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BPA Malaysia weekly bond market report 10 January 2016

January 9, 2016, Saturday

Top Ten Most Active Bonds and Sukuk for the week RM (million)

Stock Name	Last Trade Yield	Rating	Trade Amount
GII MURABAHAH 1/2016 07.07.2023	4.346	NR(LT)	2004
PROFIT-BASED GII 6/2012 08.02.2016	3.326	NR(LT)	1815
MGS 5/2015 3.759% 15.03.2019	3.329	NR(LT)	1800
MGS 1/2015 3.955% 15.09.2025	4.189	NR(LT)	1366
MGS 2/2015 3.795% 30.09.2022	4.052	NR(LT)	758
MGS 3/2015 3.659% 15.10.2020	3.497	NR(LT)	635
GII MURABAHAH 1/2014 3.678% 23.11.2017	3.275	NR(LT)	611
RANTAU IMTN 0% 03.12.2020 - Tranche No 9	4.29	AAA(S)	600
MGS 5/2012 3.314% 31.10.2017	2.569	NR(LT)	500
GII MURABAHAH 5/2015 3.508% 15.05.2018	3.399	NR(LT)	463

Glossary

Conv – Conventional Principle
Islm – Islamic Principle
N.A. – Not available
NR(LT) – No Rating (Long Term)
NR(ST) – No Rating (Short Term)
MGS – Malaysian Government Securities
GII – Government Investment Issues

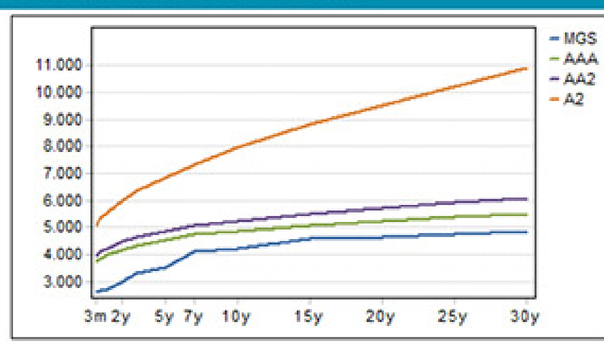
Quasi-Govt – Near-Government Entities e.g. Cagamas, Khazanah, ADB etc
Yield-to-Maturity (YTM) – Rate of return from holding a bond until maturity
AAA, AA, A and BBB YTM represent Corporate ratings consolidated from RAM and MARC
YTM is calculated in percentage (%)

Thomson Reuters BPA Malaysia All Bonds Index

Date	Index Value	Week on week Change (%)
08/01/2016	143.16	0.01
31/12/2015	143.14	

Thomson Reuters BPA Malaysia All Bonds Index as at 08/01/2016

Conventional Yield Curve as at 08/01/2016



New Bond and Sukuk Issues for the Week

Tender Date	Stock Name	Issue Date	Maturity Date	Actual Issue	Successful Yield	Sucessful Price
08/01/2016	SABAHDEV CP 60D 11.03.2016	11/01/2016	11/03/2016	120	4.202	99.314
08/01/2016	STSSB ICP Series 45/2016 31D 11.02.2016	11/01/2016	11/02/2016	100	3.922	99.668

Chinese equity market started the year with heavy sell-offs caused by concerns on continued slowing growth in the world's second largest economy following the release of weak manufacturing data.

The stock rout has rippled to other major equity markets as risk sentiments soured. Meanwhile, further depreciation of the Chinese yuan fueled concern the continued slowdown in China will hurt Malaysian exports, as China is Malaysia's major trading partner.

Crude oil prices remained under pressure as the fear of supply glut outweighed concerns on tension between Saudi Arabia and Iran. Plunging oil prices, coupled with widespread cautious mode hovering Asian financial markets at this juncture, has caused the Ringgit to weaken to 4.3850 against US Dollar from 4.2935 last week. Concurrently, the TR BPAM All Bond Index ended the week at 143.16 with a meagre gain of 0.01 per cent, supported by the longer end of the MGS segment where yields came down by 1bp to 4bps.

On January 7, 2016, Department of Statistics Malaysia released the external trade statistics for the month of November 2015. On a year-on-year basis, exports rose by 6.3 per cent to RM67.6 billion while imports grew 9.1 per cent to RM57.4 billion. Nonetheless, trade surplus dropped 6.9 per cent from a year ago, indicating downside risks to demand of the Malaysian products overseas.

On the same day, Bank Negara Malaysia reported that the international reserves stood at US$95.3 billion as at December 31, 2015 as compared to US$115.9 billion a year ago. The outflows were due to the prospect of the Federal Reserve hiking its benchmark interest rate and soft commodity prices throughout the year. The reserves position is sufficient to finance 8.5 months of retained imports and is 1.1 times the short-term external debt.

The total trade volume for the top 10 most active bonds of the week jumped to RM10.55 billion from RM2.21 billion the previous week. The most actively traded bond during the week is the new 7.5-year benchmark GII maturing in July 2023 with RM2 billion changed hands.

On January 4, 2016, Bank Negara Malaysia announced the tender details for the RM4.0 billion new 7.5-year benchmark GII maturing on July 7, 2023. The tender closed on 06 January 2016 with a strong bid-to-cover ratio of 2.680 times. The highest, average and lowest yields came in at 4.398, 4.39 and 4.35 per cent respectively.

On January 4, 2016, RAM Ratings had reaffirmed the ratings on ORIX Leasing Malaysia Bhd’s CP/MTN Programme of up to RM500 million and placed the rating on positive outlook. As the company is deemed to have strategic importance to its parent, Japan-based ORIX Corporation, its ratings are closely linked to ORIX Corporation’s credit strength. The positive outlook was premised on the better-than-expected improvement in the credit fundamentals of ORIX Corporation in terms of asset quality as a result of deleveraging of its real estate exposure.