



## Media Release

---

### **RAM revises 2017 corporate bond issuance forecast up to RM95 billion-RM105 billion**

---

RAM Ratings has revised upwards its gross corporate bond issuance forecast to a range of between RM95 billion and RM105 billion for 2017, from RM75 billion-RM85 billion previously. This is premised on stronger-than-expected issuance activity so far this year and prospects of a sturdy pipeline of new issuances for the rest of 2H 2017. This level of activity is reflective of the highs seen in 2012 when gross corporate bond issuance reached RM 121.1 billion. The bulk of this year's corporate bond issuance is expected to stem from the financial services and infrastructure & utilities sectors.

The latest data in RAM's Bond Market Monthly indicates continued positive momentum in gross corporate bond issuance activity ahead of the anticipated US Federal Reserve (Fed) rate tightening in June. In a bid to lock in rates, a total of RM 13.4 billion was issued in May – the second largest issuance this year after March's RM21.1 billion. Aside from robust issuance, the Malaysian bond market saw the return of foreign investors in May amid the strengthening of the ringgit against the greenback. The market recorded a second consecutive month of foreign bond investment net inflows in May, amounting to RM10.1 billion. This reaffirmed the improved sentiment after unrelenting foreign capital outflows from November 2016 to March 2017, which had caused a cumulative net outflow of RM62.7 billion during the period.

Despite the positive momentum seen so far, the Malaysian bond market remains susceptible to volatility stemming from global developments. Global investors remain cautious on current political uncertainties – the latest developments in UK politics, in particular, cast Brexit risk back into the spotlight, while US fiscal reform and trade policy direction remain cloudy. Additionally, the detailed announcement of the Fed's plan to normalise its balance sheet is likely to influence some portfolio investor reallocation from now until its commencement. However, the plan is unlikely to have a destabilising effect akin to that of the 'taper tantrum' seen in 2013, given that the Fed intends to rely on maturing debt and a lower rate of monthly reinvestments to pare down its balance sheet assets.

On a separate note, another test of domestic bond market resilience would be apparent in the second half of the year (August to November) when a substantial RM47.8 billion of government bonds will mature.

RAM Rating Services Berhad  
(763588-T)

Suite 20.01, Level 20  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

T +603 7628 1000  
+603 2299 1000  
F +603 7620 8251  
E ramratings@ram.com.my  
W www.ram.com.my

**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: 22 June 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