

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.25	-2
5-yr UST	2.66	-4
10-yr UST	2.92	-3
30-yr UST	3.21	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.38	5	3.57	0
5-yr	3.60	1	3.89	0
7-yr	4.01	2	4.11	0
10-yr	4.06	2	4.23	2
15-yr	4.49	-2	4.60	0
20-yr	4.65	1	4.78	0
30-yr	4.87	1	4.96	0

\*Market indicative

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.77	0
3-yr	3.84	1
5-yr	3.94	0
7-yr	4.06	1
10-yr	4.20	3

Source: Bloomberg

#### Upcoming Government Bond Tenders

Nil

#### US Treasuries

- US Treasuries experienced mild bull-steepening across the curve despite Treasury's softer 7Y auction of \$29b which yielded 2.839% (previous 6 auction average was 2.253%). Yields were generally lower between 1-4bps; led by the belly of the curve. The 2Y (which is sensitive to Fed policy interest rate expectations) ended 2bps lower at 2.25% whilst the much-watched 10Y rallied by 3bps to close at 2.92%. The comforting news is that the US Treasury successfully managed a deluge of issuances past two weeks without a major blow-up in yields. However there is still evidence lacking to support the strong demand that would prevent the cost of borrowing from rising.

#### MGS/GII

- Local Govvies saw muted demand with secondary market volume easing to RM1.43b with some interest seen in off-the-runs i.e. MGS 3/19 and MGS 11/21. Generally benchmark yields were 1-5bps higher save for the 15Y. The widely-watched benchmark 7Y MGS 9/24 and 10Y MGS 11/27 added 2 bps to 4.01% and 4.06% respectively compared to previous-done levels. There is no significant upcoming data with some investors seen to engage in repo transactions ahead of the 10Y MGS 11/27 auction next week.

#### PDS/Sukuk

- Secondary market trades for Corporate Bonds saw steady interest with total volume at RM486m as interest spanned across the yield curve. Govt-Guaranteed PTPTN 3/21 and LPPSA ended 1-2 bps higher at 4.01% and 4.13 respectively compared to previous-done levels whereas KHAZA 21-22's saw RM40m traded lower on yields. Half of trades were seen in AA-rated papers specifically infra-power related bonds with Sepangar Bay Power 7/18, KEV 7/18, Tanjung Bin Power 8/27 and MALAKOFF 12/19 ending 0-1bps higher whilst YTL Power 10/24 closed 3bps higher at 4.72%. Expect trading interest to be sustained.

## Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 03/18	3.209	45	3.507	21/02/2018	-30
MGS 09/18	3.140	12	3.181	21/02/2018	-4
MGS 03/19	3.122	137	3.040	21/02/2018	8
MGS 07/19	3.271	25	3.257	21/02/2018	1
MGS 10/19	3.311	8	3.282	21/02/2018	3
MGS 11/19	3.328	22	3.322	21/02/2018	1
MGS 03/20	3.431	6	3.391	20/02/2018	4
MGS 10/20	3.461	13	3.458	21/02/2018	0
MGS 02/21	3.380	30	3.363	21/02/2018	2
MGS 07/21	3.499	21	3.488	21/02/2018	1
MGS 09/21	3.598	16	3.602	21/02/2018	0
MGS 11/21	3.476	150	3.488	21/02/2018	-1
MGS 03/22	3.600	18	3.582	21/02/2018	2
MGS 08/22	3.778	4	3.750	19/02/2018	3
MGS 09/22	3.787	14	3.794	21/02/2018	-1
MGS 03/23	3.865	27	3.842	21/02/2018	2
MGS 07/24	3.975	10	3.975	21/02/2018	0
MGS 09/24	4.006	140	3.989	21/02/2018	2
MGS 09/25	4.024	19	4.020	21/02/2018	0
MGS 11/26	4.105	27	4.077	21/02/2018	3
MGS 11/27	4.060	57	4.043	21/02/2018	2
MGS 04/30	4.471	14	4.468	15/02/2018	0
MGS 04/32	4.562	0	4.507	19/02/2018	6
MGS 04/33	4.486	25	4.514	21/02/2018	-3
MGS 04/37	4.650	10	4.650	21/02/2018	0
MGS 03/46	4.867	22	4.861	21/02/2018	1
GII 08/18	3.277	116	3.299	12/02/2018	-2
GII 05/20	3.603	120	3.593	21/02/2018	1
GII 05/20	3.603	20	3.614	07/09/2017	-1
GII 04/22	3.886	102	3.886	21/02/2018	0
GII 07/22	3.950	10	3.943	21/02/2018	1
GII 05/24	4.149	140	4.170	29/01/2018	-2
GII 09/26	4.301	25	4.279	09/02/2018	2
GII 07/27	4.232	20	4.215	21/02/2018	2
		<u>1426</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	03/21	GG	4.000	20	4.018	11/08/2017	-2	61
Perbadanan Tabung Pendidikan Tinggi Nasional	03/21	GG	4.010	40	4.002	21/08/2017	1	62
Danainfra Nasional Berhad	03/22	GG	4.120	30	-	-	-	-
Lembaga Pembiayaan Perumahan Sektor Awam	04/22	GG	4.130	20	4.108	19/01/2018	2	62
Khazanah Nasional Berhad	06/22	GG	4.120	20	4.126	09/08/2017	-1	61
Danainfra Nasional Berhad	11/22	GG	4.180	10	4.026	12/09/2017	15	59
Projek Lebuhraya Usahasama Berhad	01/38	GG	5.055	10	4.999	14/08/2017	6	40
Cagamas Berhad	08/20	AAA	4.090	20	4.202	21/11/2014	-11	77
GENM Capital Berhad	03/22	AAA	4.670	5	4.698	14/12/2017	-3	116
Projek Lebuhraya Usahasama Berhad	01/30	AAA	4.792	20	4.868	17/11/2017	-8	75
Rantau Abang Capital Berhad	05/31	AAA	4.850	20	4.856	26/01/2018	-1	34
Sepangar Bay Power Corporation Sdn Berhad	07/18	AA1	3.910	15	3.912	12/02/2018	0	68
Malayan Banking Berhad	01/24	AA1	4.985	1	4.539	19/02/2018	45	116
YTL Power International Berhad	10/24	AA1	4.720	20	4.689	14/12/2017	3	72
Kapar Energy Ventures Sdn Berhad	07/18	AA+	3.930	15	3.919	15/01/2018	1	70
UMW Holdings Berhad	10/23	AA2	4.720	5	4.718	14/02/2018	0	89
Tanjung Bin Power Sdn Berhad	08/27	AA2	4.820	15	4.809	21/02/2018	1	78
Anih Berhad	11/18	AA	4.150	20	4.083	20/12/2017	7	92
Imtiaz Sukuk II Berhad	05/20	AA2	4.400	5	4.443	20/07/2017	-4	108
Imtiaz Sukuk II Berhad	10/20	AA2	4.430	5	0.000	00/01/1900	443	104
Imtiaz Sukuk II Berhad	11/21	AA2	4.550	10	4.500	19/09/2017	5	104
Country Garden	02/23	AA3	6.557	30	-	-	-	-
Malakoff Power Berhad	12/19	AA-	4.380	10	4.383	29/01/2018	0	106
UEM Edgenta Berhad [fka Faber Group Berhad]	04/22	AA-	4.680	5	4.699	20/02/2018	-2	117
Southern Power Generation Sdn Berhad	04/25	AA-	4.770	40	4.807	18/01/2018	-4	77
Southern Power Generation Sdn Berhad	04/26	AA-	4.810	40	4.893	09/01/2018	-8	79
Special Power Vehicle Berhad	05/18	A1	4.310	10	4.185	20/02/2018	13	108
AMMB Holdings Berhad	02/28	A1	5.000	25	-	-	-	-
			<u>486</u>					

