

**Global Markets Research**

**Fixed Income**

**Fixed Income Daily Market Snapshot**

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.27	2
5-yr UST	2.64	4
10-yr UST	2.85	4
30-yr UST	3.09	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.40	0	3.60	-1
5-yr	3.53	-1	3.84	1
7-yr	3.83	0	4.01	0
10-yr	3.94	2	4.14	0
15-yr	4.41	0	4.55	-3
20-yr	4.53	-1	4.75	0
30-yr	4.81	2	4.93	0

\*Market indicative

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.76	1
3-yr	3.79	0
5-yr	3.85	0
7-yr	3.96	0
10-yr	4.09	0

Source : Bloomberg

**US Treasuries**

- US Treasuries yields generally ended 2-4bps higher; recouping earlier losses in yesterday's session. The 2Y, the most sensitive to interest rate outlook, closed 2bps higher at 2.27% while the 10Y moved 4bps lower to 2.85%. Meanwhile the \$30b auction of new 2Y UST averaged 2.31%; drawing the highest yield since 2008. Fears from trade tariff "wars" with China eased as equities took cue and recovered. However higher issuance of Bills and news of further 5Y and 7Y auctions today and tomorrow is causing investors to focus on supply's role in potentially driving up yields.

**MGS/GII**

- Trading volume in local govies continued to be anchored at RM1.61b levels with GII bonds dominating trades mainly in 3Y, 10Y and 15Y benchmarks. Some interest was also seen both the MGS and GII 21's which moved 0-1bps lower compared to previous-done levels. Overall MGS yields were mixed between -1 to +2 bps with the benchmark 7Y MGS 3/25 unchanged at 3.83% whilst the much-watched 10Y MGS 11/27 clawed 2bps higher at 3.94%. Expect govies to see sideways movements in the absence of market-moving data.

**Corp Bonds/Sukuk**

- Corporate Bonds saw secondary market volume maintain above the RM1.0b mark with bulk of trades on short-tenured Govt-Guaranteed bonds due to programme-buying by institutions. PRASA 3/19 saw RM245m traded 8bps higher compared to previous-done levels at 3.74% whilst PASB 19's traded mixed between -6 to +7bps closing around 3.74-80% levels. In the absence of AAA-rated trades, we note a slew of mid-long tenured AA-rated power-related bonds i.e. TNB Western, Southern Power, YTL Power and EDRA Energy notch RM10m trades each; closing mixed on yields.

**Upcoming Government Bond Tenders**

**Nil**

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	09/18	2.974	8	3.075	23/03/2018	-10
MGS	03/19	3.109	46	3.092	23/03/2018	2
MGS	03/20	3.367	1	3.380	23/03/2018	-1
MGS	10/20	3.386	19	3.362	22/03/2018	2
MGS	02/21	3.403	112	3.402	23/03/2018	0
MGS	07/21	3.450	3	3.433	22/03/2018	2
MGS	11/21	3.453	4	3.467	23/03/2018	-1
MGS	03/22	3.531	78	3.546	23/03/2018	-1
MGS	08/22	3.666	7	3.710	20/03/2018	-4
MGS	09/22	3.686	3	3.698	23/03/2018	-1
MGS	03/23	3.769	2	3.747	22/03/2018	2
MGS	08/23	3.783	47	3.768	23/03/2018	2
MGS	07/24	3.856	5	3.874	23/03/2018	-2
MGS	09/24	3.875	13	3.887	23/03/2018	-1
MGS	03/25	3.826	80	3.823	23/03/2018	0
MGS	09/25	3.966	4	3.955	22/03/2018	1
MGS	04/26	4.044	1	4.032	23/03/2018	1
MGS	11/26	4.010	2	4.005	22/03/2018	0
MGS	11/27	3.930	13	3.917	23/03/2018	1
MGS	06/28	3.954	60	3.960	22/03/2018	-1
MGS	04/30	4.366	15	4.337	23/03/2018	3
MGS	06/31	4.351	53	4.367	23/03/2018	-2
MGS	04/32	4.420	2	4.401	20/03/2018	2
MGS	04/33	4.412	5	4.417	22/03/2018	0
MGS	05/35	4.552	1	4.588	20/03/2018	-4
MGS	04/37	4.533	1	4.541	22/03/2018	-1
MGS	03/46	4.805	3	4.814	23/03/2018	-1
GII	05/18	3.210	10	3.249	22/03/2018	-4
GII	08/19	3.407	100	3.456	13/03/2018	-5
GII	04/20	3.595	10	3.607	22/03/2018	-1
GII	04/20	3.568	100	3.598	10/01/2018	-3
GII	03/21	3.755	170	3.766	21/03/2018	-1
GII	04/22	3.843	42	3.832	23/03/2018	1
GII	07/23	3.976	1	3.976	23/03/2018	0
GII	05/24	4.094	65	4.091	23/03/2018	0
GII	07/27	4.145	130	4.147	23/03/2018	0
GII	06/33	4.549	260	4.576	23/03/2018	-3
GII	08/33	4.636	50	4.646	20/03/2018	-1
GII	10/35	4.751	80	4.752	19/03/2018	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*
Pengurusan Air SPV Berhad	02/19	GG	3.736	175	3.752	19/01/2018	-2	57
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	03/19	GG	3.735	245	3.655	21/03/2018	8	57
Khazanah Nasional Berhad	03/19	GG	3.770	120	3.730	16/01/2018	4	61
Pengurusan Air SPV Berhad	06/19	GG	3.788	125	3.845	13/11/2017	-6	62
Pengurusan Air SPV Berhad	06/19	GG	3.795	95	3.726	07/11/2017	7	63
Lembaga Pembiayaan Perumahan Sektor Awam	09/19	GG	3.839	75	3.882	22/11/2017	-4	67
Khazanah Nasional Berhad	08/23	GG	4.325	165	4.263	06/10/2017	6	78
Malaysia Building Society Berhad	12/19	AA1	4.480	10	4.466	23/03/2018	1	115
YTL Power International Berhad	05/27	AA1	4.900	10	4.889	22/03/2018	1	96
CIMB Thai Bank Public Company Limited	07/24	AA3	4.700	10	4.519	21/03/2018	18	94
Edra Energy Sdn Berhad	01/25	AA3	5.325	10	5.349	06/02/2018	-2	149
RHB Bank Berhad	09/27	AA3	4.760	20	4.816	06/02/2018	-6	81
Projek Lebuh raya Usahasama Berhad	01/30	AA-	4.760	20	4.780	15/03/2018	-2	81
TNB Western Energy Berhad	07/30	AA-	4.830	10	4.740	07/06/2016	9	88
Southern Power Generation Sdn Berhad	10/31	AA-	5.120	10	5.129	06/03/2018	-1	71
Lebuh raya DUKE Fasa 3 Sdn Berhad	08/33	AA-	5.166	2	5.134	05/02/2018	3	75
Southern Power Generation Sdn Berhad	04/35	AA-	5.360	10	5.379	01/03/2018	-2	95
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\*spread against nearest indicative tenured MGS (Source : BPAM)

