

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.31	-4
5-yr UST	2.67	-2
10-yr UST	2.88	-1
30-yr UST	3.12	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.39	-1	3.59	0
5-yr	3.54	-5	3.85	0
7-yr	3.84	0	4.00	0
10-yr	3.96	0	4.16	-1
15-yr	4.42	1	4.53	-2
20-yr	4.56	0	4.78	0
30-yr	4.82	2	4.93	0

*Market indicative

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.75	0
3-yr	3.81	0
5-yr	3.87	0
7-yr	3.99	1
10-yr	4.11	0

Source : Bloomberg

US Treasuries

- US Treasuries rallied despite a generally more optimistic projection on growth and rates outlook as the Fed maintained its projection for three interest rate hikes this year, disappointing some in the markets who have been looking for clues for four hikes. Yields pulled back from intraday high and closed lower by 1-4bps across the curve, with the 2s, the most sensitive to interest rate outlook, falling 4bps to 2.31% while the 10s only lost 1bp to 2.88%. The Fed remains overall hawkish nonetheless in our view, hence we expect the overnight rally to be just a temporary adjustment that could still see UST yields moving back up again soon.

MGS/GII

- Trading volume in local govies were a tad softer at RM1.63b yesterday with the bulk of the deals amounted to RM1.09b dealt in the GII space. Interests were seen concentrated on the shorter tenors namely GII 5/18, GII 4/19 and GII 9/19 with a collective RM612m changed hands, last dealt at 3.248%, 3.370%, and 3.458% respectively. Trading in MGS was comparably more subdued with notable steepening in the curve. 5Y yields saw the biggest move, falling 5bps to 3.54% whilst the 2Y shed 1bp to 3.39%. 15Y and 30Y notes added 1 and 2bps respectively. MGS 3/25 continued to garner substantial interests with RM120m changed hands. With Malaysian CPI reaffirming softening inflation outlook locally and FOMC meeting out of the way, markets will shift their focus towards reopening of 15Y GII 6/33 tomorrow, with RM2.5b on auction and another RM1.0b via private placement, within our expected tender size.

Corp Bonds/Sukuk

- Tracking softer momentum in local govies, secondary market volume for Corporate Bonds eased to RM271m yesterday. Interests were skewed towards the GG and AAA-rated issuances although there continued to be interests in AA-rated papers. Government-guaranteed Prasa 3/19 saw RM100m changed hands, closing 1bp wider at 3.655%. In the AAA-space, Caga 8/18 and Caga 10/18 each saw RM20m done, at 3.692% and 3.791% respectively. Other issuances that garnered interests included Aman Sukuk 5/21, Gas Malaysia 10/10, BGSM 12/19, and TSH 8/20 and 3/22.

Upcoming Government Bond Tenders

RM2.5b + RM1.0b (private placement) 15Y reopening GII 6/33 on 23 March (Friday)

