

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.27	-4
5-yr UST	2.57	-7
10-yr UST	2.78	-8
30-yr UST	3.03	-6

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.40	0	3.59	-1
5-yr	3.54	1	3.83	-1
7-yr	3.83	0	4.01	0
10-yr	3.95	1	4.14	0
15-yr	4.42	0	4.55	0
20-yr	4.55	1	4.76	2
30-yr	4.80	-1	4.93	0

*Market indicative

M YR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.76	0
3-yr	3.80	0
5-yr	3.86	0
7-yr	3.97	1
10-yr	4.09	0

Source : Bloomberg

US Treasuries

- US Treasuries surged as technology stocks fell with yields moved generally 4-8bps lower; recouping earlier losses the day before. The 2Y, most sensitive to interest rate outlook, closed 4bps lower at 2.27% while the 10Y moved to a 6-week low; i.e. 8bps lower to 2.78%. Meanwhile the \$35b auction of new 5Y UST averaged 2.612% with strong BTC ratio of 2.50x compared to 2.44x for similar note. In addition to that the \$65b auction of 4-week Bills saw solid demand. As fears from further rate hikes ease, much of the ensuing volatility can be attributed to trade policy, digital privacy and uncertainty regarding the direction of the Trump administration. Upcoming data include GDP final print and pending home sales.

MGS/GII

- Trading volume in local govies improved to RM2.29b equally distributed between both MGS and GII bonds with overall yields within 1bps movement compared to previous-done levels. Interest was also seen in MGS 23's which rallied by 2-3bps whilst the 5Y GII benchmark also saw institutional interest. The benchmark 7Y MGS 3/25 continued to be unchanged at 3.83% whilst the much-watched 10Y MGS 11/27 edged 1bps higher at 3.95%.

Corp Bonds/Sukuk

- Corporate Bonds saw secondary market volume continue to maintain above the RM1.0b mark largely due to the maiden debut of 3-year CAGAMAS at 4.17%. Govt-Guaranteed DANA 2/25 and 10/28 saw RM180m traded 0-1bps higher at 4.37% and 4.62% respectively compared to previous-done levels. Meanwhile AAA-rated PLUS 26 and 30 traded lower on yields at 4.54% and 4.77% respectively whilst AA-rated Southern Power bonds saw demand for a range of tenors i.e.2023-2035; closing 4.62-5.35% levels. BGSM 8/25 rallied by 2bps closing at 4.74%. In the banking space, PUBLIC Bank 27nc22 dominated trades closing 1bps lower at 4.67%.