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

**Public Mutual Bhd emerged the biggest winner at The Edge-Thomson Reuters Lipper Awards 2018 this morning, winning the best overall group award in the provident universe, as well as 13 individual awards. Other group winners were Hong Leong Asset Management Bhd and Affin Hwang Asset Management Bhd, who won the best Equity and Mixed Asset group awards for the Malaysia and provident award universe respectively.** RHB Asset Management Sdn Bhd won the best bond group award in the provident award universe, while Kenanga Investors Bhd won the best equity group award in the Malaysia Islamic funds universe. Continuing its record from last year, Eastspring Investments Bhd emerged as the biggest individual award winner again this year with 14 awards. Seven were in equity funds, six were in mixed asset funds and one was in a bond fund category. As at the end of last year, the Malaysian fund management industry stood at RM776.2 billion, according to Eugene Wong, managing director of corporate finance and investments at Securities Commission Malaysia. The unit trust industry represented RM427 billion of that amount, growing from RM358.5 billion the year before. "It's important to note that RM45.2 billion of that growth was contributed by net sales that came in at the highest in the last 10 years. Unit trusts remain an important avenue for investors in Malaysia to preserve and create wealth," Wong says. Thomson Reuters Lipper's head of research for Asia-Pacific Xav Feng said US\$1.5 trillion net inflows were tracked in 2017, marking a five-year high and a growth of almost 10 times, compared with 2016. A similar trend was observed in Malaysia, where there was almost a US\$10 billion net inflow was posted in 2017. The number is almost double compared to 2016. The Edge Media Group's publisher and group CEO Ho Kay Tat said uncertainties surrounding the upcoming general elections and ongoing trade war concerns will affect the market in the coming year, but many investing opportunities still remain. "As central banks prepare for more interest rate hikes this year, investors will need to better strategise and prepare themselves for this new environment. In this regard, the collaboration between The Edge and Lipper has presented a useful and much-followed benchmark to investors," Ho says. Also present at the event was Employees Provident Fund head and senior general manager (quantitative and performance analysis department) Badrul Hisham Dahalan, who was one of the award presenters. This year, a total of 78 awards were given in the individual and group category. Of this, there were 23 awards for conventional funds, 37 awards for provident funds and 18 awards for Islamic funds. (Source: The Edge)

**WCE Holdings Bhd has proposed a renounceable rights issue of five-year, zero coupon redeemable convertible unsecured loan stocks (RCULS) and free detachable warrants, in a bid to raise up to RM417.81 million to fund additional costs of the West Coast Expressway.** The RCULS are to be issued at 100% of their nominal value at 50 sen each, on the basis of five RCULS for every six existing shares, while one warrant is to be issued for every three RCULS. The group, in its filing with Bursa Malaysia, said it intends to inject the majority of its proceeds as equity, convertibles and subordinated advances into its 80%-owned subsidiary, West Coast Expressway Sdn Bhd (WCESB). The funds will support the additional cost of RM180 million incurred for the construction of the expressway. The cost has risen due to higher actual land acquisition costs as compared to the projected land costs. This has caused an increase in the project cost to RM6.12 billion from RM5.94 billion, for which WCE signed a concession agreement with the government in January 2013. Under the agreement, WCE had agreed to fund RM1.2 billion via equity, convertibles and subordinated advances from the shareholders of WCESB, which is now increased to RM1.38 billion. According to WCE, it has thus far injected RM513.49 million in the subsidiary via a term loan and proceeds raised from various corporate exercises since 2013. The board intends to fund part of the remaining RM634.44 million via the proposed rights issue, which is targeted to raise between RM256.34 million and RM417.81 million. It will also fund the balance via the remaining proceeds of RM3.08 million raised from its disposal of 500 million shares in Talam Transform Bhd and an expected RM30 million pending the disposal of an additional 400 million shares in the same company. "Pending the completion of the proposed rights issue, the company may obtain a bridging loan to facilitate and expedite its equity injection into WCESB," WCE said. (Source: The Edge)

<b>Rating Actions</b>			
<b>Issuer</b>	<b>PDS Description</b>	<b>Rating/Outlook</b>	<b>Action</b>
MMC Corporation Berhad	Sukuk Murabahah (Sukuk Murabahah) Programme upsized from RM1.5b to RM2.5b	Maintained	AA-IS

Source: RAM Ratings; MARC

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