

# Global Markets Research

## Fixed Income

### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.26	4
5-yr UST	2.66	5
10-yr UST	2.89	3
30-yr UST	3.16	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.38	0	3.57	0
5-yr	3.62	2	3.89	0
7-yr	3.98	0	4.11	0
10-yr	4.03	-2	4.23	0
15-yr	4.47	0	4.59	-1
20-yr	4.61	-1	4.78	0
30-yr	4.82	-1	4.96	0

\*Market indicative

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.77	0
3-yr	3.84	0
5-yr	3.93	0
7-yr	4.02	-2
10-yr	4.18	-2

Source: Bloomberg

### US Treasuries

- US Treasuries were sold aggressively as yields rose generally across the curve following Fed Chair Powell's testimony and personal outlook for the economy which he felt had strengthened since December. Yields were generally higher between 1-5bps; as the curve flattened with the 5s30s spread tighter by 4bps. The front end saw hawkish move with the 2Y (which is sensitive to Fed policy interest rate expectations) up 4bps at 2.26% whilst the much-watched 10Y spiked 3bps at 2.89%. If the Fed does raise rates by four times this year, this may upset market as investors braced themselves for only three. We have a slew upcoming data that includes GDP and pending home sales among others.

### MGS/GII

- Local Govvies continued to see strong demand with secondary market volume (excluding the primary auction print of MGS11/27) at RM3.32b. Interest was also seen in the MGS 21-23 tenures. Generally yields were 0-2bps lower save for the 5Y benchmark. The widely-watched benchmark 7Y MGS 9/24 closed at 3.98% whereas the 10Y MGS 11/27 rallied 2bps at 4.03% post-auction compared to previous-done levels. The auction reopening for the MGS 11/27 was well-received with strong BTC of 2.066x; averaging 4.055%. Upcoming data tomorrow are the CPI figures.

### Upcoming Government Bond Tenders

Nil

### PDS/Sukuk

- Total volume in the secondary market for Corporate Bonds saw steady interest at RM382m with interest across yield curve; especially on longer-tenured names Govt-Guaranteed bonds saw uptick in interest RM70m nominal amounts of DANA 5/32 and 4/45 move 5-7bps higher at 4.85% and 5.27% respectively compared to previous-done levels. The AAA-rated liquid DANGA 1/33 moved 1bps lower to close at 4.93% whilst banking papers i.e. CIMB 24nc19 and RHB BANK 25nc20 rallied at 4.79% and 4.50% respectively. Bulk of trading interest was seen in the AA-rated space with JEP, Country Garden, YTL Power and the rarely traded TRIplc 22-26 which closed mixed.

## Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	09/18	3.099	78	3.156	23/02/2018	-6
MGS	03/19	3.166	25	3.119	23/02/2018	5
MGS	10/19	3.322	15	3.311	23/02/2018	1
MGS	11/19	3.329	58	3.327	23/02/2018	0
MGS	03/20	3.441	20	3.431	22/02/2018	1
MGS	07/20	3.436	1	3.433	22/02/2018	0
MGS	10/20	3.453	99	3.465	23/02/2018	-1
MGS	02/21	3.383	130	3.380	22/02/2018	0
MGS	09/21	3.591	152	3.600	23/02/2018	-1
MGS	11/21	3.490	223	3.476	23/02/2018	1
MGS	03/22	3.613	120	3.600	22/02/2018	1
MGS	08/22	3.774	6	3.791	23/02/2018	-2
MGS	03/23	3.792	240	3.865	22/02/2018	-7
MGS	08/23	3.830	414	3.835	23/02/2018	0
MGS	07/24	3.965	4	3.967	23/02/2018	0
MGS	09/24	3.975	29	4.006	22/02/2018	-3
MGS	09/25	4.056	219	4.063	23/02/2018	-1
MGS	04/26	4.085	20	4.121	23/02/2018	-4
MGS	11/26	4.112	425	4.105	22/02/2018	1
MGS	03/27	4.153	4	4.132	21/02/2018	2
MGS	11/27	4.055	1071	4.078	23/02/2018	-2
MGS	06/31	4.493	29	4.493	23/02/2018	0
MGS	04/32	4.542	1	4.547	23/02/2018	0
MGS	04/33	4.467	94	4.486	22/02/2018	-2
MGS	04/37	4.611	18	4.635	23/02/2018	-2
MGS	09/43	4.798	20	4.816	20/02/2018	-2
MGS	03/46	4.821	15	4.877	23/02/2018	-6
GII	05/18	3.176	229	3.220	23/02/2018	-4
GII	08/18	3.201	89	3.329	23/02/2018	-13
GII	08/18	3.220	10	3.118	07/02/2018	10
GII	04/22	3.885	111	3.886	23/02/2018	0
GII	07/23	4.012	1	4.003	19/02/2018	1
GII	05/24	4.141	5	4.149	22/02/2018	-1
GII	08/24	4.135	25	4.160	21/02/2018	-3
GII	08/25	4.110	130	4.114	21/02/2018	0
GII	09/26	4.337	1	4.301	22/02/2018	4
GII	07/27	4.232	40	4.232	22/02/2018	0
GII	06/33	4.593	220	4.600	21/02/2018	-1
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## Daily Trades: PDS / Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*	
DanaInfra Nasional Berhad	05/32	GG	4.851	50	4.804	20/10/2017	5	38
DanaInfra Nasional Berhad	04/45	GG	5.270	20	5.200	18/01/2018	7	64
Malaysia Building Society Berhad	12/19	AA1	4.510	15	4.519	07/12/2017	-1	119
TRIpIc Medical Sdn Berhad	10/22	AA1	4.600	20	4.671	16/11/2017	-7	99
YTL Power International Berhad	03/23	AA1	4.630	10	4.647	13/02/2018	-2	102
TRIpIc Medical Sdn Berhad	10/25	AA1	4.770	10	4.821	16/11/2017	-5	76
TRIpIc Medical Sdn Berhad	10/26	AA1	4.840	10	4.821	06/02/2018	2	81
YTL Power International Berhad	05/27	AA1	4.890	10	4.889	22/02/2018	0	86
TRIpIc Medical Sdn Berhad	10/33	AA1	5.240	10	5.299	27/12/2017	-6	77
TRIpIc Medical Sdn Berhad	10/35	AA1	5.500	10	5.489	19/01/2018	1	87
Krung Thai Bank Public Company Limited	07/25	AA2	4.451	2	4.938	23/02/2018	-49	48
Gamuda Berhad	03/19	AA3	4.300	5	4.354	28/12/2017	-5	108
IJM Corporation Berhad	04/19	AA3	4.300	10	4.272	28/02/2017	3	108
CIMB Thai Bank Public Company Limited	07/24	AA3	4.790	50	4.830	21/02/2018	-4	96
RHB Bank Berhad	04/25	AA3	4.500	10	4.591	27/11/2017	-9	52
WCT Holdings Berhad	04/18	AA-	4.119	4	4.139	13/02/2018	-2	90
Tan Chong Motor Holdings Berhad	11/19	A1	6.040	6	5.895	26/01/2018	15	272
Konsortium Lebuhraya Utara-Timur (KL) Sdn Berhad	12/23	AA-	4.670	20	4.670	05/12/2017	0	84
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/27	AA-	4.791	10	4.809	04/10/2017	-2	76
Jimah East Power Sdn Berhad	12/31	AA-	5.095	15	5.089	20/02/2018	1	62
Jimah East Power Sdn Berhad	06/32	AA-	5.140	10	5.143	08/12/2017	0	67
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/34	AA-	5.185	10	5.189	30/01/2018	0	71
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/36	AA-	5.308	2	5.309	19/02/2018	0	68
Samalaju Industrial Port Sdn Berhad	12/28	AA1	5.038	3	5.032	24/01/2018	1	101
Country Garden Real Estate Sdn Berhad	02/23	AA3	6.539	10	6.552	23/02/2018	-1	293
Danga Capital Berhad	01/33	AAA	4.930	50	4.940	24/01/2018	-1	46
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\*spread against nearest indicative tenured MGS (Source : BPAM)

