

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

Chang Wai Ming

Fixed Income Strategist

Hong Leong Bank Berhad, Global Markets

Fixed Income & Economic Research

WMChang@hlbb.hongleong.com.my

(603) 2773 0532

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.41	3
5-yr UST	1.93	4
10-yr UST	2.35	4
30-yr UST	2.87	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.41	2	3.63	0
5-yr	3.75	10	3.89	5
7-yr	3.96	6	4.11	7
10-yr	4.00	9	4.16	6
15-yr	4.53	9	4.50	1
20-yr	4.65	8	4.60	0
30-yr	4.76	2	4.85	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.51	1
3-yr	3.65	1
5-yr	3.78	4
7-yr	3.88	4
10-yr	4.02	3

Source: Bloomberg

US Treasuries

- UST yields continue to head north, sending bond yields higher, with 10-year reaching 2.35% level. Stronger ISM release with readings expanding to 57.8 versus a prior 54.9 seen adding pressure to bond yields. Focus to shift to durable goods orders this week ahead of non-farm payroll release (June) this Friday. Stronger prints may again fuel bond yields to head north.

MGS/GII

- Local govies edged higher tracking the upwardly movement in UST yields, pressuring bond yields to head north. Total traded volume for MGS/GII saw RM3.5b changing hands. 10-year benchmark MGS saw levels backing up to reach 4.00%, whilst 10-year GII saw similar momentum with yields closing at 4.16%, circa 6 bps higher versus previous session close. Expect investors to stay vigilant following hawkish comments from ECB, with renewed tapering concerns emerging. Nevertheless, we expect support to emerge as any excessive upward movement in yields could again attract bargain hunting interest.

PDS/Sukuk

- Trading volume for corporate bonds and sukuk improved with RM505m traded yesterday. In the GG segment, we saw LPPSA '4/27 traded at 4.48%, whilst shorter-dated DanaInfra saw levels dealt at 3.85%. AA1 credits YTL Power International '5/37 saw level closing at 4.96%, whilst OCBC '8/17 closed at 3.89% level. Other notable trades include Orix Leasing '3/18 traded at 4.05% level.

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 09/17	3.070	241	3.050	29/06/2017	2
MGS 10/17	3.028	18	3.107	30/06/2017	-8
MGS 02/18	3.237	51	3.225	30/06/2017	1
MGS 03/18	3.225	160	3.178	30/06/2017	5
MGS 09/18	3.310	34	3.285	30/06/2017	2
MGS 03/19	3.414	176	3.360	30/06/2017	5
MGS 07/19	3.306	0	3.367	29/06/2017	-6
MGS 10/19	3.472	25	3.368	29/06/2017	10
MGS 11/19	3.436	1	3.416	29/06/2017	2
MGS 03/20	3.549	25	2.993	30/06/2017	56
MGS 10/20	3.625	52	3.593	30/06/2017	3
MGS 07/21	3.707	36	3.723	30/06/2017	-2
MGS 09/21	3.751	48	3.718	30/06/2017	3
MGS 11/21	3.744	5	3.619	30/06/2017	13
MGS 03/22	3.752	152	3.596	29/06/2017	16
MGS 08/22	3.808	0	3.742	29/06/2017	7
MGS 09/22	3.826	38	3.794	30/06/2017	3
MGS 03/23	3.878	0	3.904	30/06/2017	-3
MGS 08/23	3.911	41	3.892	30/06/2017	2
MGS 07/24	3.951	1	3.946	30/06/2017	0
MGS 09/24	3.962	513	3.898	30/06/2017	6
MGS 09/25	4.063	6	4.012	30/06/2017	5
MGS 04/26	4.054	20	4.070	30/06/2017	-2
MGS 09/26	4.170	7	4.047	20/06/2017	12
MGS 11/26	3.947	1	3.938	30/06/2017	1
MGS 05/27	4.158	0	4.179	30/06/2017	-2
MGS 11/27	4.006	291	3.910	30/06/2017	10
MGS 06/28	4.451	32	4.195	28/06/2017	26
MGS 09/28	4.273	0	4.284	30/06/2017	-1
MGS 04/30	4.497	366	4.466	30/06/2017	3
MGS 06/31	4.504	25	4.451	30/06/2017	5
MGS 04/32	4.596	19	4.490	30/06/2017	11
MGS 04/33	4.532	270	4.448	30/06/2017	8
MGS 05/35	4.546	12	4.541	30/06/2017	0
MGS 04/37	4.645	85	4.560	30/06/2017	9
MGS 09/43	4.833	9	4.794	30/06/2017	4
MGS 03/46	4.761	3	4.736	30/06/2017	3
GII 04/20	3.633	70	3.618	30/06/2017	2
GII 05/20	3.686	6	3.702	07/06/2017	-2
GII 04/22	3.889	370	3.843	30/06/2017	5
GII 08/24	4.110	120	3.931	28/06/2017	18
GII 07/27	4.160	215	4.102	30/06/2017	6
		<u>3544</u>			

