

Mar 17, 2016

Market Commentary: The SGD swap curve bull-steepened yesterday with the short-end rates trading 3bps-5bps lower while the long-end rates traded 2bps lower. In the broader dollar space, JACI IG corporates spread was level at 232bps, while the yield on the JACI HY corporates increased by 2bps to 7.92%. 10y UST decreased by 6bps to 1.91% with markets digesting the Fed's rather downbeat comments on global growth and its impact on the US economy as well as the lower expectation of future rate hikes.

New Issues: Ascott REIT priced a SGD120mn 8-year bond at 4%, with no change from initial guidance. The expected ratings for the issue is "NR/Baa3/NR". City Developments priced a SGD115mn 5-year bond at 2.93%. ABN Amro Bank priced a USD300mn 15-year subordinated (Tier-2) bond at 5.6%. The expected ratings for the issue is "BBB-/Baa3/A-". AMTD Group plans a USD 3-year bond issue, with an initial guidance of 5%.

Rating Changes: Moody's affirmed China Vanke's "Baa1" rating on the back of strong revenue growth, low leverage and a solid liquidity position for fiscal year ended 31 Dec 2015. Outlook for China Vanke is stable.

Table 1: Key Financial Indicators

	<u>17-Mar</u>	<u>1W chg (bps)</u>	<u>1M chg (bps)</u>		<u>17-Mar</u>	<u>1W chg</u>	<u>1M chg</u>
iTraxx Asiax IG	137	-9	-26	Brent Crude Spot (\$/bbl)	40.86	2.02%	18.43%
iTraxx Sovx APAC	65	-3	-13	Gold Spot (\$/oz)	1,260.15	0.96%	4.78%
iTraxx Japan	82	-3	-27	CRB	173.76	0.89%	6.90%
iTraxx Australia	131	-8	-24	GSCI	330.70	0.60%	10.08%
CDX NA IG	86	-5	-32	VIX	14.99	-18.27%	-32.81%
CDX NA HY	102	1	4	CT10 (bp)	1.912%	-2.07	9.26
iTraxx Eur Main	77	-7	-31	USD Swap Spread 10Y (bp)	-17	0	-2
iTraxx Eur XO	327	-29	-106	USD Swap Spread 30Y (bp)	-52	-1	0
iTraxx Eur Snr Fin	84	-6	-29	TED Spread (bp)	34	1	1
iTraxx Sovx WE	28	-1	-7	US Libor-OIS Spread (bp)	26	3	3
iTraxx Sovx CEEMEA	169	-6	-20	Euro Libor-OIS Spread (bp)	12	1	-3
					<u>17-Mar</u>	<u>1W chg</u>	<u>1M chg</u>
				AUD/USD	0.758	1.40%	6.32%
				USD/CHF	0.978	2.01%	1.31%
				EUR/USD	1.121	2.15%	0.73%
				USD/SGD	1.366	1.17%	3.06%
Korea 5Y CDS	59	-3	-9	DJIA	17,326	1.91%	5.30%
China 5Y CDS	116	-9	-18	SPX	2,027	1.91%	5.21%
Malaysia 5Y CDS	155	-7	-23	MSCI Asiax	487	1.07%	7.42%
Philippines 5Y CDS	102	-6	-24	HSI	20,258	1.31%	7.04%
Indonesia 5Y CDS	194	-7	-42	STI	2,844	1.20%	8.82%
Thailand 5Y CDS	129	-9	-31	KLCI	1,693	0.42%	1.75%
				JCI	4,861	1.05%	2.01%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

<u>Date</u>	<u>Issuer</u>	<u>Ratings</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
16-Mar-16	Ascott REIT	NR/Baa3/NR	SGD120mn	8-year	4.0%
16-Mar-16	City Developments	NR/NR/NR	SGD115mn	5-year	2.93%
16-Mar-16	ABN Amro Bank	BBB-/Baa3/A-	USD300mn	15-year	5.6%
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%

Source: OCBC, Bloomberg

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