

Mar 23, 2016

**Market Commentary:** The entire SGD swap curve traded relatively flat yesterday with the curve 1bp higher at the short end while the long-end rates also traded up 1bp. In the broader dollar space, JACI IG corporates spread continued to be somewhat range bound decreasing less than 1bp to 231bps, while the yield on the JACI HY corporates increase 1bp to 7.80%. 10y UST widened by ~2bps to 1.94%, continuing its bullish streak from yesterday.

**New Issues:** Credit Union Australia launches a 3-Year Aussie floating-rate bond. TA Corporation Ltd, a property and construction group, priced a SGD40mn 2-year bond at 5.5%.

**Rating Changes:** Toshiba's local currency long term debt has been downgraded by Moody's to B3 from B2 while its subordinated debt has been correspondingly downgraded to Caa3 from Caa2, citing concerns that the strength of the company's core business operations and ability to manage its high debt load are being significantly challenged. Hengdeli Holdings Ltd, a leading wholesaler/distributor of watches based in China was downgraded by Fitch to B+ with a Stable outlook from BB. The downgrade reflects higher business risk from the slowdown in market for luxury watches and continued financial deterioration. Kerry Properties Ltd's BBB- rating was placed on negative outlook by S&P, reflecting the weakened leverage of the company from volatility in the recognition of property development sales, delays at its Shanghai project, high capital expenditure for land premiums and construction. Woodside Petroleum's ratings have been confirmed at Baa1 with negative outlook by Moody's. Soilbuild Business REIT has been confirmed an initial rating of Baa3 with a stable outlook by Moody's. Fitch Ratings Indonesia has revised the outlook on 3 Indonesian palm oil producers to negative. These issuers are wholly-owned subsidiaries of Golden Agri Resources Ltd ("Golden Agri"). The outlook revision was premised on Golden Agri's heightened leverage levels and expansion in its downstream business which have pressured cash flow generation.

Table 1: Key Financial Indicators

	23-Mar	1W chg (bps)	1M chg (bps)		23-Mar	1W chg	1M chg
iTraxx Asiax IG	152	15	-8	Brent Crude Spot (\$/bbl)	41.62	3.20%	25.10%
iTraxx SovX APAC	58	-7	-21	Gold Spot (\$/oz)	1,248.71	-1.10%	1.78%
iTraxx Japan	92	11	-10	CRB	177.12	3.53%	10.40%
iTraxx Australia	146	15	-5	GSCI	337.53	4.23%	14.63%
CDX NA IG	81	-5	-35	VIX	14.17	-15.86%	-32.46%
CDX NA HY	103	0	5	CT10 (bp)	1.942%	3.40	21.96
iTraxx Eur Main	73	-4	-35	USD Swap Spread 10Y (bp)	-15	1	0
iTraxx Eur XO	302	-26	-126	USD Swap Spread 30Y (bp)	-50	1	0
iTraxx Eur Snr Fin	88	4	-29	TED Spread (bp)	33	2	1
iTraxx Sovx WE	26	-2	-6	US Libor-OIS Spread (bp)	23	-4	-1
iTraxx Sovx CEEMEA	147	-22	-36	Euro Libor-OIS Spread (bp)	11	-1	-3
					23-Mar	1W chg	1M chg
				AUD/USD	0.762	0.87%	5.79%
				USD/CHF	0.974	0.32%	1.80%
				EUR/USD	1.121	-0.12%	1.72%
				USD/SGD	1.362	0.24%	3.36%
Korea 5Y CDS	64	5	-7	DJIA	17,583	1.92%	7.00%
China 5Y CDS	125	9	-11	SPX	2,050	1.68%	6.69%
Malaysia 5Y CDS	160	5	-22	MSCI Asiax	504	3.49%	9.28%
Philippines 5Y CDS	104	2	-20	HSI	20,667	1.86%	6.45%
Indonesia 5Y CDS	202	7	-38	STI	2,881	1.45%	7.81%
Thailand 5Y CDS	138	9	-25	KLCI	1,725	2.00%	2.83%
				JCI	4,856	0.13%	4.34%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
22-Mar-16	TA Corporation Ltd	NR/NR/NR	SGD40mn	2-year	5.5%
21-Mar-16	BreadTalk Group Ltd	NR/NR/NR	SGD75mn	3-year	4.6%
18-Mar-16	UOB Ltd	NR/A2/A+	USD200mn	10-year	CT10+213bps
18-Mar-16	Korea Development Bank	AA-/Aa2/AA-	USD150mn	3-year	3mL+85bps
18-Mar-16	Korea Development Bank	AA-/Aa2/AA-	USD150mn	5-year	3mL+95bps
17-Mar-16	Ascendas Pte Ltd	NR/NR/NR	SGD75mn	10-year	3.5%
17-Mar-16	Lum Chang Holdings	NR/NR/NR	SGD50mn	3-year	5.5%
17-Mar-16	Shinhan Bank	BBB+/Baa1/BBB+	USD500mn	10-year	CT10+205bps

Source: OCBC, Bloomberg

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