

November 23, 2016

Market Commentary: The SGD swap curve bull-flattened yesterday. Swap rates traded 1-5bps lower across all tenors as the market fully (100% as of yesterday) priced in an interest rate hike in FOMC's December meeting. Flows in the SGD corporates were heavy with better buying seen in, SIASP 3.13%'26s and GENSSP 5.13%'49s. Better selling were seen in, UCGIM 5.5%'23s and UOBSP 4%'49s while mixed interests were seen in, OLAMSP 6%'22s and SCISP 4.75%'49s. In the broader dollar space, the spread on JACI IG corporates remained relatively unchanged at 202bps while the yield on JACI HY corporates decreased 3bps to 6.88%. 10y UST yield was steady at 2.31%.

New Issues: Studio City Co. Ltd. priced a two-tranche deal yesterday with the USD350mn 3-year bond priced at 5.875%, while the other USD850mn 5NC2 tranche was priced at 7.25%. The expected ratings for the issue are "BB-/B1/NR". Chengdu Xingcheng Investment Group Co. Ltd. priced a USD300mn 5-year bond at CT5+190bps, tightening from its initial guidance at CT5+210bps. The expected issue ratings are "NR/NR/BBB+". Ping An Real Estate priced a USD300mn 3-year bond at CT3+235bps, tightening from its initial guidance at CT3+270bps. Dah Sing Bank Ltd. priced a USD250mn 10NC5 Tier 2 bond at CT10+255bps with expected issue ratings of "NR/Baa2/BBB". ABC International has mandated banks for potential USD bond issue. Shougang Corp. has scheduled investor road shows from 23 November for potential USD bond issue with expected issue ratings of "NR/NR/A-".

Rating Changes: S&P assigned a "BBB-" corporate credit rating to Changsha Pilot Investment Holdings Co. Ltd. (CPIH) with a stable outlook. The rating reflects S&P's view that there is an extremely high likelihood of timely and sufficient extraordinary government support to CPIH. Therefore, the corporate credit rating is five notches above the stand-alone credit profile of "b". Moody's assigned an "Aa3" issuer rating to Tokyo Gas Co. Ltd. and its senior unsecured bonds that totalled JPY30bn with a stable outlook. The rating reflects the company's prominent franchise, its virtual regional monopoly of the supply and distribution network in the Kanto region, and the stable earnings from its gas utility operations.

Table 1: Key Financial Indicators

	23-Nov	1W chg (bps)	1M chg (bps)		23-Nov	1W chg	1M chg
iTraxx Asiax IG	126	-3	11	Brent Crude Spot (\$/bbl)	49.12	4.62%	-5.14%
iTraxx SovX APAC	43	-1	10	Gold Spot (\$/oz)	1,212.76	-1.00%	-4.09%
iTraxx Japan	56	--	0	CRB	187.56	2.45%	-0.97%
iTraxx Australia	110	-1	7	GSCI	370.98	3.24%	-1.28%
CDX NA IG	74	-1	0	VIX	12.41	-7.18%	-6.97%
CDX NA HY	104	1	0	CT10 (bp)	2.312%	9.30	57.72
iTraxx Eur Main	80	1	10	USD Swap Spread 10Y (bp)	-18	-4	-1
iTraxx Eur XO	340	-4	24	USD Swap Spread 30Y (bp)	-57	-1	-1
iTraxx Eur Snr Fin	107	4	15	TED Spread (bp)	47	7	-9
iTraxx Sovx WE	23	2	4	US Libor-OIS Spread (bp)	34	-2	-6
iTraxx Sovx CEEMEA	99	-5	6	Euro Libor-OIS Spread (bp)	4	0	0
					23-Nov	1W chg	1M chg
				AUD/USD	0.740	-1.07%	-2.77%
				USD/CHF	1.011	-0.89%	-1.72%
				EUR/USD	1.063	-0.56%	-2.31%
				USD/SGD	1.424	-0.62%	-2.16%
Korea 5Y CDS	50	-2	9	DJIA	19,024	0.53%	4.84%
China 5Y CDS	119	-1	14	SPX	2,203	1.03%	2.89%
Malaysia 5Y CDS	165	-5	45	MSCI Asiax	520	0.87%	-5.24%
Philippines 5Y CDS	123	-6	10	HSI	22,678	1.59%	-2.98%
Indonesia 5Y CDS	174	-10	25	STI	2,822	0.88%	-0.31%
Thailand 5Y CDS	93	-2	-3	KLCI	1,629	-0.08%	-2.43%
				JCI	5,205	2.48%	-3.78%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
22-Nov-16	Studio City Co. Ltd.	"BB-/B1/NR"	USD350mn	3-year	5.875%
22-Nov-16	Studio City Co. Ltd.	"BB-/B1/NR"	USD850mn	5NC2	7.25%
22-Nov-16	Chengdu Xingcheng Investment Group	"NR/NR/BBB+"	USD300mn	5-year	CT5+190bps
22-Nov-16	Ping An Real Estate	"NR/NR/NR"	USD300mn	3-year	CT3+235bps
22-Nov-16	Dah Sing Bank Ltd.	"NR/Baa2/BBB"	USD250mn	10NC5	CT10+255bps
21-Nov-16	CMB Financial Leasing	"BBB+/Baa1/NR"	USD300mn	3-year	CT3+140bps
21-Nov-16	CMB Financial Leasing	"BBB+/Baa1/NR"	USD900mn	5-year	CT5+152.5bps
21-Nov-16	Industrial & Commercial Bank of China	"NR/A1/NR"	USD500mn	3-year	3mL+87.5bps
17-Nov-16	China Energy and Chemical Group	"NR/NR/NR"	USD265mn	3-year	6.25%

Source: OCBC, Bloomberg

Rating Changes (cont'd): Moody's affirmed COFCO HK Ltd.'s "A3" issuer rating with a negative outlook. The affirmation reflects the following factors: (1) Continued close linkages between COFCO HK and its parent COFCO Corp. (COFCO Group); (2) Moody's expectation of on-going high levels of Chinese government oversight and support; and (3) Moody's expectation that COFCO HK and COFCO Group's performance will improve after the acquisition of Nidera BV. The negative outlook reflects the high debt leverage of COFCO HK, execution risk associated with integrating COFCO Agri Ltd. and Nidera BV, and the potential for negative impact on the companies' financial profiles from volatile commodity markets. Moody's affirmed Central Japan Railway Company's "Aa3" issuer rating and revised its outlook to negative from stable. The revision reflects the material uncertainties related to the Chuo Shinkansen project and how it will impact the company's credit profile in the next 3-5 years.

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