

December 2, 2016

Credit Headlines (Page 2 onwards): CMA CGM / Neptune Orient Lines, Swiber Holdings Limited

Market Commentary: The SGD swap curve traded upwards yesterday, bear steepening as 1-3y rates traded 2-4 bps up while the 5y and longer tenors were up by more than 5.5bps. In the broader dollar space, the spread on JACI IG corporates was stable at 199bps while the yield on JACI HY corporates widened 6bps to 6.91%. 10y UST yields rose 7bps to 2.45% as the yield spread between 10y UST and same tenor TIPS widened beyond 2% indicating investors rising expectations for consumer price inflation in the next decade.

New Issues: China based property developer Ronshine China Holdings Ltd. priced a USD175mn 3put2 bond with final guidance at 7.5%, tighter than IPT in the high 7% area. The issue is expected to be rated "B-/B3/B+". Fujian Zhanglong Group Co Ltd has hired banks for a potential 3 year USD bond issue.

Rating Changes: S&P has revised the outlook on CITIC Securities Co. Ltd. (CITIC) and its Hong Kong subsidiary CITIC Securities International Co. Ltd. to stable from negative and affirmed the "BBB" long term rating. The outlook change reflects CITICS' improving risk governance and conservative risk appetite which should mitigate high industry risk for Chinese securities firms from potential adverse regulatory developments and elevated volatility in China's equity and debt capital markets. Fitch lowered its issuer default ratings on PT Tower Bersama Infrastructure Tbk (TBI) to "BB-" from "BB". The outlook is stable. The downgrade reflects continued weakness in free cash flows from aggressive shareholder returns in addition to high financing costs and capex needs, with free cash flow deficits likely financed by debt over the next three years.

Table 1: Key Financial Indicators

	2-Dec	1W chg (bps)	1M chg (bps)		2-Dec	1W chg	1M chg
iTraxx Asiax IG	126	-1	7	Brent Crude Spot (\$/bbl)	53.94	10.08%	12.05%
iTraxx SovX APAC	42	-3	5	Gold Spot (\$/oz)	1,174.40	-0.77%	-9.44%
iTraxx Japan	55	--	-2	CRB	191.41	1.98%	3.01%
iTraxx Australia	109	-1	3	GSCI	384.77	3.64%	6.70%
CDX NA IG	74	0	-6	VIX	14.07	13.19%	-24.19%
CDX NA HY	105	0	2	CT10 (bp)	2.445%	8.73	64.20
iTraxx Eur Main	79	-2	3	USD Swap Spread 10Y (bp)	-16	1	-2
iTraxx Eur XO	339	-2	0	USD Swap Spread 30Y (bp)	-55	2	-1
iTraxx Eur Snr Fin	107	-2	5	TED Spread (bp)	45	1	-15
iTraxx Sovx WE	23	0	4	US Libor-OIS Spread (bp)	32	-2	-6
iTraxx Sovx CEEMEA	101	0	9	Euro Libor-OIS Spread (bp)	4	0	0
					2-Dec	1W chg	1M chg
				AUD/USD	0.742	-0.26%	-3.09%
				USD/CHF	1.010	0.38%	-3.67%
				EUR/USD	1.066	0.71%	-3.91%
				USD/SGD	1.426	0.13%	-2.89%
Korea 5Y CDS	50	-1	5	DJIA	19,192	0.57%	6.40%
China 5Y CDS	118	-2	5	SPX	2,191	-0.62%	3.76%
Malaysia 5Y CDS	160	-9	33	MSCI Asiax	527	0.93%	-3.24%
Philippines 5Y CDS	120	-4	3	HSI	22,878	1.19%	0.30%
Indonesia 5Y CDS	177	1	20	STI	2,929	2.98%	4.33%
Thailand 5Y CDS	91	-1	-5	KLCI	1,626	0.14%	-2.00%
				JCI	5,199	1.78%	-3.82%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
1-Dec-16	Ronshine China Holdings Ltd.	"B-/B3/B+"	USD175mn	3put2	7.5%
30-Nov-16	Guangzhou Industrial Investment Fund Management Co.	"BBB+/NR/A-"	USD200mn	5-year	CT5+205bps
30-Nov-16	Shinhan Bank.	"BBB+/Baa1/BBB+"	USD500mn	10NC5	CT5+215bps
30-Nov-16	Shougang Corp.	"NR/NR/A-"	USD400mn	3-year	CT3+215bps
29-Nov-16	State Power Investment Corp.	"NR/A2/A"	USD900mn	5-year	CT5+130bps
29-Nov-16	State Power Investment Corp.	"NR/A2/A"	USD300mn	10-year	CT10+157.5bps
28-Nov-16	Loncin Holdings Co.	"NR/A1/NR"	CNH800mn	3-year	4.5%
25-Nov-16	Zhenjiang Cultural Tourism Industry	"NR/NR/NR"	USD230mn	3-year	5.3%

Source: OCBC, Bloomberg

Credit Headlines:

CMA CGM / Neptune Orient Lines (“NOL”): It was announced that Maersk (#1) has agreed to acquire Hamburg Sud (#7), with the deal subject to final agreement and regulatory approval. The terms of the deal will be disclosed next year. This is in line with the wave of consolidation that we have seen in the industry, including CMA CGM's acquisition of NOL (solidifying the #3 position). This reaffirms the importance of economies of scale in the industry. (Bloomberg, OCBC)

Swiber Holdings Limited (“SWIB”): SWIB has announced that the judicial manager's proposal to creditors has been delayed to March 2017 upon court approval. Originally, the judicial manager had 60 days upon SWIB entering judicial management to revert to creditors with a restructuring proposal. The judicial manager will be holding an informal creditors' meeting in January 2017. OCBC credit research does not cover SWIB (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

Wong Hong Wei

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

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