



## Media Release

---

### Foreign fund flows turn positive in April

---

The latest edition of the *Bond Market Monthly* reported a welcome respite from 5 months of unabated net foreign capital outflows, amounting to RM62.7 billion between November 2016 and March 2017. In April, there was a net inflow of RM6.8 billion. Although capital flows had returned to this region after President Trump's comments about the USD becoming "too strong", we believe that much of the renewed interest stemmed from Bank Negara Malaysia's (BNM) announcement of loosening dynamic hedging regulations during the month, which had reignited investor confidence.

The improving market was also reflected by recuperating bid-to-cover ratios, as demand for government issuances increased in April compared to the lows in March (when the lowest bid-to-cover ratio came in at 1.538 times). Notably, the 2 papers issued after BNM's announcement managed to garner bid-to-cover ratios of above 2.00 times. Alongside this resurgence in demand, the yields-to-maturity of most securities had also declined.

Meanwhile, the pace of issuance by both the government and corporate sectors remained robust at RM10.0 billion and RM8.6 billion, respectively. This trend was spurred by corporates seeking to lock in favourable rates before the US Federal Reserve (the Fed) continues its tightening.

Although the relative performance of the domestic bond market looks markedly better compared to the past few months, we note that uncertainties linger in the global markets, i.e. European elections, the Fed's monetary policy strategy and the US's domestic policies, which are likely to remain triggers of market volatility this year.

#### **Analytical contact**

Umamah Amirah Ali  
(603) 7628 1119  
umamah@ram.com.my

#### **Media contact**

Padthma Subbiah  
(603) 7628 1162  
padthma@ram.com.my

**Date of release: 17 May 2017**

The credit rating is not a recommendation to purchase, sell or hold a security, inasmuch as it does not comment on the security's market price or its suitability for a particular investor, nor does it involve any audit by RAM Ratings. The credit rating also does not reflect the legality and enforceability of financial obligations.

RAM Ratings receives compensation for its rating services, normally paid by the issuers of such securities or the rated entity, and sometimes third parties participating in marketing the securities, insurers, guarantors, other obligors, underwriters, etc. The receipt of this compensation has no influence on RAM Ratings' credit opinions or other analytical processes. In all instances, RAM Ratings is committed to preserving the objectivity, integrity and independence of its ratings. Rating fees are communicated to clients prior to the issuance of rating opinions. While RAM Ratings reserves the right to disseminate the ratings, it receives no payment for doing so, except for subscriptions to its publications.

Similarly, the disclaimers above also apply to RAM Ratings' credit-related analyses and commentaries, where relevant.

Published by RAM Rating Services Berhad  
© Copyright 2017 by RAM Rating Services Berhad