Daily Trades: PDS / Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against IRS**	
Danainfra Nasional Berhad	07/19	GG	3.851	15	3.770	24/05/2017	8	27
LPPSA	04/27	GG	4.480	5	4.460	22/06/2017	2	98
GB Services Berhad	11/19	AAA	4.479	15	4.469	05/06/2017	1	90
Cagamas Berhad	11/20	AAA	4.041	5	4.190	01/06/2017	-15	38
Bank Pembangunan Malaysia Berhad	03/32	AAA	4.980	20	4.939	31/05/2017	4	76
TNB Northern Energy Berhad	11/34	AAA	5.040	10	5.040	30/06/2017	0	82
OCBC Bank (Malaysia) Berhad	08/17	AA1	3.897	50	3.753	19/06/2017	14	39
Public Bank Berhad	09/18	AA1	4.158	1	4.399	14/06/2017	-24	66
Malayan Banking Berhad	05/19	AA1	4.276	1	4.401	04/05/2017	-13	70
YTL Power International Berhad	10/24	AA1	4.671	4	4.689	01/06/2017	-2	78
Sarawak Energy Berhad	08/25	AA1	4.620	40	4.599	21/04/2017	2	69
Sarawak Energy Berhad	06/26	AA1	4.658	10	4.699	08/02/2017	-4	72
Sasaran Etika Sdn Berhad	04/27	AA1	5.019	2	-	-	-	98
YTL Power International Berhad	05/37	AA1	4.966	50	4.970	29/06/2017	0	146
CIMB Bank Berhad	11/17	AA+	3.992	30	3.999	22/06/2017	-1	49
Imtiaz Sukuk Berhad	11/17	AA2	4.002	20	3.958	19/05/2017	4	50
ORIX Leasing Malaysia Berhad	03/18	AA2	4.052	20	-	-	-	55
Benih Restu Berhad	06/25	AA2	4.661	30	4.650	19/06/2017	1	73
Konsortium ProHAWK Sdn Berhad	06/32	AA2	5.152	9	-	-	-	93
BGSM Management Sdn Berhad	12/20	AA3	4.546	1	4.550	16/06/2017	0	89
Central Impression Sdn Berhad	11/23	AA-	4.763	14	4.907	10/02/2017	-14	92
Jimah East Power Sdn Berhad	06/30	AA-	4.892	7	4.889	22/06/2017	0	67
Konsortium Lebuhraya Utara-Timur (KL) Sdr	12/30	AA-	4.984	2	5.070	23/01/2017	-9	76
Konsortium Lebuhraya Utara-Timur (KL) Sdr	12/31	AA-	5.061	1	5.079	18/04/2017	-2	84
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/32	AA-	5.059	1	5.040	07/06/2017	2	156
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/39	AA-	5.459	1	5.459	20/06/2017	0	196
Golden Assets International Finance Limitec	11/17	A1	4.981	140	5.045	09/06/2017	-6	148
Mah Sing	-	NR	6.479	1	-	-	-	-
				<u>505</u>				

*spread against nearest indicative tenured IRS (Source : BPAM)

Market/Corporate News: What's Brewing

Mah Sing Group Bhd has acquired two parcels of prime land in Cheras, Kuala Lumpur and Bukit Mertajam, Penang for an integrated development and a business park respectively. The proposed projects would have an estimated combined gross development value (GDV) of RM2.35bil. The group said in a statement that it would acquire Cordova Land Sdn Bhd, which has an offer accepted by DBKL to purchase 11.233 acres opposite Courts Mammoth along Batu 2.5 Jalan Cheras. The land is 1.8km from the Sunway Velocity Mall and will be developed into M Vertica, an integrated development with an estimated GDV of RM2.2bil. "The total consideration of up to RM263.48mil or RM538 per sq ft after taking into consideration the share sales, land cost, reconstruction and upgrading cost, estimated at RM25mil allocated for the Kuala Lumpur Badminton Stadium, is at a discount from the indicative market value of the surrounding land, as per an indicative valuation by Rahim & Co at RM333.18mil or RM680 per sq ft," the group said in the statement. Mah Sing said PWC has also been appointed to conduct due diligence on Cordova. It said that under the share sale agreement, the shares in Cordova would be paid over a maximum of 21.5 months, subject to completion of the vendor's obligations. "The prime KL city location coupled with the affordable entry level pricing provides an unbeatable value proposition. "We are looking at residential suites from 850 sq ft at an indicative price from RM450,000 or RM529 per sq ft and a choice of bigger units at 1,000 sq ft," Mah Sing's group managing director Tan Sri Leong Hoy Kum said. "The Maluri mass rapid transit (MRT) and light rail transit (LRT) interchanges are only 600m away and Taman Pertama MRT Station is only 800m from M Vertica. Upon the completion of the MRT Line 1, Sunway Velocity Mall, My Town Shopping Centre and Ikea Cheras will be within walking distance from the Cochrane MRT station. "It is also easily accessible via Jalan Cheras and is 300m away from thw Besraya Highway," he added. Mah Sing said the location and product met the current market demand as well as the company's quick turnaround strategy due to the connectivity, established catchment, ready infrastructure and amenities. Meanwhile in Penang, the group acquired 10.89 acres of freehold land in Bukit Mertajam along the south-western side of Jalan Permatang Tinggi. The group said that the purchase price of RM43.8mil included the costs for conversion premium, land clearance, earthworks and development planning which have already been paid by the vendor. According to a valuation report by PPC International Penang Sdn Bhd, the market value of the land is RM45.31mil. "The land, with development order obtained and earthworks done, is ready for immediate development which fits in well with the quick turnaround model of the group," it said. Mah Sing said it planned to develop an industrial park using the award winning iParc concept. The proposed development, with an estimated GDV of RM150mil, will offer well-conceptualised multi-functional industrial spaces comprising a mix of shop offices and light industrial factories. (Source : The Star)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Alam Maritim Resources Berhad	RM500 million Sukuk Ijarah Medium-Term Notes to BB+IS from BBB+IS.	BB+ / Negative	Downgraded, Negative outlook maintained

Source: MARC and RAM ratings

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 6, Wisma Hong Leong

18, Jalan Perak

50450 Kuala Lumpur

Tel: 603-2773 0469

Fax: 603-2164 9305

Email: HLMarkets@hbb.hongleong.com.my

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