

# BOND MARKET MONTHLY

RAM  
RATINGS

December 2016

2016 round-up: A year  
of yo-yo bond flows



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21 December 2016

## 2016 round-up: A year of yo-yo bond flows

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November 2016					
Government Securities (RM bln)			BNM Securities (RM bln)		
Total Outstanding	623.3		Total Outstanding	6.8	
Gross Issuance	6.0		Gross Issuance	1.0	
Gross Issuance (YTD)	92.0		Gross Issuance (YTD)	6.8	
Corporate bonds (RM bln)					
Private sector		Quasi-Government		Total corporate bonds	
Total Outstanding	369.4	Total Outstanding	170.5	Total Outstanding	540.0
Gross Issuance	6.8	Gross Issuance	0.0	Gross Issuance	6.8
Gross Issuance (YTD)	48.5	Gross Issuance (YTD)	32.9	Gross Issuance (YTD)	81.4
Yields (%)					
MGS	1-yr	3.48	Corporate (AAA)	1-yr	4.29
	5-yr	4.04		5-yr	4.64
	10-yr	4.36		10-yr	4.84
5-year Spreads	AAA	0.60	10-year Spreads	AAA	0.48
	AA <sub>1</sub>	0.77		AA <sub>1</sub>	0.64
	AA <sub>3</sub>	1.04		AA <sub>3</sub>	0.88
	A <sub>1</sub>	2.03		A <sub>1</sub>	2.38
RAM Rating Actions (number)					
Reaffirmations					45
Outlook changes					1
Upgrades					2
Downgrades					2
Foreign Holdings					
Govt Securities	% share				31.8
	% change (m-o-m)				(9.1)
Corporate	% share				3.0
	% change (m-o-m)				(5.6)
BNM	% share				94.1
	% change (m-o-m)				17.8

Note: Please click on table titles to go to respective sections.

RAM Projections	2016e	2017f*
Govt Securities Gross Issuance (RM bln)	90-100	100-110
Corporate Bonds Gross Issuance (RM bln)	75-85	75-85
OPR (year-end)	3.00%	3.00%
CPI (annual change)	2.5%	3.0%
USD/RM (avg)	4.00-4.25	4.00-4.50

\*Please refer to Economic Outlook 2017 (published on 23 November 2016) for more details

Note: RAM forecasts are reviewed every quarter.

**Glossary**

BNM	Bank Negara Malaysia
BPAM	Bond Pricing Agency Malaysia
CPI	Consumer Price Index
FAST	Fully Automated System for Issuing/ Tendering
Fed	US Federal Reserve
FFR	Federal funds rate
FOMC	Federal Open Market Committee
GII	Government Investment Issues
LCY	Local currency
MGS	Malaysian Government Securities
MITB	Malaysian Islamic Treasury Bills
MTB	Malaysian Treasury Bills
OPEC	Organization of the Petroleum Exporting Countries
OPR	Overnight Policy Rate
QE	Quantitative easing
SPK	Sukuk Perumahan Kerajaan
YTD	Year to date
YTM	Yield to maturity

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<sup>1</sup> **Disclaimer:** Due to rounding adjustments, some figures in the document may not add up precisely to the totals, and percentages may not precisely reflect the absolute figures.

## Summary

All things considered, 2016 has been a volatile year for Malaysia's fixed-income market as investors chose between yield search and risk aversion. Heavily influenced by market sentiment on the direction of US interest rates, the unexpected results of the BREXIT referendum and active yield-hunting by investors, MGS yields in particular experienced 4 major double-digit bps jolts in the first 11 months of the year. In line with this, foreign holdings of Malaysian bonds see-sawed throughout the year, with the most recent major contraction in November.

Following President-elect Trump's unexpected victory that has heightened uncertainties, the Malaysian bond market saw the largest net monthly outflow to date of RM19.9 billion in November. The value of foreign holdings stood at RM221.0 billion as at end-November, i.e. an 8.3% m-o-m drop. Foreign holdings of MGS and GII, which made up 88.7% of total foreign holdings at month-end, posted a combined outflow of RM18.8 billion in November. BNM's recent action of curbing offshore trading of the ringgit may have also magnified the amount of capital outflow during the month. The sudden clamp-down on offshore hedging activities had amplified uncertainties for foreign investors as such action inevitably drew comparisons to the capital controls during the Asian financial crisis in the late 1990s.

Since BNM's announcement, there has been talk of increasing the liquidity of the onshore foreign-exchange forward market. However, whether the liquidity created will be sufficient to cater to the needs of foreign investors that have become accustomed to the unregulated offshore non-deliverable forward (NDF) market is yet to be seen. We therefore believe that any sort of normalisation to this policy change will be more of a matter of time. These measures, partly to stymie significant ringgit volatility, have been successful to some extent. Nonetheless, until the onshore forex forward market becomes more established, we would expect less participation by foreign investors in the bond market for at least another quarter.

Moreover, the Fed's recent lifting of the federal funds rate (FFR) and subsequent signal of several more to follow in 2017 may see foreign investors pricing in this rate normalisation in the coming year; this could also exacerbate the decline in foreign participation. However, the timing of these planned FFR hikes remains to be seen. Other uncertainties such as President-elect Trump's much-anticipated policy direction and OPEC's commitment on oil output could further influence the direction of global fund flows. That said, we still expect some capital-market volatility despite the reduced level of participation, on account of lingering external uncertainties.

Meanwhile, gross issuance of government securities summed up to RM92.0 billion in 11M 2016. With only another month left to the year, we expect full-year issuance to come in within our projection of RM90 billion-RM100 billion. Moving forward, we project gross issuance of government securities to clock in at RM100 billion-RM110 billion in 2017, taking into account the Government's financing needs next year.

On the corporate side, gross issuance summed up to RM81.4 billion in 11M 2016, i.e. already converging with our projection of RM75 billion-RM85 billion for the year. We note that this year's robust issuance has been supported by both private and quasi-government entities, with respective y-o-y increases of 9.1% and 83.3%. We expect gross corporate issuance to remain at around RM75 billion-RM85 billion in 2017, based on the projected issuance pipeline and also taking into account the prevailing volatility and uncertainties.

In November, RAM reaffirmed 45 issue ratings under 23 issuers. The month also marked an atypical number of rating actions, with 2 issue ratings upgraded and another 2 downgraded, along with the lifting of 1 issue from Rating Watch.

RAM upgraded the ratings of **Premium Commerce Berhad's** (PCB) outstanding RM4.0 million of Class B Notes Series 2014-A and RM5.0 million of Class B Notes Series 2015-A, to AAA from AA<sub>2</sub>. Correspondingly, the rating outlook for both issues was revised from positive to stable. The rating upgrades are premised on the better-than-assumed performance of the underlying portfolio of receivables vis-à-vis RAM's base-case assumptions, which had also led to a faster-than-scheduled deleveraging of the outstanding notes of both series.

Following the initial rating downgrade of the RM1.0 billion Sukuk Wakalah (2013/2023) issued by Al Bayan Holding Company through its special-purpose vehicle, **ABHC Sukuk Berhad** (ABHC), to C<sub>1</sub>(s)/RW\_Negative from BB<sub>2</sub>(s) /RW\_Negative in November, it has been further downgraded to D due to Al Bayan's failure to redeem RM100 million of outstanding sukuk on the maturity date of 16 December 2016. Prior to this, Al Bayan had failed to meet all the scheduled payments into the Finance Service Reserve Account (FSRA), which constituted events of default.

Elsewhere, the rating of **Development Bank of Kazakhstan Joint-Stock Company's** (DBK) RM1.5 billion *Sukuk Murabahah* Programme (2012/2032) was also downgraded, from AA<sub>2</sub>/Stable to AA<sub>3</sub>/Stable, in tandem with the downgrading of Kazakhstan's sovereign ratings on the Malaysian scale. DBK's issue rating is equated to Kazakhstan's credit standing given our expectation of a very high likelihood of support in times of need. The recent rating downgrade for the sovereign had been precipitated by persistently low oil prices and the country's increased susceptibility to external conditions amid the recent change in its monetary policy, which has affected economic growth.

In the same month, RAM lifted the developing Rating Watch on **Hong Leong Assurance Berhad's** (HLA) RM500 million Subordinated Notes Programme (2013/2025)'s AA<sub>3</sub> rating. Concurrently, we reinstated the stable outlook on the rating. This follows an announcement on 4 November 2016 that HLA Holdings Sdn Bhd (HLAH) and Hong Leong Financial Group Berhad had failed to reach an acceptable agreement with BNM-approved negotiating parties, on the proposed divestment of HLAH's equity interest in HLA and Hong Leong MSIG Takaful Berhad. The parties had therefore mutually agreed to cease negotiations.

## 1. Government Securities

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Outstanding government securities decreased from RM629.3 billion as at end-October to RM623.3 billion as at end-November, due to the significant amount of maturing MGS in November (RM12.0 billion). Meanwhile, gross issuance decelerated in November, with RM6.0 billion issued during the month (October: RM8.5 billion) – the lowest monthly issuance YTD (YTD average: RM8.3 billion). This brought YTD issuance to RM92.0 billion. With only 1 month left in the year, we believe that full-year issuance will come in within our projected RM90 billion-RM100 billion. Moving forward, we expect gross issuance of government securities to clock in at RM100 billion-RM110 billion in 2017, taking into account the Government's financing needs next year.