Upcoming Government Bond Tenders

RM3.0b reopening of 3Y MGS 11/21 on Thursday, 29th March

Daily Trades : Government Bonds

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	09/18	3.049	99	2.974	26/03/2018	2
MGS	03/19	3.099	11	3.109	26/03/2018	-1
MGS	07/19	3.164	2	3.180	23/03/2018	1
MGS	10/19	3.263	16	3.283	23/03/2018	0
MGS	11/19	3.289	13	3.293	23/03/2018	0
MGS	03/20	3.404	87	3.367	26/03/2018	-2
MGS	07/20	3.395	4	3.364	21/03/2018	0
MGS	10/20	3.366	12	3.386	26/03/2018	-1
MGS	02/21	3.400	7	3.403	26/03/2018	0
MGS	07/21	3.454	73	3.450	26/03/2018	0
MGS	09/21	3.561	20	3.547	23/03/2018	1
MGS	11/21	3.444	8	3.453	26/03/2018	-2
MGS	03/22	3.542	4	3.531	26/03/2018	1
MGS	09/22	3.717	22	3.686	26/03/2018	-2
MGS	03/23	3.754	170	3.749	26/03/2018	-3
MGS	08/23	3.810	291	3.758	26/03/2018	-2
MGS	07/24	3.873	11	3.856	26/03/2018	-1
MGS	09/24	3.880	10	3.882	26/03/2018	2
MGS	03/25	3.827	50	3.826	26/03/2018	7
MGS	09/25	3.955	39	3.966	26/03/2018	-1
MGS	04/26	4.047	1	4.044	26/03/2018	0
MGS	11/26	4.021	8	4.010	26/03/2018	3
MGS	03/27	4.094	24	4.114	22/03/2018	0
MGS	11/27	3.949	85	3.930	26/03/2018	0
MGS	06/28	3.973	10	3.954	26/03/2018	0
MGS	04/30	4.358	10	4.367	26/03/2018	-4
MGS	06/31	4.342	3	4.362	26/03/2018	-1
MGS	04/32	4.391	1	4.420	26/03/2018	-1
MGS	04/33	4.417	71	4.412	26/03/2018	-1
MGS	04/37	4.548	3	4.533	26/03/2018	9
MGS	09/43	4.801	1	4.799	20/03/2018	0
GII	05/18	3.310	105	3.217	26/03/2018	0
GII	04/19	3.368	2	3.364	23/03/2018	5
GII	04/20	3.588	5	3.596	26/03/2018	3
GII	08/20	3.598	300	3.643	19/03/2018	-2
GII	04/22	3.831	432	3.843	26/03/2018	1
GII	07/23	3.992	1	3.976	26/03/2018	0
GII	08/25	4.009	10	4.006	22/03/2018	2
GII	09/26	4.205	5	4.218	16/03/2018	4
GII	07/27	4.144	40	4.145	26/03/2018	2
GII	08/37	4.762	220	4.745	15/03/2018	2
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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*
Khazanah Nasional Berhad	07/18	GG	3.508	100	3.521	06/09/2017	-1	34
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	03/24	GG	4.306	10	4.268	11/01/2018	4	55
Khazanah Nasional Berhad	08/24	GG	4.411	15	4.359	09/01/2018	5	65
DanaInfra Nasional Berhad	02/25	GG	4.369	30	4.370	19/02/2018	0	54
DanaInfra Nasional Berhad	10/28	GG	4.620	150	4.606	15/03/2018	1	67
Prasarana Malaysia Berhad [fka Syarikat Prasarana Negara Berhad]	09/29	GG	4.659	80	4.711	28/02/2018	-5	71
Cagamas Berhad	12/18	AAA	3.826	10	3.857	20/03/2018	-3	66
GB Services Berhad	11/19	AAA	4.437	10	4.447	26/02/2018	-1	111
GENM Capital Berhad	03/22	AAA	4.686	10	4.683	16/03/2018	0	121
Projek Lebuhraya Usahasama Berhad	01/26	AAA	4.539	30	4.554	07/03/2018	-2	65
Projek Lebuhraya Usahasama Berhad	01/30	AAA	4.767	30	4.780	15/03/2018	-1	82
Danga Capital Berhad	09/33	AAA	4.950	10	4.959	23/03/2018	-1	54
Gulf Investment Corporation G.S.C	03/21	AAA	5.015	2	4.993	26/01/2018	2	161
Cagamas Berhad	03/21	AAA	4.170	400	-	-	-	-
Sarawak Energy Berhad	06/18	AA1	4.025	60	3.986	22/03/2018	4	86
Public Bank Berhad	04/27	AA1	4.669	100	4.678	22/03/2018	-1	73
UMW Holdings Berhad	10/19	AA2	4.400	10	4.434	09/03/2018	-3	107
UMW Holdings Berhad	06/20	AA2	4.466	0	4.506	07/03/2018	-4	114
Gamuda Berhad	10/18	AA3	4.210	20	4.201	22/03/2018	1	105
AMMB Holdings Berhad	08/19	AA3	4.542	40	4.564	13/03/2018	-2	138
Perbadanan Kemajuan Negeri Selangor	05/20	AA3	4.646	0	4.659	08/03/2018	-1	132
CIMB Thai Bank Public Company Limited	07/24	AA3	4.691	40	4.733	26/03/2018	-4	93
BGSM Management Sdn Berhad	08/25	AA3	4.739	60	4.758	19/02/2018	-2	91
Tanjung Bin Energy Issuer Berhad	03/32	AA3	5.119	10	5.120	22/03/2018	0	70
CIMB Thai Bank Public Company Limited	03/28	AA3	5.100	5	-	-	-	-
WCT Holdings Berhad	12/18	AA-	4.394	40	4.506	30/01/2018	-11	123
Southern Power Generation Sdn Berhad	04/23	AA-	4.617	20	4.658	23/02/2018	-4	107
Southern Power Generation Sdn Berhad	10/30	AA-	5.059	10	5.059	15/03/2018	0	64
Southern Power Generation Sdn Berhad	10/31	AA-	5.113	20	5.121	26/03/2018	-1	70
Southern Power Generation Sdn Berhad	04/35	AA-	5.349	10	5.359	26/03/2018	-1	93
Tan Chong Motor Holdings Berhad	11/19	A1	6.024	4	6.040	27/02/2018	-2	270
Bank Islam Malaysia Berhad	12/25	A1	4.516	10	4.535	26/02/2018	-2	63
Alliance Bank Malaysia Berhad	10/25	A2	4.807	10	4.748	19/03/2018	6	92
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*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

