

September 19, 2016

Credit Headlines (Page 2 onwards): Cambridge Industrial REIT

Market Commentary: The SGD dollar swap curve traded downward last Friday with swap rates trading 1-4bps lower across all tenors with the exception of the shorter term rates (<1Y) that traded 2-11bps higher. Flows in the SGD corporates were light with two-way flow seen in OLAMSP 4.25%'19s and GALVSP 5.9%'17s. In the broader dollar space, the spread on JACI IG corporates increased 2bps to 204bps while the yield on JACI HY corporates decreased 1bps to 6.50%. 10y UST yield remained relatively unchanged at 1.69%.

New Issues: Ascendas Hospitality Trust has priced a SGD70mn 6-year bond at 3.325%.

Rating Changes: S&P revised its outlook on Newcrest Mining Ltd.'s corporate credit rating of "BBB-" to positive from stable. The outlook revision reflects S&P's expectations that Newcrest could maintain its strong credit metrics in the year ended 30 June, 2016 over the next two years. Also, S&P considered the company could sustain its low cost production, reduced leverage, and stable operations at the Lihir gold mine.

Table 1: Key Financial Indicators

	19-Sep	1W chg (bps)	1M chg (bps)		19-Sep	1W chg	1M chg
iTraxx Asiax IG	114	4	1	Brent Crude Spot (\$/bbl)	46.45	-3.87%	-8.71%
iTraxx SovX APAC	39	0	-5	Gold Spot (\$/oz)	1,310.85	-1.28%	-2.28%
iTraxx Japan	53	-1	-1	CRB	180.78	-0.96%	-4.24%
iTraxx Australia	99	-1	-1	GSCI	348.10	-1.88%	-6.03%
CDX NA IG	76	3	5	VIX	15.37	-12.17%	35.54%
CDX NA HY	104	-1	-1	CT10 (bp)	1.693%	1.77	11.80
iTraxx Eur Main	71	2	4	USD Swap Spread 10Y (bp)	-16	-1	-3
iTraxx Eur XO	336	11	26	USD Swap Spread 30Y (bp)	-56	-2	-4
iTraxx Eur Snr Fin	96	6	3	TED Spread (bp)	58	6	5
iTraxx Sovx WE	26	1	1	US Libor-OIS Spread (bp)	42	-1	2
iTraxx Sovx CEEMEA	103	-2	-12	Euro Libor-OIS Spread (bp)	4	0	-2
					19-Sep	1W chg	1M chg
				AUD/USD	0.750	-0.83%	-1.63%
				USD/CHF	0.980	-0.82%	-1.98%
				EUR/USD	1.116	-0.71%	-1.50%
				USD/SGD	1.368	-0.86%	-1.54%
Korea 5Y CDS	41	-1	-3	DJIA	18,124	0.21%	-2.31%
China 5Y CDS	100	2	-2	SPX	2,139	0.53%	-2.05%
Malaysia 5Y CDS	123	4	4	MSCI Asiax	543	0.11%	-0.56%
Philippines 5Y CDS	98	10	10	HSI	23,336	-2.44%	1.85%
Indonesia 5Y CDS	146	4	9	STI	2,827	-2.32%	-0.58%
Thailand 5Y CDS	84	0	-2	KLCI	1,653	-2.17%	-2.76%
				JCI	5,268	-1.92%	-2.74%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
16-Sep-16	Ascendas Hospitality Trust	"NR/NR/NR"	SGD70mn	6-year	3.325%
15-Sep-16	Transurban Group	"NR/Baa1/A-"	USD550mn	10-year	CT10+175bps
14-Sep-16	State Bank of India	"B+/B1/NR"	USD300mn	Perp-NC5	5.5%
14-Sep-16	Hon Hai Precision Industry Co. Ltd.	"A-/NR/NR"	USD600mn	5-year	CT5+110bps
14-Sep-16	Hon Hai Precision Industry Co. Ltd.	"A-/NR/NR"	USD400mn	10-year	CT10+140bps
13-Sep-16	Westpac Banking Corp.	"AA-/Aa2/NR"	AUD1bn	1-year	BBSW+43bps
13-Sep-16	Industrial Bank Co. Ltd. (Hong Kong)	"NR/Baa2/NR"	USD700mn	3-year	CT3+113bps
13-Sep-16	Industrial Bank Co. Ltd. (Hong Kong)	"NR/Baa2/NR"	USD300mn	5-year	CT5+125bps

Source: OCBC, Bloomberg

Credit Headlines:

Cambridge Industrial REIT ("CREIT"): CREIT announced that it has successfully refinanced a loan facility provided by National Australia Bank. This follows CREIT's announcement last week that it had entered into a SGD100mn loan facility with HSBC to refinance other borrowings. We view these developments as credit positive with all in cost of debt lower at 3.65% compared to 30 June 2016 (3.68%) and the weighted average debt expiry extended to 3.4 years (3.1 years as at 30 June 2016). The proportion of fixed rate financing also improved with CREIT's portfolio now fully unencumbered which improves its financial flexibility. CREIT has stated that it has no refinancing needs until 2H2018. We maintain the Issuer Profile at Neutral and continue to overweight the CREITSP'18s. (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

Ezien Hoo, CFA

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6722 2215
EzienHoo@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.

Co.Reg.no.:193200032W