**Table 1: Key statistics on government securities**

Key government securities statistics (RM bln)	Oct-16			Nov-16		
	Conventional	Islamic	Total	Conventional	Islamic	Total
<b>TOTAL OUTSTANDING</b>	<b>358.4</b>	<b>270.9</b>	<b>629.3</b>	<b>360.4</b>	<b>262.9</b>	<b>623.3</b>
MGS/GII	355.4	269.4	624.8	357.4	261.4	618.8
MTB/MITB	3.0	1.5	4.5	3.0	1.5	4.5
<b>GROSS ISSUANCE</b>	<b>2.0</b>	<b>6.5</b>	<b>8.5</b>	<b>2.5</b>	<b>3.5</b>	<b>6.0</b>
MGS/GII	2.0	6.5	8.5	2.0	3.0	5.0
MTB/MITB	0.0	0.0	0.0	0.5	0.5	1.0
<b>MATURED &amp; OTHERS</b>	<b>0.0</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>11.5</b>	<b>12.0</b>
MGS/GII	0.0	0.0	0.0	0.0	11.0	11.0
MTB/MITB	0.0	0.5	0.5	0.5	0.5	1.0
<b>NET ISSUANCE</b>	<b>2.0</b>	<b>6.0</b>	<b>8.0</b>	<b>2.0</b>	<b>(8.0)</b>	<b>(6.0)</b>
MGS/GII	2.0	6.5	8.5	2.0	(8.0)	(6.0)
MTB/MITB	0.0	(0.5)	(0.5)	0.0	0.0	0.0

Source: BPAM

**Table 2: Key statistics on BNM securities**

Key BNM securities statistics (RM bln)	Oct-16			Nov-16		
	Conventional	Islamic	Total	Conventional	Islamic	Total
Total Outstanding	5.8	0.0	5.8	6.8	0.0	6.8
Gross Issuance	0.0	0.0	0.0	1.0	0.0	1.0
Matured & Others	5.0	0.0	5.0	0.0	0.0	0.0
Net Issuance	(5.0)	0.0	(5.0)	1.0	0.0	1.0

Source: BPAM

**Table 3: Key YTD statistics on government securities**

YTD government securities (RM bln)	Nov-15			Nov-16		
	Conventional	Islamic	Total	Conventional	Islamic	Total
<b>GROSS ISSUANCE</b>	<b>53.8</b>	<b>45.7</b>	<b>99.5</b>	<b>49.0</b>	<b>43.0</b>	<b>92.0</b>
MGS/GII	43.8	43.0	86.8	43.5	41.0	84.5
MTB/MITB	10.0	2.7	12.7	5.5	2.0	7.5
<b>NET ISSUANCE</b>	<b>8.8</b>	<b>34.3</b>	<b>43.1</b>	<b>17.4</b>	<b>18.8</b>	<b>36.2</b>
MGS/GII	6.4	33.5	39.9	17.4	19.0	36.4
MTB/MITB	2.4	0.8	3.2	0.0	(0.2)	(0.2)

Source: BPAM

**Table 4: Key YTD statistics on BNM securities**

YTD BNM securities (RM bln)	Nov-15			Nov-16		
	Conventional	Islamic	Total	Conventional	Islamic	Total
Gross Issuance	18.1	0.6	18.7	6.8	0.0	6.8
Net Issuance	(40.1)	(42.0)	(82.1)	(17.3)	(0.5)	(17.8)

Source: BPAM

**Table 5: Large MGS/GII issues (> RM1 billion)**

	Size of issue (RM bln)	Maturity date	Successful yield (%)	Bid-to-cover ratio (times)	Amount applied/ bid (RM bln)	Amount accepted/ offered (RM bln)
MGS 3/2016 3.900% 30.11.2026	2.00	30-Nov-26	4.465	2.654	5.31	2.00
GII MURABAHAH 1/2016 4.390% 07.07.2023	3.00	07-Jul-23	4.094	2.205	6.62	3.00

Source: BPAM

Despite the spike in MGS yields across the maturity spectrum, demand for government securities issued in November was surprisingly healthy. The 11-year MGS recorded a bid-to-cover ratio of 2.654 times – the highest recorded YTD, as well as an above-YTD average ratio of 2.046 times. Likewise, the 7-year GII was also oversubscribed with a healthy bid-to-cover ratio of 2.205 times, exceeding the preceding month's ratios of 2.023 and 2.066 times. Demand may have been propped up by local institutional investors given that foreign participation in the Malaysian bond market deteriorated significantly in November, during which MGS and GII suffered a combined net outflow of RM18.8 billion.

## 2. Corporate bonds

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Issuance from the corporate segment remained robust despite the spike in yields across the rating bands. Monthly corporate bond issuance came up to RM6.8 billion in November. This brought YTD issuance to RM81.4 billion, i.e. already converging with our projection of RM75 billion-RM85 billion for 2016. This year's robust issuance has been supported by private and quasi-government entities, with respective y-o-y increases of 9.1% and 83.3%. In particular, the significant jump in quasi-government issuance was attributed to both new issuers coming into the market (from 7 to 11 entities), as well as existing institutions especially utilities and transport-related entities issuing larger amounts throughout the year. Looking ahead, we expect full-year gross corporate issuance to reach RM75 billion-RM85 billion based on issuance in the pipeline, taking into account the prevailing volatility and uncertainties.

Despite the growth of the unrated bonds segment, rated corporate bonds still accounted for more than half of corporate bond issuance in 11M 2016. While a large chunk of bonds from the quasi-government sector is unrated, the opposite is true for the private sector. Some 76.4% of bonds from the private side remained rated as at end-November 2016. Meanwhile, short-term securities posted a monthly issuance of RM 4.1 billion for the month, bringing the YTD issuance value of short-term notes to RM48.5 billion as at end-November (+26.5% y-o-y).

**Table 6: Key statistics on corporate bonds**

Key corporate bonds statistics (RM bln)	Oct-16			Nov-16		
	Conventional	Islamic	Total	Conventional	Islamic	Total
<b>TOTAL OUTSTANDING</b>	<b>143.3</b>	<b>396.6</b>	<b>540.0</b>	<b>143.5</b>	<b>396.4</b>	<b>540.0</b>
Private sector	123.7	244.6	368.3	125.0	244.5	369.4
Quasi-government	19.7	152.0	171.7	18.6	152.0	170.5
<b>GROSS ISSUANCE</b>	<b>1.0</b>	<b>7.3</b>	<b>8.3</b>	<b>1.8</b>	<b>5.0</b>	<b>6.8</b>
Private sector	0.1	2.8	2.9	1.8	5.0	6.8
Quasi-government	0.9	4.5	5.4	0.0	0.0	0.0
<b>MATURED &amp; OTHERS</b>	<b>1.5</b>	<b>3.3</b>	<b>4.8</b>	<b>1.6</b>	<b>5.2</b>	<b>6.8</b>
Private sector	1.4	2.2	3.6	0.5	5.1	5.6
Quasi-government	0.1	1.1	1.1	1.1	0.1	1.2
<b>NET ISSUANCE</b>	<b>(0.5)</b>	<b>4.0</b>	<b>3.5</b>	<b>0.2</b>	<b>(0.2)</b>	<b>(0.0)</b>
Private sector	(1.3)	0.6	(0.8)	1.3	(0.1)	1.2
Quasi-government	0.9	3.4	4.3	(1.1)	(0.1)	(1.2)

Sources: BPAM, RAM

**Table 7: Key YTD statistics on corporate bonds**

YTD corporate bonds (RM bln)	Nov-15			Nov-16		
	Conventional	Islamic	Total	Conventional	Islamic	Total
<b>GROSS ISSUANCE</b>	<b>19.7</b>	<b>42.7</b>	<b>62.4</b>	<b>17.6</b>	<b>63.8</b>	<b>81.4</b>
Private sector	16.3	28.1	44.5	13.1	35.4	48.5
Quasi-government	3.4	14.6	18.0	4.5	28.4	32.9
<b>NET ISSUANCE</b>	<b>4.7</b>	<b>24.4</b>	<b>29.0</b>	<b>(0.1)</b>	<b>35.2</b>	<b>35.0</b>
Private sector	5.1	14.3	19.4	(2.7)	14.0	11.3
Quasi-government	(0.5)	10.1	9.6	2.5	21.1	23.7

Sources: BPAM, RAM

**Table 8: Corporate bonds issuance (rated vs unrated)**

	Oct-16			Nov-16			YTD 2016		
	Private debt	Quasi-Govt	Total Corp	Private debt	Quasi-Govt	Total Corp	Private debt	Quasi-Govt	Total Corp
Rated	1.6	0.9	2.5	3.8	0.0	3.8	37.1	5.4	42.4
Unrated	1.3	4.5	5.8	2.9	0.0	2.9	11.5	27.6	39.0
<b>Total corporate bonds</b>	<b>2.9</b>	<b>5.4</b>	<b>8.3</b>	<b>6.8</b>	<b>0.0</b>	<b>6.8</b>	<b>48.5</b>	<b>32.9</b>	<b>81.4</b>
Rated over total (%)	54.4	17.1	29.9	56.4	-	56.4	76.4	16.3	52.1
Unrated over total (%)	45.6	82.9	70.1	43.6	-	43.6	23.6	83.7	47.9

