

Global Markets Research

Fixed Income

Chang Wai Ming

Fixed Income Strategist

Hong Leong Bank Berhad, Global Markets

Fixed Income & Economic Research

WMChang@hlbb.hongleong.com.my

(603) 2773 0532

Fixed Income Daily Market Snapshot

US Treasuries

- UST ended supported amid continued flight to safety with 10-year yields eased 3 bps tighter to close at 2.13% level. Sale of \$28b 7-year note drew a BTC cover of 2.46x which was lower than the previous 2.54x average. All eyes on upcoming key data releases in the US tonight, with focus on ADP employment change for August and US GDP 2Q and personal consumption data. Support for UST is expected to persist for now on dimmer odds for December Fed hike, whilst Fed balance sheet reduction remains on track to start relatively soon based on recent Fed rhetoric.

MGS/GII

- Local govies continue to rally with bond yields easing lower at the belly of the curve. As expected reopening of the 7-year GII 8/24 was well supported with healthy BTC cover of 2.10x, with good interest from onshore real money investors. Based on last traded levels as per yesterday's closing, spread between 7-year MGS and comparable GII stands at circa 13 bps. We expect focus to shift towards the external front ahead of upcoming US non-farm payroll release this week, with consensus expecting a 180K gain for the month of August. Sustained signs of improving macro releases from the US warrants as stronger case for Fed tapering to kick in soon.

PDS/Sukuk

- MYR corporate bonds/sukuk saw thinner volume transacted with only RM362m changing hands. In the GG segment, we saw a combined amount of RM160m, circa 40% of total daily corporate bonds transacted yesterday. DanaInfra maturing '4/24, '5/24 and '7/24 saw a collective amount of RM70m with levels ranging 4.26%-4.28% level. Northern Gateway '8/30 rated AA1 was seen debuting at the secondary space with levels crossed at 5.09% level with RM10m dealt.

UST			
Tenure	Closing (%)		Chg (bps)
2-yr UST	1.32		-1
5-yr UST	1.70		-3
10-yr UST	2.13		-3
30-yr UST	2.74		-2

MGS		GII		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.36	0	3.49	0
5-yr	3.56	0	3.70	-1
7-yr	3.85	-1	3.98	1
10-yr	3.30	-2	4.05	-3
15-yr	4.31	-2	4.52	0
20-yr	4.54	0	4.71	0
30-yr	4.73	0	4.89	0

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.49	0
3-yr	3.62	-1
5-yr	3.72	-1
7-yr	3.82	-1
10-yr	3.96	1