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 09/18	3.006	0	3.068	20/03/2018	-6
MGS 03/19	3.100	15	3.031	20/03/2018	7
MGS 10/19	3.304	70	3.298	20/03/2018	1
MGS 11/19	3.299	2	3.286	16/03/2018	1
MGS 07/20	3.364	25	3.355	20/03/2018	1
MGS 02/21	3.393	21	3.404	20/03/2018	-1
MGS 07/21	3.476	6	3.430	19/03/2018	5
MGS 09/21	3.542	85	3.548	20/03/2018	-1
MGS 11/21	3.436	50	3.430	19/03/2018	1
MGS 03/22	3.536	2	3.529	20/03/2018	1
MGS 03/23	3.773	6	3.757	19/03/2018	2
MGS 08/23	3.799	4	3.769	20/03/2018	3
MGS 07/24	3.856	9	3.892	19/03/2018	-4
MGS 03/25	3.841	120	3.837	20/03/2018	0
MGS 04/26	4.062	10	4.004	19/03/2018	6
MGS 11/27	3.959	22	3.954	20/03/2018	0
MGS 06/31	4.385	0	4.377	16/03/2018	1
MGS 04/33	4.421	41	4.412	20/03/2018	1
MGS 04/37	4.556	32	4.555	20/03/2018	0
MGS 03/46	4.821	22	4.782	20/03/2018	4
GII 05/18	3.248	212	3.133	20/03/2018	12
GII 04/19	3.370	300	3.371	16/03/2018	0
GII 09/19	3.458	100	3.446	16/03/2018	1
GII 04/20	3.646	8	3.583	15/03/2018	6
GII 03/21	3.766	100	3.784	20/03/2018	-2
GII 04/22	3.840	70	3.827	20/03/2018	1
GII 11/22	3.948	40	3.985	12/01/2018	-4
GII 08/24	4.111	40	4.112	16/03/2018	0
GII 06/27	4.262	0	4.247	11/12/2017	1
GII 07/27	4.156	84	4.160	20/03/2018	0
GII 12/28	4.313	100	4.364	09/01/2018	-5
GII 06/33	4.527	1	4.544	20/03/2018	-2
GII 05/47	4.927	30	4.927	20/03/2018	0
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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*
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	03/19 GG	3.655	100	3.646	20/03/2018	1	49
Pengurusan Air SPV Berhad	02/21 GG	3.956	20	3.958	07/11/2017	0	56
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	09/24 GG	4.366	10	4.340	30/01/2018	3	52
Cagamas Berhad	08/18 AAA	3.692	20	0.000	00/01/1900	369	53
Cagamas Berhad	10/18 AAA	3.791	20	3.645	22/01/2018	15	63
Gas Malaysia Berhad	10/20 AAA	4.239	15	4.250	09/03/2018	-1	84
Aman Sukuk Berhad	05/21 AAA	4.284	20	4.339	01/08/2017	-6	89
Genting Capital Berhad	06/22 AAA	4.950	1	4.693	12/02/2018	26	148
YTL Power International Berhad	03/23 AA1	4.626	5	4.630	27/02/2018	0	108
Malayan Banking Berhad	01/24 AA1	4.304	1	3.821	19/03/2018	48	54
PBFIN Berhad	06/59 AA2	4.490	1	4.497	20/03/2018	-1	-7
BGSM Management Sdn Berhad	12/19 AA3	4.282	15	4.305	08/03/2018	-2	96
CIMB Thai Bank Public Company Limited	07/24 AA3	4.519	0	4.764	15/03/2018	-25	75
Edra Energy Sdn Berhad	01/32 AA3	5.840	9	5.790	26/01/2018	5	143
UEM Sunrise Berhad (fka UEM Land Holdings Berhad)	12/18 AA-	4.323	3	4.346	09/02/2018	-2	116
TSH Sukuk Ijarah Sdn Berhad	08/20 AA-	4.752	10	4.739	20/03/2018	1	143
TSH Sukuk Ijarah Sdn Berhad	03/22 AA-	4.884	10	4.881	20/03/2018	0	141
Southern Power Generation Sdn Berhad	10/24 AA-	4.728	10	4.729	01/03/2018	0	89
Mah Sing Group Berhad	03/15 -	6.159	1	6.171	03/19/2018	-1	-
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Bukit Bintang City Centre Development Sdn Bhd, a project to develop the site of the former Pudu prison, is raising a RM770mil (US\$196mil) debut loan, sources said. CIMB Bank and Maybank are the mandated lead arrangers, bookrunners and underwriters of the loan, which is split into two five-year tranches of RM150mil and RM450mil, a RM120mil six-year portion and a RM50mil bank guarantee facility. The average life is 4.9 years. All tranches pay interest margins of 175 basis points over the cost of funds for participating lenders. Banks are invited to join as MLAs with RM200mil or above for upfront fees of 95bp for a top-level all-in pricing of 194.39bp. Lead arrangers joining with RM100mil to RM199mil earn 80bp for an all-in of 191.33bp. Arrangers committing RM50mil to RM99mil receive 70bp for an all-in of 189.29bp. Syndication is slated to close in April. Funds go toward developing the Pudu Prison site, which was an old colonial-era jail and comprises 19.4 acres of land in Kuala Lumpur with a total gross build-up area of 6.7 million square feet and a gross development value of RM8.7bil. BBCCD will comprise a retail mall, an entertainment hub, five blocks of serviced apartments, a four-star hotel, one strata office and two blocks of serviced apartments, according to its website. The project supports the government's focus under the Economic Transformation Programme for Greater Kuala Lumpur and the Klang Valley, Prime Minister Datuk Seri Najib Tun Razak said last June at a ground-breaking ceremony. BBCCD is a joint venture between **Eco World Development Group Bhd** (40%), UDA Holdings Bhd (40%) and the Employees Provident Fund (20%). (Source: The Star Online/ Reuters)

Sapura Energy Bhd secured a contract from Mubadala Petroleum to undertake engineering, procurement, construction, installation and commissioning (EPCIC) works for the Pegaga gas development field in Block SK320, offshore Sarawak. The contract was awarded to its wholly owned subsidiary, Sapura Fabrication Sdn Bhd by Mubadala Petroleum following the Final Investment Decision by Mubadala Petroleum and its partners Petronas Carigali Sdn Bhd (PCSB) and Sarawak Shell Bhd. "This is our sixth contract win since the beginning of the year. It's a good start for us. We are proud to be working with a highly respected company such as Mubadala Petroleum and supporting its first development in Malaysia," said Sapura Energy president and group chief executive officer Tan Sri Shahril Shamsuddin. Sapura Energy views the increased capital spending by oil and gas firms is an indication that the industry is making a gradual shift towards better times amidst renewed optimism. The latest contract comes on the back of the Group's five contract wins earlier this year with PCSB, Hess Exploration and Production Malaysia BV, Malaysia Marine and Heavy Engineering Sdn Bhd, and Mumbai Port Trust, bringing a combined value of nearly RM3 billion in contract wins to-date. Collectively, these contracts are expected to contribute positively towards the Group's earnings for the financial year ending January 31, 2019. "This contract win is a recognition of our strong track record and technical capabilities in delivering innovative technologies and fit-for-purpose solutions. Our focus is to deliver safely and cost efficiently, without compromising on quality," said Shahril. The EPCIC scope covers work for an offshore integrated central gas processing platform (ICPP) facility for the Pegaga gas field which is located in the Central Luconia province, offshore Sarawak, at about 108 metres water depth. Its development concept comprises of an ICPP consisting of an eight-legged jacket. The facility is designed for gas throughput of 550 million standard cubic feet of gas per day plus condensate. The produced fluids will be evacuated through a new 38-inch subsea pipeline tying in to an existing offshore network and subsequently to the onshore Malaysia LNG plant in Bintulu. Mubadala Petroleum is the operator of Block SK320 with 55 per cent interest, PCSB holds 25 per cent and Sarawak Shell Bhd 20 per cent interest, respectively. (Source: NST online)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
UMW Holdings Berhad	RM2 billion Islamic MTN Programme (2013/2028)	AA2	Placed on Rating Watch with a positive outlook

Source: RAM Ratings; MARC

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