Sources: BPAM, RAM

**Table 9: Short-term financing activities**

Key short-term financing activities statistics (RM bln)	Oct-16			Nov-16		
	Conventional	Islamic	Total	Conventional	Islamic	Total
<b>TOTAL OUTSTANDING</b>	<b>3.4</b>	<b>4.2</b>	<b>7.6</b>	<b>3.5</b>	<b>4.6</b>	<b>8.1</b>
Private sector	3.4	3.7	7.1	3.5	4.1	7.6
Quasi-government	0.0	0.5	0.5	0.0	0.5	0.5
<b>GROSS ISSUANCE</b>	<b>1.6</b>	<b>1.7</b>	<b>3.3</b>	<b>2.3</b>	<b>1.9</b>	<b>4.1</b>
Private sector	1.6	1.7	3.3	2.3	1.9	4.1
Quasi-government	0.0	0.0	0.0	0.0	0.0	0.0
<b>MATURED &amp; OTHERS</b>	<b>2.3</b>	<b>1.2</b>	<b>3.5</b>	<b>2.2</b>	<b>1.4</b>	<b>3.7</b>
Private sector	2.3	1.2	3.5	2.2	1.4	3.7
Quasi-government	0.0	0.0	0.0	0.0	0.0	0.0
<b>NET ISSUANCE</b>	<b>(0.7)</b>	<b>0.4</b>	<b>(0.2)</b>	<b>0.0</b>	<b>0.4</b>	<b>0.5</b>
Private sector	(0.7)	0.4	(0.2)	0.0	0.4	0.5
Quasi-government	0.0	0.0	0.0	0.0	0.0	0.0

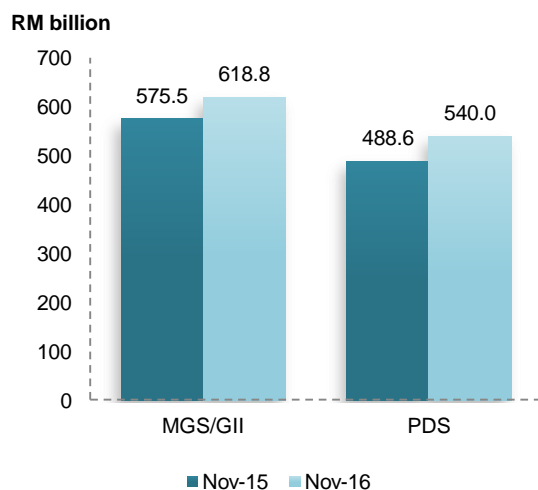
Sources: BPAM, RAM

**Table 10: Short-term financing activities (YTD)**

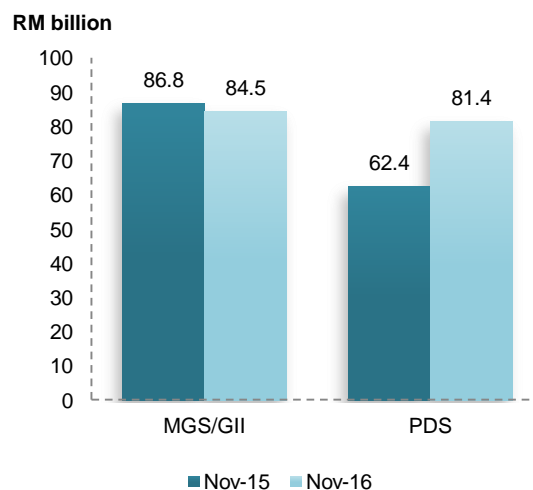
YTD short-term financing activities (RM bln)	Nov-15			Nov-16		
	Total	Conventional	Islamic	Total	Islamic	Total
<b>GROSS ISSUANCE</b>	<b>31.6</b>	<b>6.7</b>	<b>38.3</b>	<b>30.0</b>	<b>18.5</b>	<b>48.5</b>
Private sector	31.3	6.2	37.5	30.0	18.0	48.0
Quasi-government	0.3	0.5	0.8	0.0	0.5	0.5
<b>NET ISSUANCE</b>	<b>3.6</b>	<b>1.2</b>	<b>4.8</b>	<b>(3.5)</b>	<b>2.0</b>	<b>(1.5)</b>
Private sector	3.3	1.2	4.5	(3.2)	1.5	(1.7)
Quasi-government	0.3	0.0	0.3	(0.3)	0.5	0.2

Sources: BPAM, RAM

**Chart 1: Total outstanding – MGS/GII vs corporate bonds**



**Chart 2: YTD issuance – MGS/GII vs corporate bonds**

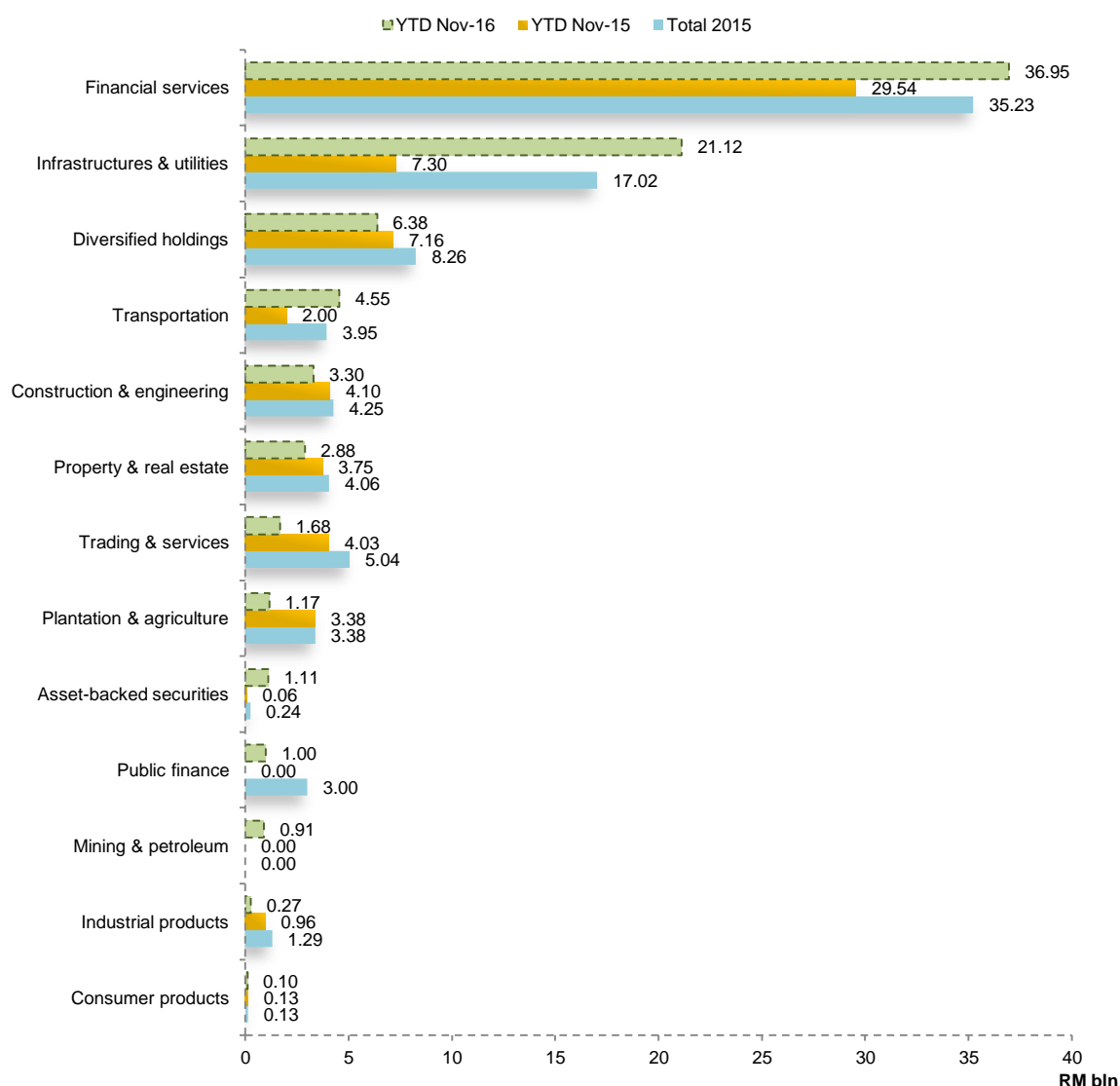


Sources: BPAM, RAM

Akin to the trend of the last few years, the bulk of gross corporate and sukuk issuance in 11M 2016 stemmed from the financial services and the infrastructure & utilities sectors. These sectors accounted for a respective RM37.0 billion and RM21.1 billion, i.e. surpassing the corresponding amounts issued in 2015. Combined, they made up 73.1% of total corporate bond issuance in 11M 2016; a jump from 11M 2015's 59.0%. We believe this trend will continue through 2017, taking into account the strong projected pipeline from issuers in the 2 sectors.