Source: Bloomberg

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	2.961	85	3.035	28/08/2017	-7
MGS 10/17	2.988	4	3.001	28/08/2017	-1
MGS 03/18	2.999	116	3.039	28/08/2017	-4
MGS 09/18	3.125	46	3.085	28/08/2017	4
MGS 03/19	3.204	23	3.230	24/08/2017	-3
MGS 11/19	3.358	400	3.374	28/08/2017	-2
MGS 07/20	3.449	7	3.435	23/08/2017	1
MGS 09/21	3.568	5	3.611	24/08/2017	-4
MGS 08/22	3.692	22	3.696	28/08/2017	0
MGS 09/22	3.696	25	3.718	28/08/2017	-2
MGS 08/23	3.860	100	3.860	28/08/2017	0
MGS 09/24	3.850	273	3.859	28/08/2017	-1
MGS 09/25	3.948	1	3.955	28/08/2017	-1
MGS 04/26	4.038	40	4.052	28/08/2017	-1
MGS 11/26	3.893	1	3.932	25/08/2017	-4
MGS 03/27	4.084	13	4.105	28/08/2017	-2
MGS 05/27	4.111	17	4.181	28/08/2017	-7
MGS 11/27	3.900	720	3.914	28/08/2017	-1
MGS 09/28	4.273	0	4.326	16/08/2017	-5
MGS 04/30	4.357	25	4.342	25/08/2017	2
MGS 04/33	4.314	160	4.332	28/08/2017	-2
MGS 05/35	4.434	2	4.434	25/08/2017	0
MGS 04/37	4.537	20	4.537	25/08/2017	0
GII 11/17	3.008	80	3.010	24/08/2017	0
GII 05/18	3.130	113	3.144	28/08/2017	-1
GII 08/19	3.490	200	3.498	17/08/2017	-1
GII 04/20	3.494	60	3.494	28/08/2017	0
GII 06/20	3.603	200	3.665	10/08/2017	-6
GII 08/20	3.600	450	3.650	24/08/2017	-5
GII 04/22	3.702	10	3.710	28/08/2017	-1
GII 07/23	3.969	197	3.973	25/08/2017	0
GII 05/24	4.015	10	4.032	28/08/2017	-2
GII 08/24	3.979	853	3.970	28/08/2017	1
GII 10/25	4.134	120	4.165	23/08/2017	-3
GII 07/27	4.053	820	4.066	28/08/2017	-1
SPK 07/22	3.920	30	3.924	22/08/2017	0
		<u>5248</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**	
Pengurusan Air SPV Berhad	09/20	GG	3.985	10	3.988	21/08/2017	0	37
Johor Corporation	06/22	GG	4.081	30	4.113	08/06/2017	-3	36
DanaInfra Nasional Berhad	11/22	GG	4.058	40	4.073	21/08/2017	-2	33
Pengurusan Air SPV Berhad	02/23	GG	4.080	5	4.107	18/08/2017	-3	36
DanaInfra Nasional Berhad	04/24	GG	4.259	10	4.230	16/08/2017	3	44
DanaInfra Nasional Berhad	05/24	GG	4.269	10	4.157	21/06/2017	11	45
DanaInfra Nasional Berhad	07/24	GG	4.281	50	4.172	14/06/2017	11	46
Perbadanan Tabung Pendidikan Tinggi Nasional	08/32	GG	4.878	4	4.920	16/08/2017	-4	75
Tenaga Nasional Berhad	08/37	AAA	5.070	25	5.080	23/08/2017	-1	158
Cagamas Berhad	03/18	AAA	3.447	20	3.652	28/08/2017	-21	-4
Rantau Abang Capital Berhad	08/19	AAA	4.023	5	4.019	28/08/2017	0	47
Bank Pembangunan Malaysia Berhad	04/21	AAA	4.249	10	-	-	-	58
Telekom Malaysia Berhad	06/21	AAA	4.069	10	4.089	22/08/2017	-2	40
Bank Pembangunan Malaysia Berhad	03/22	AAA	4.237	5	4.277	09/08/2017	-4	51
Aman Sukuk Berhad	07/22	AAA	4.358	10	-	-	-	63
GENM Capital Berhad	03/27	AAA	4.864	2	4.980	03/04/2017	-12	91
Telekom Malaysia Berhad	09/27	AAA	4.500	5	-	-	-	55
Projek Lebuhraya Usahasama Berhad	01/28	AAA	4.570	5	4.598	15/08/2017	-3	62
YTL Power International Berhad	05/27	AA1	4.897	15	4.898	28/08/2017	0	141
YTL Power International Berhad	06/22	AA1	4.478	40	4.497	25/08/2017	-2	75
Northern Gateway	08/30	AA1	5.099	10	-	-	-	97
Kapar Energy Ventures Sdn Berhad	07/19	AA+	4.207	10	4.222	28/08/2017	-2	65
Westports Malaysia Sdn Berhad	05/21	AA+	4.296	8	4.287	22/02/2017	1	63
CIMB Bank Berhad	08/21	AA+	5.600	3	4.800	08/08/2017	80	193
Celcom	08/27	AA+	4.999	5	-	-	-	104
UMW Holdings Berhad	10/21	AA2	4.674	10	4.694	23/08/2017	-2	100
CIMB Group Holdings Berhad	04/20	AA3	5.781	0	5.830	24/08/2017	-5	216
AmBank Islamic Berhad	12/20	AA3	4.815	3	4.817	16/08/2017	0	120
Special Power Vehicle Berhad	05/19	A1	4.825	1	5.419	29/08/2016	-59	127
CIMB Group Holdings Berhad	05/21	A1	4.824	1	4.825	25/08/2017	0	115
				<u>362</u>				

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

Market/Corporate News: What's Brewing

WCT Holdings Bhd's wholly owned subsidiaries, WCT Land Sdn Bhd (WCTL) and WCT Precious Development Sdn Bhd (WCTPD), had entered into a shareholders agreement with CCCG Overseas Real Estate Pte Ltd (Core) to develop land held by WCTPD. Following the shareholders agreement, Core has nominated CORE (Singapore) TRX Investment Pte Ltd (Core SPV) and China Communications Construction Company (M) Sdn Bhd (CCCC (M)) as the new shareholders of WCTPD to subscribe for 200 million new ordinary shares in WCTPD, representing 80% of the enlarged issued share capital of WCTPD for a total subscription consideration of RM200mil. To facilitate and to realise the equity proportion of the new shareholders, WCTPD shall issue, WCTL, Core SPV and CCCC (M) shareholdings of 20%, 65% and 15% respectively. On Oct 19, 2015, WCT Holdings had proposed to buy 1.65 acres in TRX via its indirect wholly owned subsidiary WCTPD from 1MDB Real Estate Sdn Bhd (now known as KLIFD Sdn Bhd) for RM223mil or RM3,098 per sq ft. (Source : The Star)

The Corporate Debt Restructuring Committee (CDRC) is revising its eligibility criteria to enable more companies, particularly mid-sized firms, to apply for assistance in resolving their debt obligations. The committee said effective Sept 1, the minimum total outstanding debt threshold would be revised to RM10mil from RM30mil. "The revision to the admission criteria aims to enable a wider group of companies with viable business operations to apply to the CDRC for assistance to resolve their debt obligations. "In particular, the revision will expand the services of the CDRC to cover mid-sized companies facing temporary operational challenges," it said in a statement. It said the measure would complement the existing dedicated remedial and recovery resources of financial institutions to assist viable borrowers. The CDRC was set up as a pre-emptive measure by the Government to provide a platform for corporate borrowers and their creditors to work out feasible debt resolutions without having to resort to legal proceedings. It mediates between the companies and their lenders in arriving at a viable debt restructuring arrangements. The CDRC was set up during the 1998 financial crisis and resolved 57 cases with a total debt of RM45.8bil. It was re-established in 2009 by Bank Negara. The mechanism aims to support balance sheet and cash flow restoration, improve the speed and value of debt recovery, and minimise potential losses to financial institutions. (Source : The Star)

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Nil			

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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