2018	0
GII	08/25	4.114	100	4.110	14/02/2018	0
GII	07/27	4.225	40	4.214	13/02/2018	1
			<u>1414</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*
Pengurusan Air SPV Berhad	02/26	GG	4.421	<u>5</u>	4.403	09/02/2018	2	43
				<u>5</u>				

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

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

**The dollar found some traction on Monday** following last week's steep fall and managed to hold above a three-year low against a basket of currencies. The dollar index against a group of six major peers was mostly steady at 89.081 after enjoying a modest bounce on Friday following its descent to 88.253, its lowest since December 2014. The U.S. currency has been weighed down by a variety of factors this year, including concerns that Washington might pursue a weak dollar strategy and the perceived erosion of its yield advantage as other countries start to scale back easy monetary policy. **Confidence in the dollar has been shaken by mounting worries over the U.S. budget deficit which is projected to balloon to \$1 trillion in 2019 amid a government spending splurge and large corporate tax cuts.** While these negative factors for the dollar were not expected to go away any time soon, last week's downturn was so rapid that some buyers were seen to have waded in to pick up the greenback at perceived bargains. "The slide by the dollar last week was perhaps overdone - for example, the dollar's drop to the mid 105 yen level was too rapid," said Yukio Ishizuki, senior currency strategist at Daiwa Securities in Tokyo. "As such we are seeing the dollar rebounding, which is quite natural given the scale of its recent fall." The dollar was little changed at 106.310 yen after sliding on Friday to 105.545, lowest since November 2016. The euro was flat at \$1.2419. The common currency surged to a three-year high of \$1.2556 on Friday before slipping and posting a loss of 0.7 percent. The euro's strength has played a large role in weakening the dollar this year. Focus was on economic indicators due this week, such as Wednesday's euro zone purchasing managers' index and Friday's German gross domestic product numbers, and whether they could propel the euro higher again.. (Source: The Edge)

**The ringgit opened higher against the US dollar on Monday** amid continuous weakness in the greenback, a dealer said. At 9am, the ringgit stood at 3.8860/8910 against the greenback from Thursday's close of 3.8910/8980. OANDA Corp head of trading for Asia Pacific Stephen Innes said with the **US interest rate to foreign exchange correlation broken**, the US dollar continued to sell off despite US dollar bond yields pushing higher. However, he said with markets still suffering the hangover effect from the Chinese Lunar New Year, a plethora of US Federal Reserve speak along with the Federal Open Market Committee minutes, is likely to cause an uptick in volatility this week. Against a basket of major currencies, the ringgit traded higher. It rose against the Singapore dollar to 2.9628/9673 from 2.9659/9724 on Thursday and strengthened against the Japanese yen to 3.6557/6611 from last week's 3.6559/6635. The ringgit appreciated versus the British pound to 5.4556/4634 from 5.4704/4818 and firmed vis-a-vis the euro to 4.8272/8338 from 4.8583/8678 ( Source: The Star)

#### Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Al Dzahab Assets Berhad	RM135.0 million Class A Sukuk	AAA/Stable	Assign
	RM45.0 million Class B Sukuk,	AA3/Stable	Assign

Source: RAM Ratings; MARC

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