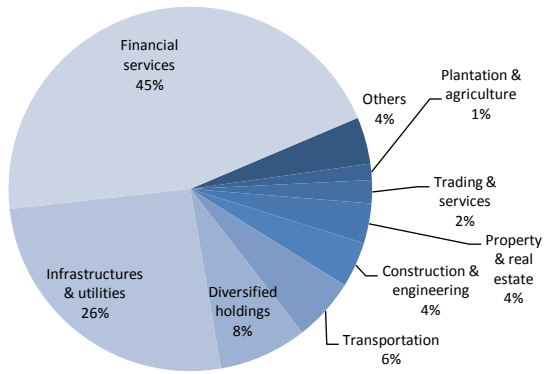
Meanwhile, issuance from other sectors was not as robust, with the exception of transportation, asset-backed securities, public finance, and mining & petroleum. That said, we note that this year's issuance has been shored up by a larger number of issuers (from 91 to 98 y-o-y) and a wider base of sectors – a trend we expect to see again in 2017.

**Chart 3: Gross corporate bond issuance by sector**

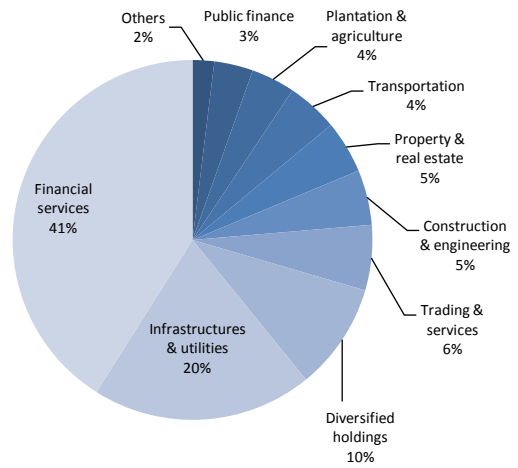


Sources: BPAM, RAM

**Chart 4: Sectoral composition of corporate bonds (YTD)**



**Chart 5: Sectoral composition of corporate bonds (2015)**



Sources: BPAM, RAM

### 3. Yields

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Malaysia is among the economies in the eye of the post-US election financial storm, as the uncertainties and volatility severely dampened demand for emerging-market securities. As of end-November, yields of MGS and corporate bonds had risen across the entire maturity spectrum and rating bands (refer to Charts 6(a)-6(d)), leading to an upward shift in the yield curve (refer to Charts 8(a)-8(d)). The externally induced sell-off in Malaysian bonds led to a 73-bps spike in yield for the benchmark 10-year MGS - the largest increase since February 2009, thereby lifting it back up to the level last seen in September 2008. This double-digit bps increase was also common among investment-grade bonds of almost all maturities and effectively reversed the downtrend in yields since the start of the year. Nevertheless, MGS still bore the brunt of the sudden exodus of capital due to its relatively higher proportion of foreign investor holdings. As foreign investors shifted away from the emerging markets, the sharper yield spike for MGS vis-a-vis corporate bonds led to markedly narrower yield spreads across the board (refer to Charts 9(a)-9(d)).

All in all, 2016 has been a volatile year for Malaysia's fixed-income market as foreign investors chose between yield search and risk aversion. MGS yields in particular experienced 4 major double-digit bps jolts during the first 11 months of the year. The Fed's decision not to raise its policy rate in January, after its first hike (since 2006) in December 2015, had heightened demand for Malaysian bonds from yield-seeking investors, thereby pushing down yield of the benchmark 10-year MGS by 31 bps. In the next several months, yield movements were volatile, partly due to sentiment on the pace of the normalisation of US interest rates. The next market surge took place after the BREXIT vote, as foreign investors flooded emerging markets in June and July amid active yield hunting; the main expectation then had been that low (and negative) global rates would prevail and the Fed would further delay its rate hike on account of this development. However, the positive inward momentum reversed following the US presidential election in November, against the backdrop of heightened uncertainties given the unexpected Trump victory.

Investors were also concerned that BNM would reintroduce capital controls following its move to stymie offshore ringgit trading amid the recent currency volatility; this had further disheartened bond investors. Moreover, the fall in value of Malaysian bonds was also aggravated by investors increasingly pricing in their expectations of another Fed rate hike in December, on the back of improved labour-market data and in anticipation of President-elect Trump's inflation-stimulating policy stance. With the recent 25-bp lift in the FFR on 14 December and the message that several more hikes will follow in the coming year, emerging markets such as Malaysia are expected to bear the brunt of foreign investors' portfolio reallocation amid normalising global liquidity conditions. As such, yields are envisaged to remain elevated at the start of this readjustment phase.

**Table 11: YTM as at end-November 2016**

YTM as at end- November (%) - Conventional												
	3M	6M	1Y	2Y	3Y	5Y	7Y	10Y	15Y	20Y	25Y	30Y
MGS	3.25	3.33	3.48	3.80	3.92	4.04	4.18	4.36	4.76	4.83	4.85	4.87
AAA	4.07	4.18	4.29	4.36	4.47	4.64	4.69	4.84	5.25	5.38	5.50	5.60
AA <sub>1</sub>	4.19	4.32	4.43	4.54	4.66	4.81	4.87	5.00	5.38	5.55	5.71	5.84
AA <sub>3</sub>	4.44	4.57	4.69	4.81	4.94	5.08	5.14	5.24	5.59	5.87	6.18	6.32
A <sub>1</sub>	4.85	5.01	5.17	5.46	5.74	6.07	6.31	6.74	7.48	8.10	8.72	9.32

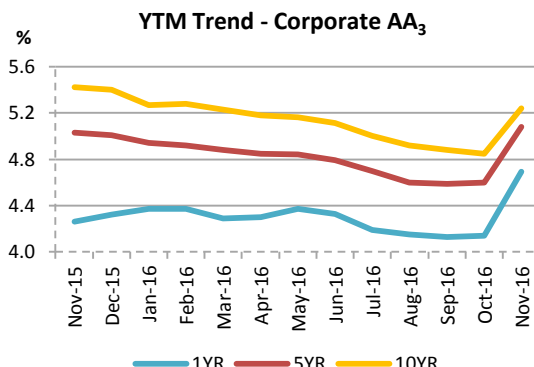
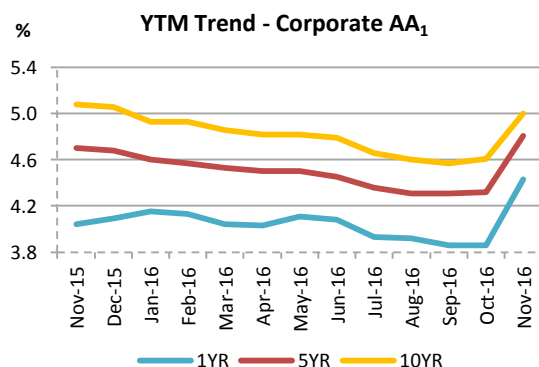
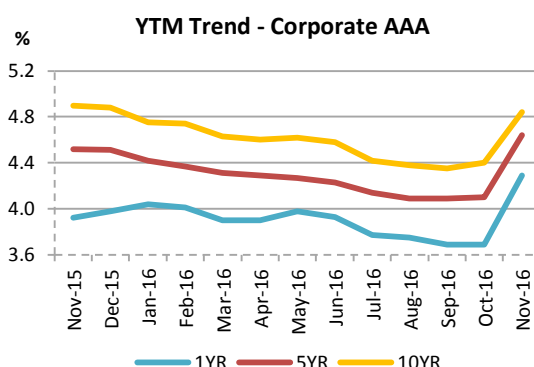
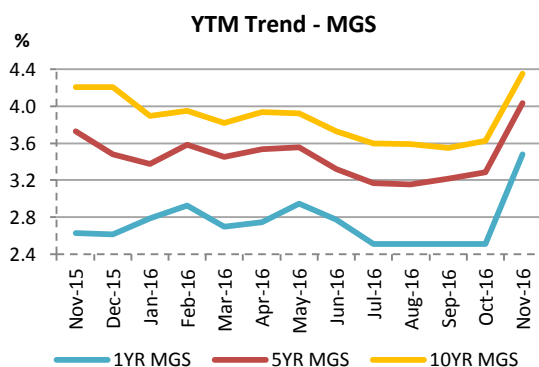
YTM as at end- November (%) - Islamic												
	3M	6M	1Y	2Y	3Y	5Y	7Y	10Y	15Y	20Y	25Y	30Y
GII	3.28	3.36	3.51	3.68	3.85	4.15	4.29	4.43	4.81	4.87	4.89	4.91
AAA	4.02	4.13	4.24	4.31	4.42	4.59	4.64	4.79	5.20	5.33	5.45	5.55
AA <sub>1</sub>	4.14	4.27	4.38	4.49	4.61	4.76	4.82	4.95	5.33	5.50	5.66	5.79
AA <sub>3</sub>	4.39	4.52	4.64	4.76	4.89	5.03	5.09	5.19	5.54	5.82	6.13	6.27
A <sub>1</sub>	4.80	4.96	5.12	5.41	5.69	6.02	6.26	6.69	7.43	8.05	8.67	9.27

