

August 10, 2016

Credit Headlines (Page 2 onwards): Otto Marine Limited

Market Commentary: The SGD dollar swap curve traded upwards on Monday, 8th August with swap rates trading 2-7bps higher across all tenors. Meanwhile, the dollar swap curve was range-bounded yesterday, trading within +/- 1bps across all tenors as the market was closed due to National Day. Flows in the SGD corporate space on Monday was heavy with mixed interests seen in, GENSSP 5.13%'49s, FCOTSP 2.84%'21s, NAB 4.15%'28s, UOBSP 4%'49s and SCISP 4.75%'49s. In the broader dollar space, the spread on JACI IG corporates decreased 2bps to 207bps while the spread on JACI HY corporates decreased 1bps to 6.49% yesterday while 10y UST yield decreased 5bps to 1.55%.

New Issues: Chongqing Nan'An has priced a USD200mn 10-year bond at 4.8% with expected issue ratings of "BBB+/NR/BBB+". ANZ Banking Group Ltd. has priced a two-tranche deal with the AUD250mn 5-year bond priced at 2.8% while the other tranche AUD2.45bn 5-year bond was priced at 3mBBSW+113bps. The expected issue ratings are "NR/Aa2/NR". Royal Bank of Canada (Sydney) has priced a AUD600mn 1-year bond at 3mBBSW+48bps with expected issue ratings of "NR/Aa3/AA".

Rating Changes: S&P has placed Yuexiu Real Estate Investment Trust's (Yuexiu) "BBB" corporate credit rating on CreditWatch with negative implications. This was in view that Yuexie has not yet undertaken a planned deleveraging that was anticipated previously and that the REIT's liquidity position is being placed under pressured because it has not yet finalized the refinancing of a HK2.85bn bank loan maturing in December 2016. S&P upgraded Goodman Australia Industrial Fund's issuer credit rating to "BBB+" from "BBB" with stable outlook. No further information was provided. Moody's has affirmed Suntec Real Estate Investment Trust's (Suntec) "Baa2" issuer rating and revised the outlook to negative from stable. The change in outlook reflects Moody's expectation that Suntec credit metrics will weaken following the proposed debt-funded acquisition of Southgate Complex, which will in term reduce headroom at its "Baa2" ratings. Moody's has placed Sunac China Holdings Ltd.'s "B1" corporate rating under review for downgrade. The rating review reflects the increasing risk that Sunac is facing with its declining profitability, which translate into weak credit metrics that do not support its current ratings. Moody's has withdrew its long term corporate rating of "Ca" on China Fishery Group Ltd. with no further information furnished.

Table 1: Key Financial Indicators

	10-Aug	1W chg (bps)	1M chg (bps)		10-Aug	1W chg	1M chg
iTraxx Asiax IG	113	-8	-17	Brent Crude Spot (\$/bbl)	44.97	4.34%	-3.83%
iTraxx Sovx APAC	45	-3	-6	Gold Spot (\$/oz)	1,346.32	-0.87%	-0.67%
iTraxx Japan	51	-6	-9	CRB	181.43	2.32%	-3.07%
iTraxx Australia	104	-7	-17	GSCI	345.28	4.36%	-3.56%
CDX NA IG	71	-4	-1	VIX	11.66	-12.79%	-11.67%
CDX NA HY	105	1	0	CT10 (bp)	1.538%	-0.36	18.05
iTraxx Eur Main	65	-6	-10	USD Swap Spread 10Y (bp)	-11	0	0
iTraxx Eur XO	305	-24	-29	USD Swap Spread 30Y (bp)	-46	0	-4
iTraxx Eur Snr Fin	86	-11	-20	TED Spread (bp)	53	3	13
iTraxx Sovx WE	25	1	-7	US Libor-OIS Spread (bp)	39	2	11
iTraxx Sovx CEEMEA	113	-12	-6	Euro Libor-OIS Spread (bp)	5	0	-2
					10-Aug	1W chg	1M chg
				AUD/USD	0.769	1.40%	2.15%
				USD/CHF	0.980	-0.69%	0.29%
				EUR/USD	1.114	-0.06%	0.76%
				USD/SGD	1.342	0.04%	0.73%
Korea 5Y CDS	47	-3	-4	DJIA	18,533	1.20%	2.13%
China 5Y CDS	105	-7	-10	SPX	2,182	1.15%	2.43%
Malaysia 5Y CDS	128	-14	-12	MSCI Asiax	540	3.05%	7.96%
Philippines 5Y CDS	93	-9	-11	HSI	22,466	1.52%	9.25%
Indonesia 5Y CDS	148	-14	-23	STI	2,871	0.49%	0.83%
Thailand 5Y CDS	91	-3	-14	KLCI	1,672	1.41%	1.65%
				JCI	5,440	1.25%	9.43%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
9-August-16	Chongqing Nan'An	"BBB+/NR/BBB+"	USD200mn	10-year	4.8%
9-August-16	ANZ Banking Group Ltd.	"NR/Aa2/NR"	AUD250mn	5-year	2.8%
9-August-16	ANZ Banking Group Ltd.	"NR/Aa2/NR"	AUD2.45bn	5-year	3mBBSW+113bps
9-August-16	Royal Bank of Canda	"NR/Aa3/AA"	AUD600mn	1-year	3mBBSW+48bps
4-August-16	FCOT Treasury Pte. Ltd.	"NR/Baa2/NR"	SGD100mn	5-year	2.84%
4-August-16	UBS Group Funding (Jersey) Ltd.	"A-/NR/A"	USD2bn	5-year	CT5+160bps
4-August-16	UBS Group Funding (Jersey) Ltd.	"A-/NR/A"	USD500mn	5-year	3mL+153bps
4-August-16	UBS Group AG	"BBB+/A1/BBB+"	USD1bn	PNC5	7.13%

Source: OCBC, Bloomberg

Rating Changes (cont'd): Moody's has placed Banca Monte dei Paschi di Siena S.p.A's (Montepaschi) "B2" deposit rating on review for downgrade. The rating review was triggered by Montepaschi's restructuring plan, which relies on capital from the private sector and government guarantees under a framework that has already been approved by the European Commission.

Credit Headlines:

Otto Marine Limited ("OTML"): OTML has announced that it is seeking for an extension of time for the filing of its 2Q2016 results. This is in relation to the pending delisting offer by Mr Yaw, the majority owner of OTML. According to the filing: *"Rule 25.6(c) of the Singapore Code on Take-overs and Mergers ("Code") states that any unaudited statements of interim results published by an offeree company during an offer period in cases where the board of the offeree company has not publicly recommended the offer must be reported on by the auditor or reporting accountant and financial adviser in accordance the Code. In the event the 2Q2016 Results is announced on or before 14 August 2016 prior to the despatch of the Circular, the announcement of the 2Q2016 Results needs to comply with Rule 25.6(c) of the Code and be reported on by the auditors or reporting accountants and the independent financial adviser".* OTML is seeking to extend the 2Q2016 results filing deadline by a month (or by 14/09/16). (Company, SGX)

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