

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasury benchmarks were generally lackluster on lack of meaningful leads with yields generally within 0-1bps lower. The 2Y was almost unchanged at 2.55% whilst the much-watched 10Y edged within a basis point lower at 2.92% in Monday's session. Interest rates on short-term T-bills were flat to lower on the 3-month and 6-month auction whilst the Fed indicated that the latest average yield for 1Y T-Bill stood at 2.35%. Meanwhile the odds of a 3rd rate hike in August remains at a mere 17% whilst the September FOMC meeting reflects an 85% probability instead. Data remains light with Housing Starts and Building Permits due out tonight.

MGS/GII

- Trading momentum in govies remained tepid at RM899m with some sporadic interest in the shorter-end 19's, 21's and 22's. Overall benchmark yields for both MGS and GII bonds were largely unchanged save for the 3Y and long-bond which closed 1bps lower compared to previous-done levels. Both the 7Y MGS 3/25 and the 10Y MGS 6/28 were unchanged at 4.03% and 4.19% respectively. Meanwhile there remains diverging views on Malaysia with Pimco cautious due to political, fiscal concerns coupled with uninspiring valuations whereas Moody's says that the country's robust macro-economic conditions will make for a favorable operating environment especially for local banks. Nevertheless expect market to remain subdued due to the Hari Raya Aidil Fitri celebrations, school holidays and also the World Cup distractions.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.55	0
5-yr UST	2.79	-1
10-yr UST	2.92	0
30-yr UST	3.05	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.64	-1	3.75	9
5-yr	3.81	0	4.01	0
7-yr	4.03	0	4.18	0
10-yr	4.19	0	4.33	0
15-yr	4.64	0	4.72	0
20-yr	4.87	0	4.84	0
30-yr	4.94	-1	4.98	0

*Market indicative

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.74	0
3-yr	3.80	0
5-yr	3.89	0
7-yr	3.99	0
10-yr	4.16	0

Source: Bloomberg

Upcoming Government Bond Tender

Nil

Corp Bonds/Sukuk

- Corporate Bonds also saw little interest with volume at a mere RM100m; a far cry from the earlier months with some trades seen in the Govt-guaranteed and AA-rated space. DANA 11/32 ended 11bps higher at 4.95% compared to previous-done levels whilst AAA-rated MANJUNG 11/23 and the relatively-new Putrajaya Bina 3/25 closed at 4.55% and 4.65% levels respectively. In the banking space we saw Bank Muamalat trade on RM20m nominal amounts; rallying 22bps at 5.00%. Nevertheless expect a quiet session similar to the abovementioned comments.

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	09/18	3.256	25	3.263	13/06/2018	-1
MGS	03/19	3.336	21	3.271	14/06/2018	6
MGS	10/19	3.447	111	3.349	14/06/2018	10
MGS	11/19	3.444	5	3.445	14/06/2018	0
MGS	03/20	3.537	48	3.531	13/06/2018	1
MGS	07/20	3.551	14	3.566	12/06/2018	-1
MGS	10/20	3.558	29	3.535	14/06/2018	2
MGS	02/21	3.651	100	3.643	14/06/2018	1
MGS	07/21	3.700	11	3.715	13/06/2018	-1
MGS	09/21	3.720	3	3.752	14/06/2018	-3
MGS	11/21	3.638	25	3.635	14/06/2018	0
MGS	03/22	3.866	106	3.869	14/06/2018	0
MGS	08/22	3.891	20	3.930	13/06/2018	-4
MGS	09/22	3.909	20	3.930	13/06/2018	-2
MGS	03/23	3.970	6	3.946	14/06/2018	2
MGS	08/23	4.016	63	3.994	14/06/2018	2
MGS	07/24	4.152	69	4.149	14/06/2018	0
MGS	09/24	4.140	19	4.085	14/06/2018	5
MGS	09/25	4.238	2	4.254	14/06/2018	-2
MGS	04/26	4.308	24	4.293	14/06/2018	1
MGS	11/26	4.357	40	4.328	14/06/2018	3
MGS	03/27	4.399	3	4.370	13/06/2018	3
MGS	05/27	4.367	25	4.367	13/06/2018	0
MGS	11/27	4.276	1	4.296	14/06/2018	-2
MGS	04/30	4.649	1	4.653	14/06/2018	0
MGS	04/33	4.762	53	4.758	14/06/2018	0
MGS	05/35	4.920	2	4.865	13/06/2018	5
MGS	04/37	4.893	3	4.893	14/06/2018	0
MGS	09/43	4.955	0	4.932	06/06/2018	2
MGS	03/46	4.935	11	4.949	13/06/2018	-1
GII	08/19	3.549	1	3.586	13/06/2018	-4
GII	09/19	3.556	3	3.587	22/05/2018	-3
GII	04/20	3.752	27	3.664	14/06/2018	9
GII	03/21	3.811	8	3.820	25/05/2018	-1
			<u>899</u>			

Daily Trades: Corp Bonds / Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*	
DanaInfra Nasional Berhad	11/32	GG	4.950	10	4.840	14/03/2018	11	31
Manjung Island Energy Berhad	11/23	AAA	4.550	10	4.455	14/03/2018	9	72
TNB Western Energy Berhad	07/24	AAA	4.621	12	4.491	28/03/2018	13	65
Putrajaya Bina Sdn Berhad	03/25	AAA	4.646	10	-	-	-	60
Sarawak Energy Berhad	07/29	AA1	5.055	3	5.036	02/05/2018	2	84
Sarawak Energy Berhad	12/32	AA1	5.319	18	5.329	15/05/2018	-1	68
Perbadanan Kemajuan Negeri Selangor	08/18	AA3	4.223	15	4.204	25/09/2017	2	83
UMW Holdings Berhad	04/18	A1	6.015	1	6.049	08/06/2018	-3	113
Bank Muamalat Malaysia Berhad	11/21	A	5.000	20	5.222	06/06/2018	-22	133
Mah Sing Perpetual	-	-	5.591	2	5.593	14/06/2018	0	-
			<u>100</u>					

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

Market/Corporate News: What's Brewing

U.S. President Donald Trump threatened on Monday to impose a 10 percent tariff on \$200 billion of Chinese goods, escalating a tit-for-tat trade war with Beijing. Trump said in a statement he had asked the U.S. trade representative to identify the Chinese products to be subject to the new tariffs. He said the move would be in retaliation for China's decision to raise tariffs on \$50 billion in U.S. goods. "After the legal process is complete, these tariffs will go into effect if China refuses to change its practices, and also if it insists on going forward with the new tariffs that it has recently announced," Trump said. - Reuters. (Source: *The Edge/Reuters*)

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

Source: RAM Ratings; MARC

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