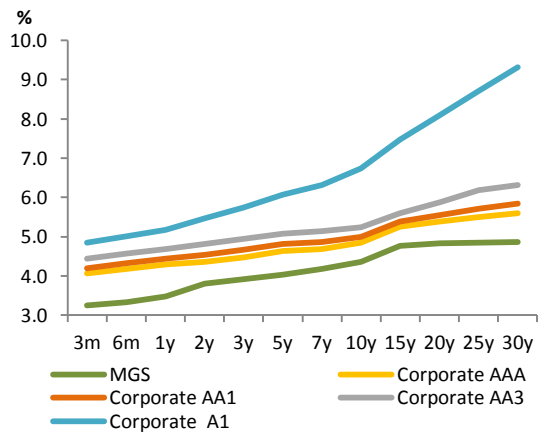
Difference in yields (Conventional - Islamic)												
	3M	6M	1Y	2Y	3Y	5Y	7Y	10Y	15Y	20Y	25Y	30Y
GII/ MGS	(0.03)	(0.03)	(0.03)	0.13	0.07	(0.11)	(0.12)	(0.07)	(0.06)	(0.05)	(0.05)	(0.05)

Source: BPAM

**Charts 6(a)-6(d): YTM trends of selected securities**

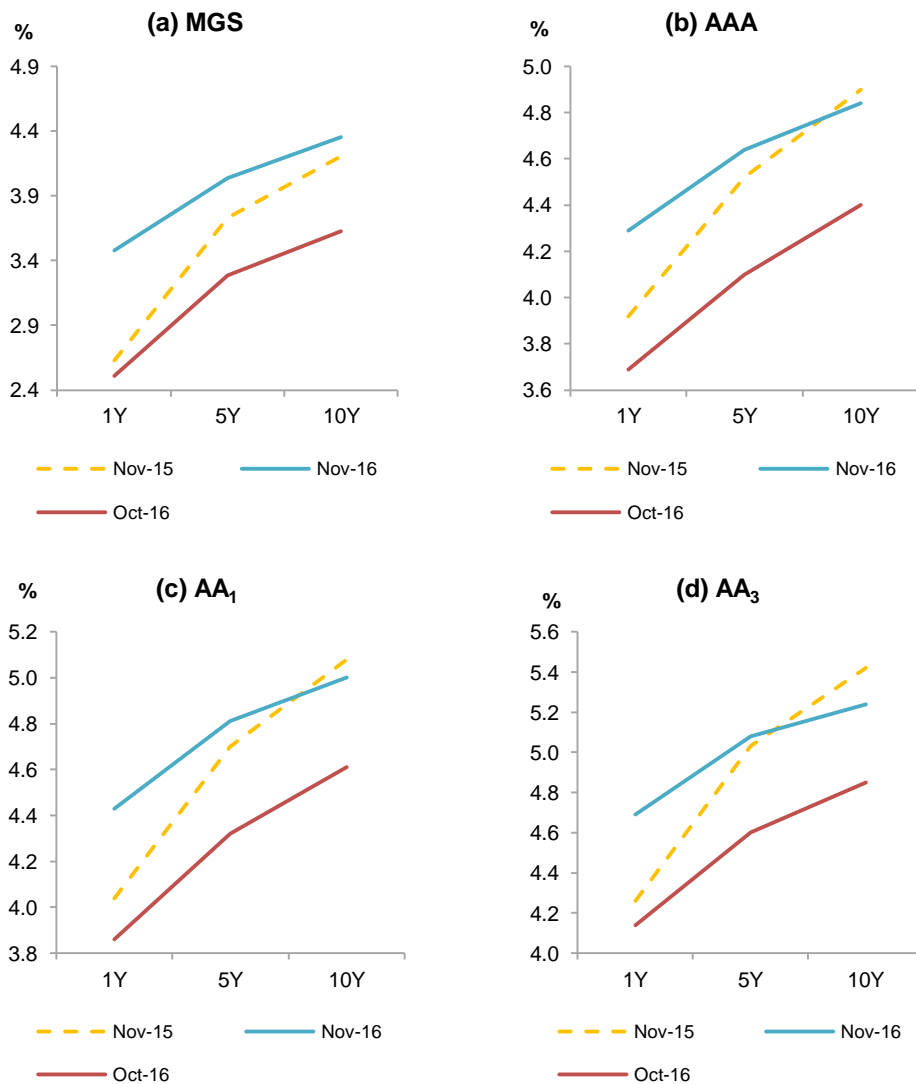


**Chart 7: Yield curve (conventional) as at end-November 2016**



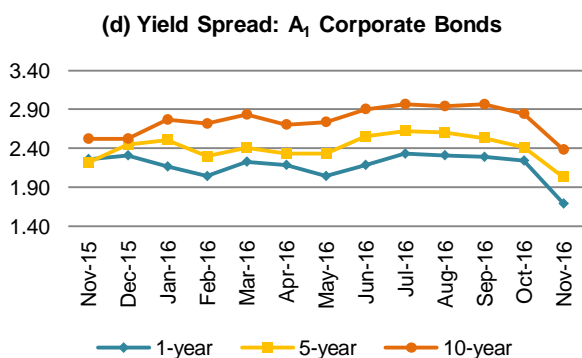
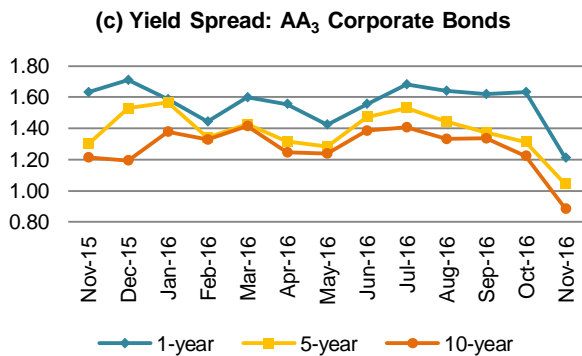
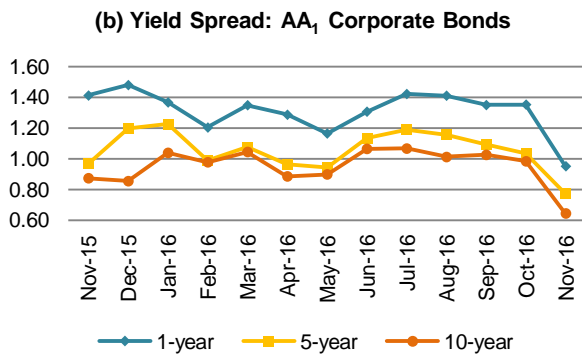
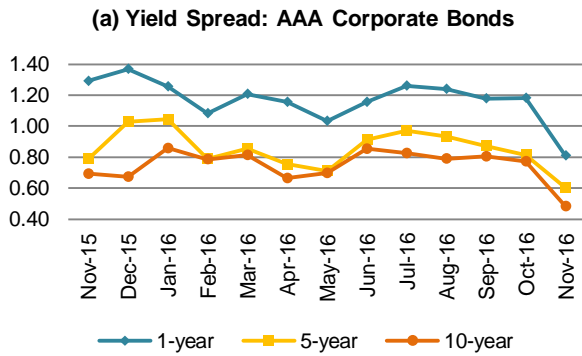
Source: BPAM

**Charts 8(a)-8(d): YTM curve movements of selected securities**

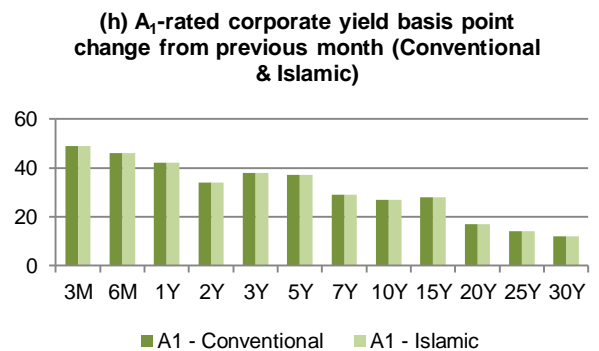
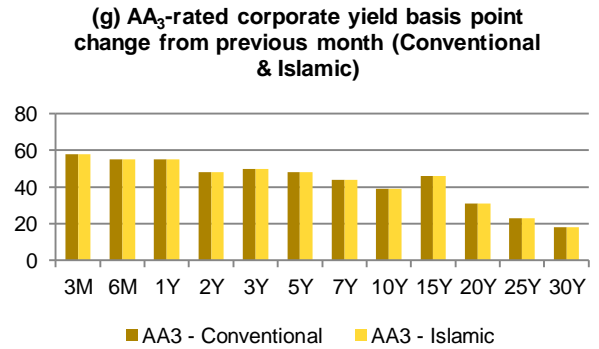
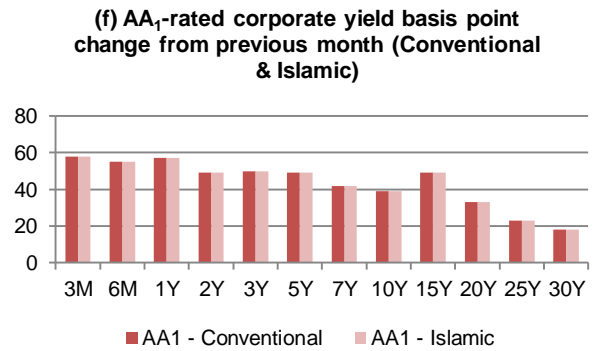
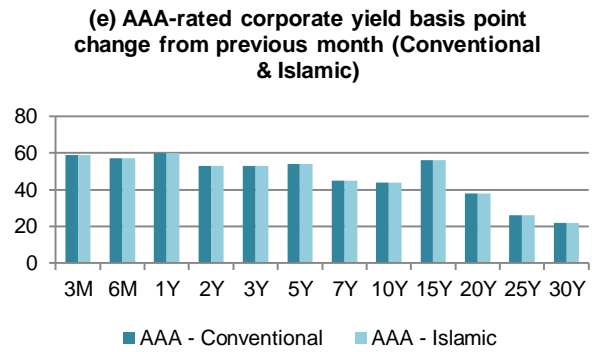


