

May 24, 2016

**Market Commentary:** SGD swap rates traded higher yesterday, up 2-4 bps across all tenors. Flows in SGD corporates were heavy, where we saw better buyers in MFCCN 3.85%'26s, GEMAU 5.5%'19s, STANLN 4/4%'26s, SOCGEN 4.3%'26s, NAB 4.15%'28s, UOBSP 4%'49s and better sellers in OLAMSP 4.25%'19s. Meanwhile we also saw mixed interests in GENSSP 5.13%'49s. In the broader dollar space, the spread on JACI IG corporates was level at 222bps, while the yield on the JACI HY corporates decreased by 2bps to 7.23%. 10y UST yields remained more or less unchanged at 1.84%.

**New Issues:** China Huarong has scheduled investor meetings on May 24-25 in Hong Kong and Singapore for a USD bond issue. The expected issue ratings are "BBB+/NR/A". Axis Bank priced a USD500m 5-year green bond at CT5+160bps, tightening from its initial guidance of CT5+175bps. The expected ratings are "BBB-/Baa3/BBB-". Emirates Islamic Bank priced a USD750m 5-year bond at 3.542%. The expected rating is "NR/NR/A+". ANZ priced a two-tranche deal, with the USD850m 5-year bond priced at CT5+95bps, tightening from its initial guidance of CT5+105bps. ANZ priced the other tranche of USD400m 5-year bond at 3mL+99bps. The expected ratings are "AA-/Aa2/NR".

**Rating Changes:** Moody's reaffirmed Agile Property Holdings Limited's "Ba3" credit rating, concluding the review initiated on 29 February 2016. The rating reflects the progress that Agile has made on finalizing the refinancing of debt maturing in 2016 which will improve its liquidity position. The outlook is negative. Moody's downgraded Deutsche Bank AG's senior unsecured debt rating to "Baa2" from "Baa1" and long-term deposit rating to "A3" from "A2". The downgrade reflects the bank's weak performance over the last few quarters and substantial headwinds to restore profitability from continuing low interest rates and macroeconomic uncertainty. The outlook is stable. S&P withdrew all credit ratings on PT Energi Mega Persada Tbk. The credit rating before withdrawal was "B-".

Table 1: Key Financial Indicators

	24-May	1W chg (bps)	1M chg (bps)		24-May	1W chg	1M chg
iTraxx Asiax IG	146	1	3	Brent Crude Spot (\$/bbl)	48.30	-1.99%	7.07%
iTraxx SovX APAC	54	0	-4	Gold Spot (\$/oz)	1,249.84	-2.28%	0.96%
iTraxx Japan	71	1	4	CRB	183.19	-0.75%	1.97%
iTraxx Australia	133	2	2	GSCI	364.89	-0.75%	4.86%
CDX NA IG	83	1	9	VIX	15.82	7.77%	19.67%
CDX NA HY	102	0	-1	CT10 (bp)	1.837%	6.44	-5.11
iTraxx Eur Main	78	0	7	USD Swap Spread 10Y (bp)	-14	-1	0
iTraxx Eur XO	334	7	30	USD Swap Spread 30Y (bp)	-48	0	-1
iTraxx Eur Snr Fin	97	-2	11	TED Spread (bp)	34	-2	-7
iTraxx Sovx WE	26	0	-1	US Libor-OIS Spread (bp)	21	-2	-4
iTraxx Sovx CEEMEA	142	7	10	Euro Libor-OIS Spread (bp)	9	0	-1
					24-May	1W chg	1M chg
				AUD/USD	0.722	-1.43%	-6.42%
				USD/CHF	0.989	-0.90%	-1.46%
				EUR/USD	1.122	-0.83%	-0.43%
				USD/SGD	1.379	-0.68%	-1.94%
Korea 5Y CDS	64	--	-1	DJIA	17,493	-1.23%	-2.84%
China 5Y CDS	126	-2	-3	SPX	2,048	-0.90%	-2.08%
Malaysia 5Y CDS	162	6	0	MSCI Asiax	479	-1.08%	-6.43%
Philippines 5Y CDS	113	1	10	HSI	19,809	-0.38%	-7.72%
Indonesia 5Y CDS	192	5	-6	STI	2,767	1.13%	-5.90%
Thailand 5Y CDS	123	-1	-4	KLCI	1,635	0.84%	-4.84%
				JCI	4,744	0.26%	-3.48%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
23-May-16	Axis Bank	BBB+/Baa3/BBB-	USD500mn	5-year	CT5+160bps
23-May-16	ANZ Bank	AA-/Aa2/NR	USD850mn	5-year	CT5+95bps
23-May-16	ANZ Bank	AA-/Aa2/NR	USD400mn	5-year	3mL+99bps
23-May-16	Emirates Islamic Bank	NR/NR/A+	USD750mn	5-year	3.54%
19-May-16	Zhejiang Geely	A/A1/A	USD500mn	5-year	CT5+140bps
18-May-16	Export-Import Bank of Korea	AA-/Aa2/AA-	USD500mn	3-year	3mL+70bps
18-May-16	Export-Import Bank of Korea	AA-/Aa2/AA-	USD1bn	3-year	CT3+77.5bps
18-May-16	Export-Import Bank of Korea	AA-/Aa2/AA-	USD1bn	10-year	CT10+82.5bps

Source: OCBC, Bloomberg

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