(TNB) signed power purchase agreements (PPAs) with six companies to construct and operate solar plants in peninsular Malaysia. The six companies will generate a total output of 180 MW capacity from power plants located in four states. In a filing with Bursa Malaysia yesterday, TNB said the large-scale solar project would involve different stages from design to maintenance of the solar plants. Under the PPA, the six companies will sell the electricity to TNB for a period of 21 years. There was no mention of tariffs in the announcement, but it is believed to be less than 38 sen per kWh. Globally, tariff for solar power has dropped, with Dubai having the world's lowest levelised cost of electricity of 7.3 US cents per kWh. The price of solar power had dropped because of the improving efficiency of the equipment. As the rates fall, TNB and consumers will benefit from lower tariff. The companies that signed the PPA with TNB include Kenyir Gunkul Solar Sdn Bhd that has the mandate to build and operate a 29.99 MW capacity facility in Dungun, Terengganu. The facility is scheduled for commercial operations on Dec 31, 2019. Idiwan Solar Sdn Bhd has been awarded with a 30 MW capacity project in Kelantan. The scheduled commercial operation date is on Sept 30, 2020. There would be two 30 MW capacity solar projects in Kedah. The companies that got the mandates BGMC BRAS Power Sdn Bhd and Viva Sola Sdn Bhd. The solar power plants are located in Kuala Muda and Sik. The plants are to begin operations in September and December 2020. The remaining two 30 MW solar projects would be in Negri Sembilan and are to start commercial operations in December 2020. The companies are Cypark Estuary Solar Sdn Bhd and Cove Suria Sdn Bhd. TNB said the signing of the PPAs will not have any effect on its issued share capital and substantial shareholders' shareholdings. The latest round of signings to build solar plants follow the award of large-scale solar projects by the Energy Commission after a competitive bidding exercise in the first quarter of 2017. Under the exercise, TNB signed two 21-year PPAs to generate a total output of 60MW last week. The two bidders are TNB itself for a facility in Kuala Muda, Kedah and Gebeng Sdn Bhd for a facility in Kuantan, Pahang. The two special purpose companies will each design, construct, own, operate and maintain a solar photovoltaic energy generating facility. TNB Bukit Selambau Solar Sdn Bhd's plant will have a capacity of 30MW while Gebeng's capacity is 29.92MW. Their scheduled commercial operation date is Dec 31, 2020 and Feb 3, 2020. (Source: The Star)

The construction of the East Coast Rail Link (ECRL) project will see at least 44 tunnels to be built along the alignment involving four states, namely Selangor, Pahang, Terengganu and Kelantan. Malaysia Rail Link Sdn Bhd (MRL) Head of Infrastructure Construction Noor Azlan Salleh said the tunnels would be built on multiple sites along the ECRL alignment with a total distance of 39.1km. "These include the 16.3-km twin bore tunnels from Bentong to Gombak, which will make it the longest rail tunnel in Malaysia. In Terengganu alone, it will involve the construction of three tunnels with a total distance of 3.3km," he told reporters during a media visit to the ECRL base camp here today. Noor Azlan said the ongoing construction of Phase 1 of ECRL from Kota Bharu, Kelantan to Gombak, Selangor, was divided into eight sections. "In Terengganu, there are three sections involved, namely, Section 3 from Setiu to Marang, Section 4 from Marang to Kemaman, and Section 5 from Kemaman, Terengganu to Kuantan, Pahang. "The earthwork, constructing the base and satellite camps, as well as creating road access to ECRL construction sites in Terengganu are near completion and the infrastructural work will start next month," he said. Noor Azlan said among the locations selected for ECRL's stations in Terengganu were Kampung Raja, Telaga Papan, Kuala Terengganu, Pengkalan Berangan, Dungun, Kemasik and Chukai. "Of the total eight stations to be built in Terengganu, four of them are designed for passengers, one for freight, while another three stations will combine passenger and freight, with three additional lines will also be built," he said. He said MRL had also taken into account the importance of protecting the flora and fauna and the safety of wildlife as the construction of ECRL would involve four permanent forest reserve areas in Terengganu. "There are four permanent forest reserve areas involved in the ECRL project, namely, Bukit Bauk, Kuala Paka, Terendak and Kuala Kemaman, so we have discussed with the Department of Wildlife and National Parks (Perhilitan) to build wildlife crossings in the areas involved to ensure the safety of those animals," he added. (Source: The Edge, Bernama)

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

Source: RAM Ratings; MARC

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