Source: BPAM

Charts 9 (a)-9(d): Yield spread



Charts 10 (a)-10(d): M-o-m yield basis point change of selected securities



Source: BPAM

## 4. Foreign Holdings

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Chart 11: Trend in foreign holdings

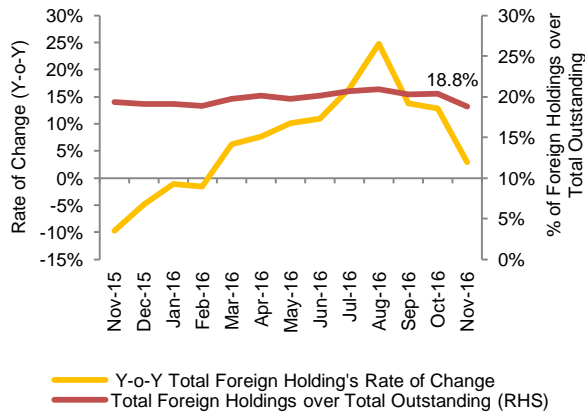
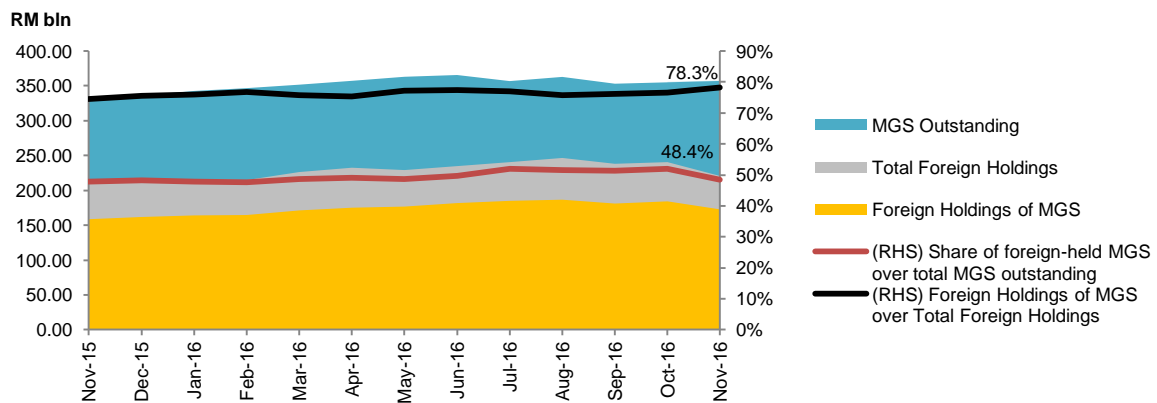


Chart 12: Composition of foreign holdings

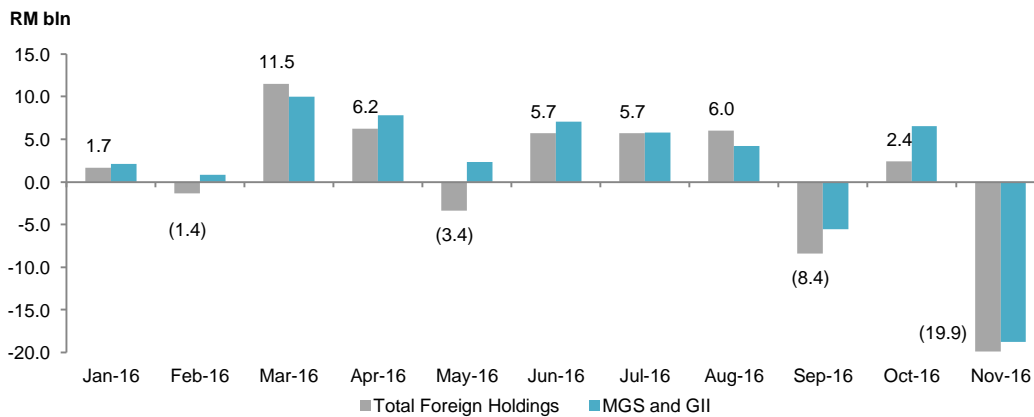


Chart 13: Foreign holdings of MGS



Source: BNM

Chart 14: Net inflow (outflow) of foreign holdings



Source: BNM

The year had got off to a good start for foreign bond investment, with a positive inflow of RM1.7 billion in January. Overall, foreign holdings of Malaysian bonds increased in 1Q 2016 - with the exception of February's thin net outflow of RM1.4 billion, mostly due to a reduction in foreign-held BNM securities amid dissipating risk aversion and market uncertainties that had peaked in 3Q 2015. Notably, foreign holdings of MGS experienced a continuous net inflow in the first quarter, right up to August. This was aided by the strengthening of the ringgit against the greenback as oil prices recovered in February and March, together with the introduction of negative interest rates in major markets, which led to active yield-hunting.

The positive momentum continued in April as the USD/RM exchange rate dipped just below 4.00 for the first time since early August 2015, maintaining foreign participation in the Malaysian bond market. Nonetheless, this trend reversed the following month as investors moved away from short-term investments amid the re-pricing of market expectations on the next rate hike by the Fed. Heightened anticipation of a rate increase through most of May prompted foreign investors to rationalise their holdings of short-term securities, which in turn exerted further downward pressure on the ringgit, pushing the USD/RM exchange rate back above 4.00. However, the market experienced some upside between June and August after the BREXIT referendum, during which foreign investors actively hunted for yields as they expected BREXIT to perpetuate the already-low interest rates in developed markets. On top of that, the Fed's decision to maintain its policy rate at the end of July also helped bolster the relative appeal of emerging markets.

In September, foreign bond holdings retreated – the third net outflow for the year. Meanwhile, MGS declined for the first time in a year, albeit partly due to the large quantum of maturing papers in September (RM12.8 billion). The volatility of foreign holdings of Malaysian bonds that month may have been aggravated by mounting trepidation over the stability of capital flows, as the market priced in expectations of a possible OPR cut by BNM in November amid persistently weak economic conditions and the prospect of at least another hike by the Fed towards year-end. The expectation that the Fed will hold its rates steady at its meeting in November led to a net inflow of foreign-held bonds as at end-October, but this was short-lived in light of the unexpected results of the US presidential election in early November.

Following President-elect Trump's unexpected victory that has heightened uncertainties, the Malaysian bond market saw the largest net outflow to date of RM19.9 billion. The value of foreign holdings stood at RM221.0 billion as at end-November, i.e. an 8.3% m-o-m drop. Foreign holdings of MGS and GII, which made up 88.7% of total foreign holdings at month-end, posted a combined outflow of RM18.8 billion in November. BNM's recent action of curbing offshore trading of the ringgit may have also magnified the amount of capital outflow during the month. The sudden clamp-down on offshore hedging activities had amplified uncertainties for foreign investors as such action inevitably drew comparisons to the capital controls during the Asian financial crisis in the late 1990s.

Since BNM's announcement, there has been talk of increasing the liquidity of the onshore foreign-exchange forward market. However, whether the liquidity created will be sufficient to cater to the needs of foreign investors that have become accustomed to the unregulated offshore NDF market is yet to be seen. We therefore believe that any sort of normalisation to this policy change will be more of a matter of time. These measures, partly to stymie significant ringgit volatility, have been successful to some extent. Nonetheless, until the onshore forex forward market becomes more established, we would expect less participation by foreign investors in the bond market for at least another quarter.

Moreover, the Fed's recent lifting of the FFR and subsequent signal of several more to follow in 2017 may see foreign investors pricing in this rate normalisation in the coming year; this could also exacerbate the decline in foreign participation. However, the timing of these planned FFR hikes remains to be seen. Other uncertainties such as President-elect Trump's much-anticipated policy direction and OPEC's commitment on oil output could further influence the direction of global fund flows. That said, we still expect some capital-market volatility despite the reduced level of participation, on account of lingering external uncertainties.