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

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

**Axiata Group Berhad recorded an 80% jump in earnings for its financial year ended Dec 31, 2017**, to RM909.48mil compared to RM504.25mil in the previous year on positive performances by its core mobile operations while cost-optimisation initiatives delivered above expectations. The group posted 13.2% revenue growth in the year under review to RM24.4bil from RM21.6bil previously owing to strong contributions across its mobile operating companies (OpCos). "Group also recorded a 15.2% increase in earnings before interest, taxes, depreciation and amortisation (Ebitda) to reach RM9.2bil compared to RM8bil in FY16 while Ebitda margin improved by 0.6 percentage points to 37.8% for the year on the back of higher revenue and cost optimisation initiatives," it said in a press statement. Axiata met all its KPI for the financial year, with record revenue and Ebitda, said Tan Sri Jamaludin Ibrahim, president and group CEO of Axiata. "Our two largest operations, Celcom and XL, delivered as planned. Celcom's turnaround has been the key focus for us this year and I am pleased with the improvements made on all indicators to demonstrate that a firm turnaround is on track." Axiata declared an interim dividend of 3.5 sen per share in the final quarter, bringing full-year dividend payout to 8.5 sen per share. This translates into a dividend payout ratio of 64% compared to 50% in FY16. In Asean markets, Celcom posted revenue, Ebitda and profit after tax and minority interests (Patami) growth of 0.6%, 2.9% and 8.5% respectively, while average revenue per user (Arpu) also showed growth with postpaid rising RM6 and prepaid, RM2. "Competing in a data-centric market, Celcom improved its network experience considerably especially with the expansion of its 4G and 4G LTE-A population coverage to 87% and 74% in 4Q17. "Other key operational improvements in Celcom includes simplified product portfolio, improved sales and distribution channels, and enhanced organisation and culture transformation through digital and agile ways of working." In Indonesia, XL's revenue improved 7% on significant data growth of 60.9%, which accounted for 57.2% of XL's FY17 total revenue. The data growth was supported by high smartphone penetration of 72% and data users at 73% of its subscriber base. Rounding out the Asean operations, Smart put in an improved performance despite a price war with revenue, Ebitda and PAT growing 5.4%, 5.5% and 7.7% respectively. Meanwhile in South Asian markets, Dialog, Robi and Ncell experienced growth in revenue and profit after tax. In the infrastructure and digital businesses segment, edotco saw strong growth with 11.8% higher revenue from portfolio expansion and operational efficiencies. Associate contribution was weaker as Idea in India posted a RM450mil loss to the group compared to RM65mil profit the previous year in the face of significant competitive disruption in the country. M1 contributed a lower profit of RM122mil compared to a profit of RM129mil previously. Moving forward, Jamaludin said the proposed merger of Idea and Vodafone to create the largest telco in India will signify a new era. "We believe in the intrinsic value of Idea, however, consequent of the merger, there will be a significant technical impairment, which is a non-cash, purely accounting adjustment and not reflective of actual performance," he said. He added that the completion of edotco's proposed acquisition in Pakistan will see material impact with an immediate profit accretion while investments in key digital businesses such as fintech and enterprise/IoT is expected to make significant inroads during the year. ( Source: The Edge )

**World stock markets advanced on Thursday, with U.S. shares rebounding from a day earlier and bond yields easing off highs**, following more cautious talk about the potential for interest rate increases this year. Oil prices also rose as the U.S. dollar hit session lows in morning trading after having touched a 10-day high, as the euro was boosted by minutes from the European Central Bank's most recent policy meeting. Comments from St. Louis Fed President James Bullard on Thursday appeared to ease some investor concerns about the Federal Reserve's latest meeting. Minutes from that meeting, released Wednesday, showed policymakers were more confident about the need to keep raising U.S. interest rates, with most believing inflation would climb. But Bullard told CNBC on Thursday that central bankers need to be careful not to increase rates too quickly this year because that could slow the economy. "Bullard made a comment on rates. That's what has given the market a reason to see a little bit of a positive futures," said Robert Pavlik, chief investment strategist at SlateStone Wealth in New York. Benchmark U.S. Treasury 10-year yields slipped from their four-year high hit in the previous session. Bond prices, which usually move inversely to yields, firmed ahead of a U.S. government auction of new seven-year notes, the final sale of \$258 billion in debt this week.

The Dow Jones Industrial Average rose 293.47 points, or 1.18 percent, to 25,091.25, the S&P 500 gained 25.27 points, or 0.94 percent, to 2,726.6 and the Nasdaq Composite added 55.51 points, or 0.77 percent, to 7,273.74. MSCI's gauge of stock markets across the globe gained 0.36 percent. ( Source: Bloomberg, Edge )

<b>Rating Actions</b>			
<b>Issuer</b>	<b>PDS Description</b>	<b>Rating/Outlook</b>	<b>Action</b>
<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>

Source: RAM Ratings; MARC

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