

Mar 16, 2016

Market Commentary: The short-end rates of the SGD curve traded 1bp-2bps higher while the belly to long-end rates traded 2bps lower yesterday. In the broader dollar space, JACI IG corporates spread widened by 2bps to 232bps, while the yield on the JACI HY corporates increased by 1bp to 7.90%. 10y UST increased by 1bp to 1.97%.

New Issues: BOCOM (Macau Branch) priced a dual-tranche USD-benchmark bond, with the USD400mn 3-year bond at 2.125%, tightening from an initial guidance of CT3+140bps. The USD600mn 5-year bond is priced at 2.625%, tightening from an initial guidance of CT5+160bps. The expected rating for the issue is "A-/A2/NR". Axiata Bhd priced a USD500mn 10-year Sukuk at CT10+240bps, tightening from an initial guidance of CT10+260bps. The expected rating for the issue is "BBB/Baa2/NR".

Rating Changes: Fitch upgraded Future Land Development Holdings Ltd ("FUTLAN") to "BB-" from "B+". The upgrade is due mainly to effective mitigation of structural subordination through substantially large shareholders loans that rank pari passu with its subsidiary's senior unsecured creditors and a joint-venture mechanism to maintain senior unsecured claims on its subsidiary. The rating remains constrained by profitability and loose discipline in land acquisition which may pressure leverage. Outlook is stable. Moody's changed the outlook on Car Inc's "Ba1" corporate family and senior unsecured debt ratings to negative from stable. The outlook change follows CAR's announcement on 14 Mar 2016 that executive director, chairman and CEO of CAR, Mr Charles Lu had entered into an agreement to sell his entire 15.47% stake in CAR to UCAR Technology Inc. After the sale, Mr Lu will remain the executive director, chairman and CEO of CAR.

Table 1: Key Financial Indicators

	16-Mar	1W chg (bps)	1M chg (bps)		16-Mar	1W chg	1M chg
iTraxx Asiax IG	140	-6	-25	Brent Crude Spot (\$/bbl)	39.11	-4.77%	21.54%
iTraxx SovX APAC	67	-2	-12	Gold Spot (\$/oz)	1,233.80	-1.84%	1.84%
iTraxx Japan	79	-9	-25	CRB	171.07	0.95%	7.68%
iTraxx Australia	136	-10	-22	GSCI	323.83	1.01%	11.29%
CDX NA IG	89	-7	-32	VIX	16.84	-9.80%	-30.15%
CDX NA HY	102	1	4	CT10 (bp)	1.970%	9.39	19.76
iTraxx Eur Main	77	-15	-38	USD Swap Spread 10Y (bp)	-15	1	1
iTraxx Eur XO	329	-46	-128	USD Swap Spread 30Y (bp)	-49	3	4
iTraxx Eur Snr Fin	83	-16	-40	TED Spread (bp)	31	-2	-3
iTraxx Sovx WE	28	-2	-5	US Libor-OIS Spread (bp)	23	-1	-1
iTraxx Sovx CEEMEA	170	-7	-25	Euro Libor-OIS Spread (bp)	11	-2	-3
					16-Mar	1W chg	1M chg
				AUD/USD	0.746	-0.44%	4.21%
				USD/CHF	0.987	1.51%	-0.02%
				EUR/USD	1.111	1.30%	-0.62%
				USD/SGD	1.381	0.09%	1.43%
Korea 5Y CDS	63	0	-7	DJIA	17,252	1.69%	6.51%
China 5Y CDS	120	-8	-16	SPX	2,016	1.85%	6.35%
Malaysia 5Y CDS	162	-3	-21	MSCI Asiax	487	1.44%	6.93%
Philippines 5Y CDS	105	-5	-24	HSI	20,289	1.39%	6.10%
Indonesia 5Y CDS	203	-2	-42	STI	2,839	2.18%	7.37%
Thailand 5Y CDS	135	-7	-28	KLCI	1,691	0.18%	1.56%
				JCI	4,850	0.38%	2.21%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
15-Mar-16	Axiata Berhad	BBB/Baa2/NR	USD500mn	10-year	CT10+240bps
15-Mar-16	BOCOM (Macau Branch)	A-/A2/NR	USD400mn	3-year	2.125%
15-Mar-16	BOCOM (Macau Branch)	A-/A2/NR	USD600mn	5-year	2.625%
14-Mar-16	ICICI Bank	NR/Baa3/NR	USD700mn	10-year	CT10+210bps
11-Mar-16	Perennial Real Estate Holdings Ltd	NR/NR/NR	SGD125mn	3-year	4.9%
11-Mar-16	AusNet Services	BBB/Baa2/NR	USD375mn	60NC5.5	5.75%
10-Mar-16	National Australian Bank	NR/Aaa/AAA	USD1.4bn	5-year	MS+97bps
10-Mar-16	UOB Ltd	NR/A2/A+	USD500mn	10.5NC5.5	CT10+220bps

Source: OCBC, Bloomberg

Credit Headlines:

Sembcorp Industries ("SCI"): SCI will be paying SGD134mn to increase its stake in an India GenCo from 49% to 88%. This is a 1320MW power plant in Andhra Pradesh and is SCI's second GenCo in India. As the plant is still ramping up (opening in phases from 2016 onwards), and the investment size is manageable, we do not expect the transaction to meaningfully impact SCI's credit profile. (Company, OCBC)

Starhill Global REIT ("SGREIT"): The issuer reported that it has extended the master leases for its two Malaysian properties (Starhill Gallery and Lot 10). These properties contributed 11.4% of 1HFY2016 revenue and were scheduled to expire late June 2016. The leases were extended for 3 more years, with a 6.67% rent increase (in aggregate for the 3 years). Though the news is a positive for the issuer, we will continue to retain our Neutral Issuer Profile. (Company, OCBC)

Andrew Wong

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6530 4736
wongVKAM@ocbc.com

Nick Wong Liang Mian, CFA

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6530 7348
NickWong@ocbc.com

Nicholas Koh Jun Ming

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6722 2533
NicholasKoh@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.