**Table 12: Foreign investment trends in the Malaysian debt capital market**

(RM bln)	Oct-16	% change (m-o-m)	Nov-16	% change (m-o-m)
<b>Government securities</b>	<b>218.4</b>	<b>3.1%</b>	<b>198.5</b>	<b>-9.1%</b>
<b>Conventional</b>	<b>187.2</b>	<b>1.7%</b>	<b>175.1</b>	<b>-6.5%</b>
- MGS	184.6	1.7%	173.0	-6.3%
- MTB	2.6	-1.1%	2.0	-22.6%
<b>Islamic</b>	<b>31.2</b>	<b>12.5%</b>	<b>23.4</b>	<b>-24.9%</b>
- GII	30.3	12.7%	23.0	-23.9%
- MITB	0.9	6.0%	0.4	-56.6%
- SPK	0.0	0.0%	0.0	0.0%
<b>BNM</b>	<b>5.4</b>	<b>-42.3%</b>	<b>6.4</b>	<b>17.8%</b>
Conventional	5.4	-42.3%	6.4	17.8%
Islamic	0.00	0.0%	0.0	0.0%
<b>Corporate</b>	<b>17.1</b>	<b>-1.4%</b>	<b>16.2</b>	<b>-5.6%</b>
Conventional	10.0	0.5%	9.3	-6.7%
Islamic	7.1	-3.9%	6.8	-4.1%
<b>Total value of foreign holdings</b>	<b>240.9</b>	<b>1.0%</b>	<b>221.0</b>	<b>-8.3%</b>

Source: BNM

**Table 13: Proportion of foreign debt holdings to total outstanding bonds**

% of foreign holdings to total outstanding	Oct-16	Nov-16
MGS	51.9%	48.4%
BNM	93.8%	94.1%
Corporate	3.1%	3.0%

Source: BNM

**Table 14: Proportion of foreign holdings of securities to total foreign holdings**

% of foreign holdings to total foreign holdings	Oct-16	Nov-16
MGS	76.6%	78.3%
BNM	2.2%	2.9%
Corporate	7.1%	7.3%

Source: BNM

## 5. Details of RAM-rated Securities

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**Table 15: Outstanding RAM-rated corporate bonds by sector**

Industry	No. of Issues		Issue Value (RM bln)	
	As at end-Nov 2015	As at end-Nov 2016	As at end-Nov 2015	As at end-Nov 2016
Asset-backed securities	58	64	8.9	8.9
Construction and engineering	10	10	11.7	11.3
Consumer products	3	3	2.0	2.0
Diversified holdings	17	15	38.4	47.6
Financial services	105	103	301.2	346.7
Industrial products	4	2	2.1	1.9
Infrastructure and utilities	42	40	95.6	100.6
Mining & petroleum	1	1	3.0	0.7
Plantation and agriculture	9	7	12.8	12.3
Property and real estate	21	20	5.8	7.5
Public finance	2	2	2.5	2.5
Trading & services	9	11	11.0	12.3
Transportation	3	2	10.5	5.0
<b>Total</b>	<b>284</b>	<b>280</b>	<b>505.4</b>	<b>559.1</b>

Source: RAM

Disclaimer: The data only reflects issues with national-scale ratings.

## 6. RAM's Rating Actions

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In November, RAM reaffirmed 45 issue ratings under 23 issuers, upgraded 2 issue ratings and downgraded the rating of 2 issues while lifting the Rating Watch of another issue.

RAM upgraded the rating of **PCB's** outstanding RM4.0 million of Class B Notes Series 2014-A and RM5.0 million of Class B Notes Series 2015-A, to AAA from AA<sub>2</sub>. Correspondingly, the rating outlook on both issues was revised from positive to stable. The rating upgrades are premised on the better-than-assumed performance of the underlying portfolio of receivables vis-à-vis RAM's base-case assumptions, which had also led to a faster-than-scheduled deleveraging of the outstanding notes of both series. As at end-August 2016, a respective RM55.0 million and RM60.0 million of the Class A Tranche 1 and Tranche 2 Notes (from Class A Notes Series 2014-A) as well as RM26.0 million of the Class A Notes Series 2015-A had been redeemed ahead of their legal maturity dates. Correspondingly, the overcollateralisation ratio (including RM4.6 million in the Collection Account) of the Class A and Class B Notes of the Class A Notes Series 2014-A had improved from a respective 14.56% and 10.92% to 24.40% and 17.39%. Likewise, the overcollateralisation ratio (including RM16.7 million in the Collection Account) of the Class A and Class B Notes of Class A Notes Series 2015-A had also improved from a respective 8.73% and 5.55% to 11.29% and 7.45%. The ratings only address the credit risks of and not the risk of early redemption associated with the Class A and Class B Notes of both series.

Following the initial rating downgrade of the RM1.0 billion Sukuk Wakalah (2013/2023) issued by Al Bayan through its special-purpose vehicle, **ABHC**, to C<sub>1</sub>(s)/RW\_Negative from BB<sub>2</sub>(s) /RW\_Negative in November, it has been further downgraded to D due to Al Bayan's failure to redeem RM100 million of outstanding sukuk on the maturity date of 16 December 2016. Prior to this, Al Bayan had failed to meet all the scheduled payments into the Finance Service Reserve Account (FSRA), which constituted events of default.

Elsewhere, the rating of **DBK's** RM1.5 billion *Sukuk Murabahah* Programme (2012/2032) was downgraded to AA<sub>3</sub>/Stable from AA<sub>2</sub>/Stable, in tandem with the downgrading of Kazakhstan's sovereign ratings on the Malaysian scale. DBK's issue rating is equated to Kazakhstan's credit standing given our expectation of a very high likelihood of support in times of need. The recent rating downgrade for the sovereign had been precipitated by persistently low oil prices and the country's increased susceptibility to external conditions amid the recent change in its monetary policy, which has affected economic growth.

In the same month, RAM lifted the developing Rating Watch on the AA<sub>3</sub> rating of **HLA's** RM500 million Subordinated Notes Programme (2013/2025). Concurrently, we reinstated the stable outlook on the rating. This follows an announcement on 4 November 2016 that HLAH and Hong Leong Financial Group Berhad had failed to reach an acceptable agreement with BNM-approved negotiating parties, on the proposed divestment of HLAH's equity interest in HLA and Hong Leong MSIG Takaful Berhad. The parties had therefore mutually agreed to cease negotiations.

The full list of RAM's rating actions in October-November is as follows:

**Table 16: Rating actions**

	Issuer	Industry	Instrument	Current rating	Last rating
<b>October</b>	Cendana Sejati Sdn Bhd	Asset-backed securities	Senior Sukuk Murabahah Medium-Term Notes Programme	AA <sub>1</sub> /Stable	AA <sub>1</sub> /Stable
	Mecuro Properties Sdn Bhd	Asset-backed securities	Guaranteed Class E Bonds	AAA(fg)/Stable	AAA(fg)/Stable
			Guaranteed Class D2 Bonds	AAA(fg)/Stable	AAA(fg)/Stable
			Senior Class C Bonds	AAA/Stable	AAA/Stable
			Senior Class B Bonds	AAA/Stable	AAA/Stable
			Guaranteed Class D1 Bonds	AA <sub>2</sub> (bg)/Stable	AA <sub>2</sub> (bg)/Stable
			Senior Class A2 Bonds	AAA/Stable	AAA/Stable
	Indera Persada Sdn Bhd	Construction and engineering	Fixed Rate Serial Bonds	AA <sub>1</sub> /Stable	AA <sub>1</sub> /Stable
	Benih Restu Berhad	Diversified holdings	Sukuk Murabahah Programme	AA <sub>2</sub> (s)/Stable	AA <sub>2</sub> (s)/Stable
	Danga Capital Berhad	Diversified holdings	Multi-Currency Islamic Securities Programme	AAA(s)/Stable	AAA(s)/Stable
	Ihsan Sukuk Berhad	Diversified holdings	Islamic Medium-Term Notes Sukuk Ihsan Programme	AAA(s)/Stable	AAA(s)/Stable
	Rantau Abang Capital Berhad	Diversified holdings	Islamic Medium-Term Sukuk Musyarakah Programme	AAA(s)/Stable	AAA(s)/Stable
	Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad	Financial services	USD500 million Multi-Currency Sukuk Wakalah Bi Al-Istithmar Programme	AAA(bg)/Stable	AAA(bg)/Stable
	Cagamas Berhad	Financial services	Conventional Commercial Papers Programme	P1	P1
			Islamic Commercial Papers Programme	P1	P1
			Islamic Commercial Paper and Islamic Medium Term Notes Programme	AAA/Stable/P1	AAA/Stable/P1
			Conventional Medium-Term Note Programme	AAA/Stable	AAA/Stable
			Islamic Medium-Term Note Programme	AAA/Stable	AAA/Stable
	Cagamas Global P.L.C.	Financial services	USD2.5 billion Multicurrency MTN Programme	<sup>g</sup> A <sub>2</sub> (s)/Stable	<sup>g</sup> A <sub>2</sub> (s)/Stable
	Cagamas Global Sukuk Bhd	Financial services	USD2.5 billion Multicurrency Sukuk Programme	<sup>g</sup> A <sub>2</sub> (s)/Stable	<sup>g</sup> A <sub>2</sub> (s)/Stable
	Malaysia Building Society Berhad	Financial services	Tranche 2 Structured Covered Sukuk Commodity Murabahah Programme	AA <sub>1</sub> /Stable	AA <sub>1</sub> /Stable
			Tranche 1 Structured Covered Sukuk Commodity Murabahah	AA <sub>1</sub> /Stable	AA <sub>1</sub> /Stable
	National Bank of Abu Dhabi PJSC	Financial services	Islamic/Conventional Medium-Term Notes Programme (Senior Medium-Term Notes)	AAA/Stable	AAA/Stable
			Islamic/Conventional Medium-Term Notes Programme (Subordinated Medium-Term Notes)	AA <sub>1</sub> /Stable	AA <sub>1</sub> /Stable
	Besraya (M) Sdn Bhd	Infrastructure and utilities	Sukuk Mudharabah Issuance Facility	AA <sub>3</sub> /Stable	AA <sub>3</sub> /Stable
	Kesas Sdn Bhd	Infrastructure and utilities	Sukuk Musharakah Islamic Medium-Term Notes	AA <sub>2</sub> /Stable	AA <sub>2</sub> /Stable
	MRCB Southern Link Berhad	Infrastructure and utilities	Secured Senior Sukuk	BB <sub>3</sub> /Negative	BB <sub>3</sub> /Negative