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

Construction, property and plantation group **IJM Corp Bhd** has registered a lower net profit of **RM101.36mil on a turnover of RM1.57bil in its third quarter ended Dec 31, 2017**. Last year, the group recorded RM138.54mil and RM1.6bil in net profit and turnover, respectively, in the corresponding period. IJM Corp, a diversified construction company with extensive interest in property, plantations and toll road highways, attributed the fall in net profit by 26.7% in the quarter to lower contributions from the property and industry divisions, as well as unrealised foreign-exchange losses. For the nine-month period, IJM Corp registered a net profit of RM378.28mil on a turnover of RM4.63bil. The profit was down 19.4% despite the turnover increasing by 5.3%. IJM Corp, which also has operations in India, has so far secured jobs worth RM2.7bil in the financial year-to-date, making it a total order book of RM9.3bil. IJM Corp chief executive and managing director Datuk Soam Heng Choon said that so far, it had secured quality projects in Malaysia and India. Among the construction mandates IJM Corp has secured so far are the building of the HSBC Malaysia headquarters, Menara Prudential and foundation works for the Affin Group building at the Tun Razak Exchange. In India, the group was awarded the RM1.5bil Solapur-Bijapur tollway concession project. "The group's strong balance sheet puts us in a good position to expand the capacity of our concession and investment property assets. While executing some of the biggest projects in IJM's history, we remain focused on building capacity and growing our recurring income base," said Soam. Some of the concession assets within the group are the highways in Malaysia and India and a port in Kuantan. On the outlook of the property division, Soam said that the market had stabilised and IJM's property division was on track to achieve its sales target of RM1.6bil for the financial year ending March 31, 2018. It said that the property division was sitting on unbilled sales of about RM1.9bil buoyed by strong response to its Bandar Rimbayu and Seremban 2 projects. (Source: The Star)

**Genting Bhd** has announced a record-high special dividend of seven sen per share, on top of a final dividend of six sen, for the year ended Dec 31, 2017 (FY17). "Should the final dividend be approved by shareholders, total dividend for FY17 will amount to 21.5 sen per ordinary share. "In comparison, for FY16, the total dividend amounted to 12.5 sen per ordinary share," the group said in a press release. The group's net profit for the fourth quarter of FY17 plunged 88.26% to RM133.15 million, from RM1.13 billion in the same quarter of FY16, on greater net foreign exchange losses, as well as a one-off disposal of RM1.3 billion of Genting Hong Kong previously. However, quarterly revenue rose 10.64% to RM5.26 billion from RM4.75 billion, on higher contributions from its leisure and hospitality businesses in Malaysia, UK and Egypt, its power division, and its oil and gas division. This was partially offset by lower contributions from its US and Bahamas business and its plantation segment. For the full year (FY17), Genting posted a 9% increase in revenue to RM20.02 million from RM18.36 million, on similar factors, but net profit declined 31.84% to RM1.45 billion, from RM2.12 billion.. (Source: The Edge )

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

Source: RAM Ratings; MARC

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