	Issuer	Industry	Instrument	Current rating	Last rating
	GB Services Berhad	Trading & services	Medium-Term Notes Programme	AAA(s)/Stable	AAA(s)/Stable
	GENM Capital Berhad	Trading & services	Medium-Term Notes Programme	AAA(s)/Stable	AAA(s)/Stable
	Genting Capital Berhad	Trading & services	Medium-Term Notes Programme	AAA(s)/Stable	AAA(s)/Stable
	Pendidikan Industri YS Sdn Bhd	Trading & services	Bai' Bithaman Ajil Islamic Debt Securities	AA <sub>1</sub> (s)/Stable	AA <sub>1</sub> (s)/Stable
<b>November</b>	Ara Bintang Berhad (Second Senior MTN)	Asset-backed securities	Second Senior Medium-Term Notes	AAA/Stable	AAA/Stable
	Ara Bintang Berhad (Third Junior MTN)	Asset-backed securities	Third Junior Medium-Term Notes	C <sub>3</sub> /Stable	C <sub>3</sub> /Stable
	Premium Commerce Berhad 2012-A	Asset-backed securities	Class A Tranche 3 Notes Series 2012-A	AAA/Stable	AAA/Stable
			Class A Tranche 4 Notes Series 2012-A	AAA/Stable	AAA/Stable
			Class B Notes Series 2012-A	AAA/Stable	AAA/Stable
	Premium Commerce Berhad 2013-A	Asset-backed securities	Class A Tranche 2 Notes Series 2013-A	AAA/Stable	AAA/Stable
			Class A Tranche 3 Notes Series 2013-A	AAA/Stable	AAA/Stable
			Class A Tranche 4 Notes Series 2013-A	AAA/Stable	AAA/Stable
			Class B Notes Series 2013-A	AAA/Stable	AAA/Stable
	Premium Commerce Berhad 2014-A	Asset-backed securities	Class A Tranche 2 Notes Series 2014-A	AAA/Stable	AAA/Stable
			Class A Tranche 3 Notes Series 2014-A	AAA/Stable	AAA/Stable
			Class A Tranche 4 Notes Series 2014-A	AAA/Stable	AAA/Stable
	Premium Commerce Berhad 2015-A	Asset-backed securities	Class A Tranche 1 Notes Series 2015-A	AAA/Stable	AAA/Stable
			Class A Tranche 2 Notes Series 2015-A	AAA/Stable	AAA/Stable
			Class A Tranche 3 Notes Series 2015-A	AAA/Stable	AAA/Stable
			Class A Tranche 4 Notes Series 2015-A	AAA/Stable	AAA/Stable
	Konsortium ProHAWK Sdn Bhd	Construction and engineering	Islamic Medium-Term Notes Programme	AA <sub>2</sub> /Stable	AA <sub>2</sub> /Stable
	ADCB Finance (Cayman) Limited	Financial services	Medium-Term Notes Programme	AAA(bg)/Stable	AAA(bg)/Stable
	Alliance Bank Malaysia Berhad	Financial services	Commercial Papers Programme	P1	P1
			Senior Medium-Term Notes Programme	A <sub>1</sub> /Stable	A <sub>1</sub> /Stable
			Subordinated Medium-Term Notes Programme	A <sub>2</sub> /Stable	A <sub>2</sub> /Stable
	AMMB Holdings Berhad	Financial services	Senior Medium-Term Notes Programme	AA <sub>3</sub> /Stable	AA <sub>3</sub> /Stable
			Subordinated Medium-Term Notes Programme	A <sub>1</sub> /Stable	A <sub>1</sub> /Stable
	Bank Islam Malaysia Berhad	Financial services	Subordinated Sukuk Murabahah Programme	A <sub>1</sub> /Stable	A <sub>1</sub> /Stable
	Gulf Investment Corporation GSC	Financial services	Senior Unsecured Bonds	AAA/Stable	AAA/Stable
			Sukuk Wakalah bi Istithmar Programme	AAA/Stable	AAA/Stable
	Intiaz Sukuk Berhad	Financial services	Islamic Medium-Term Notes Programme	AA <sub>2</sub> (s)/Stable	AA <sub>2</sub> (s)/Stable
	Intiaz Sukuk II Berhad	Financial services	Islamic Commercial Papers Programme/Islamic Medium-Term Notes Programme	AA <sub>2</sub> (s)/Stable/ P1(s)	AA <sub>2</sub> (s)/Stable/ P1(s)

	<b>Issuer</b>	<b>Industry</b>	<b>Instrument</b>	<b>Current rating</b>	<b>Last rating</b>
	Malaysian Reinsurance Berhad	Financial services	Subordinated Medium-Term Notes Programme	AA <sub>3</sub> /Stable	AA <sub>3</sub> /Stable
	Mumtaz Rakyat Sukuk Berhad	Financial services	Subordinated Sukuk Murabahah Programme	AA <sub>3</sub> (s)/Stable	AA <sub>3</sub> (s)/Stable
	RHB Bank Berhad	Financial services	Hybrid Tier-1 Securities	A <sub>1</sub> /Stable	A <sub>1</sub> /Stable
			Medium-Term Notes Programme	AA <sub>2</sub> /Stable	AA <sub>2</sub> /Stable
			Multi-Currency Medium-Term Notes Programme	AA <sub>2</sub> /Stable	AA <sub>2</sub> /Stable
			Multi-Currency Medium-Term Notes Programme	AA <sub>3</sub> /Stable	AA <sub>3</sub> /Stable
			Multi-Currency Medium-Term Notes Programme (Senior Notes)	AA <sub>2</sub> /Stable	AA <sub>2</sub> /Stable
			Multi-Currency Medium-Term Notes Programme (Subordinated Notes)	AA <sub>3</sub> /Stable	AA <sub>3</sub> /Stable
			Subordinated Notes	AA <sub>3</sub> /Stable	AA <sub>3</sub> /Stable
	RHB Investment Bank Berhad	Financial services	Multi-Currency Medium-Term Notes Programme (Senior MTN)	AA <sub>2</sub> /Stable	AA <sub>2</sub> /Stable
			Multi-Currency Medium-Term Notes Programme (Subordinated MTN)	AA <sub>3</sub> /Stable	AA <sub>3</sub> /Stable
			Subordinated Notes	AA <sub>3</sub> /Stable	AA <sub>3</sub> /Stable
	RHB Islamic Bank Berhad	Financial services	Subordinated Sukuk Murabahah Programme	AA <sub>3</sub> /Stable	AA <sub>3</sub> /Stable
	Manjung Island Energy Berhad	Infrastructure and utilities	Islamic Securities	AAA(s)/Stable	AAA(s)/Stable
			AAA/Stable	AAA/Stable	AAA/Stable
	First Resources Limited	Plantation and agriculture	Sukuk Musharakah Programme	AA <sub>2</sub> /Stable	AA <sub>2</sub> /Stable
	Country Garden Real Estate Sdn Bhd	Property and real estate	Islamic Medium-Term Notes Programme	AA <sub>3</sub> (s)/Negative	AA <sub>3</sub> (s)/Negative
	Perbadanan Kemajuan Negeri Selangor	Property and real estate	Islamic Commercial Papers Programme	P1	P1
			Islamic Medium-Term Notes Programme	AA <sub>3</sub> /Stable	AA <sub>3</sub> /Stable
<b>Reaffirmed ratings with outlook changes</b>					
<b>October</b>	UniTapah Sdn Bhd	Construction and engineering	Sukuk Murabahah	AA <sub>2</sub> /Positive	AA <sub>2</sub> /Stable
<b>Rating upgrades</b>					
<b>November</b>	Premium Commerce Berhad 2014-A	Asset-backed securities	Class B Notes Series 2014-A	AAA/Stable	AA <sub>2</sub> /Positive
	Premium Commerce Berhad 2015-A	Asset-backed securities	Class B Notes Series 2015-A	AAA/Stable	AA <sub>2</sub> /Positive
<b>Rating downgrades</b>					
<b>October</b>	ABHC Sukuk Berhad	Diversified holdings	Sukuk Wakalah	BB <sub>2</sub> (s)/RW_Neg	A <sub>1</sub> (s)/RW_Neg
<b>November</b>	ABHC Sukuk Berhad	Diversified holdings	Sukuk Wakalah	C <sub>1</sub> (s)/RW_Neg	BB <sub>2</sub> (s)/RW_Neg
	Development Bank of Kazakhstan Joint-Stock Company	Financial services	Sukuk Murabahah Programme	AA <sub>3</sub> /Stable	AA <sub>2</sub> /Stable
<b>Rating Watch</b>					
	-	-	-	-	-
<b>Lifted Rating Watch</b>					
<b>November</b>	Hong Leong Assurance Berhad	Financial services	Subordinated Notes Programme	AA <sub>3</sub> /Stable	AA <sub>3</sub> /RW_Developing

Source: RAM

Disclaimer: This list only shows active issues as at end-November 2016

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