

Mar 29, 2016

Market Commentary: The entire SGD swap curve traded 1bp-2bps higher yesterday. In the broader dollar space, JACI IG corporates spread is level at 231bps, while the yield on the JACI HY corporates stayed flat at 7.80%. 10y UST increased by 1bp to 1.91%.

Rating Changes: Fitch downgraded the long-term foreign and local currency Issuer Default Ratings (IDR) of Sime Darby Berhad (Sime Darby) to “BBB+” from “A”. This applies to Sime Darby’s senior unsecured USD1.5bn sukuk issue too. The downgrade reflects the extended period of high leverage, with the company taking longer than initially anticipated to deleverage due to the challenging environment for the industrial business and still-low but recovering crude palm oil (CPO) prices. Outlook is negative. S&P lowered the corporate rating on Mongolian Mining Corp to “D” from “CCC-”, following a missed payment on an amortizing bank loan and the cross default clauses in its debt agreements.

Credit Headlines:

Citic Envirotech Ltd (“CEL”): CEL announced that it has recently completed the transaction with Fujian Li Yang Environmental Protection Co Ltd for the acquisition of two municipal wastewater treatment plants in the Fujian province. The proposed transaction was first announced on 2 April 2012. Subsequent to April 2012, transaction terms were revised to a 100% acquisition (from 80%), with purchase consideration revised to RMB132m (~SGD28m), from the earlier announced RMB116m (~SGD24.5m). (OCBC, Company)

Table 1: Key Financial Indicators

	<u>29-Mar</u>	<u>1W chg (bps)</u>	<u>1M chg (bps)</u>		<u>29-Mar</u>	<u>1W chg</u>	<u>1M chg</u>
iTraxx Asiax IG	155	3	-1	Brent Crude Spot (\$/bbl)	40.17	-3.30%	11.68%
iTraxx Sovx APAC	59	1	-16	Gold Spot (\$/oz)	1,221.45	-2.41%	-1.04%
iTraxx Japan	92	0	-6	CRB	172.57	-2.14%	5.73%
iTraxx Australia	147	1	-9	GSCI	327.84	-2.23%	7.97%
CDX NA IG	83	3	-24	VIX	15.24	8.70%	-25.84%
CDX NA HY	102	-1	3	CT10 (bp)	1.886%	-5.43	15.13
iTraxx Eur Main	77	4	-22	USD Swap Spread 10Y (bp)	-13	3	3
iTraxx Eur XO	322	20	-86	USD Swap Spread 30Y (bp)	-47	3	6
iTraxx Eur Snr Fin	96	7	-12	TED Spread (bp)	36	4	4
iTraxx Sovx WE	27	1	-7	US Libor-OIS Spread (bp)	23	0	-1
iTraxx Sovx CEEMEA	154	7	-34	Euro Libor-OIS Spread (bp)	8	-2	-7
					<u>29-Mar</u>	<u>1W chg</u>	<u>1M chg</u>
				AUD/USD	0.756	-0.51%	5.72%
				USD/CHF	0.974	-0.33%	2.69%
				EUR/USD	1.120	-0.15%	2.68%
				USD/SGD	1.368	-0.57%	2.74%
Korea 5Y CDS	69	5	1	DJIA	17,535	-0.38%	6.17%
China 5Y CDS	129	4	-4	SPX	2,037	-0.61%	5.42%
Malaysia 5Y CDS	164	5	-11	MSCI Asiax	495	-1.74%	8.31%
Philippines 5Y CDS	110	6	-10	HSI	20,346	-0.77%	7.71%
Indonesia 5Y CDS	209	7	-21	STI	2,830	-2.63%	6.14%
Thailand 5Y CDS	140	3	-11	KLCI	1,702	-0.93%	2.88%
				JCI	4,774	-2.29%	0.06%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

<u>Date</u>	<u>Issuer</u>	<u>Ratings</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
24-Mar-16	Yunnan Provincial Investment Holdings	NR/NR/BBB+	USD300mn	3-year	3.375%
24-Mar-16	TMB Bank Public Co Ltd	BBB-/Baa2/BBB-	USD300mn	5.5-year	3.108%
23-Mar-16	ABN AMRO Bank	Baa3/BBB-/A-	SGD450mn	10-year	4.75%
23-Mar-16	Blue Sky Fliers Co	NR/NR/NR	USD120mn	3-year	6.90%
22-Mar-16	TA Corporation Ltd	NR/NR/NR	SGD40mn	2-year	5.5%
22-Mar-16	Republic of Indonesia	BB+/Baa3/BBB-	USD750mn	5-year	3.4%
22-Mar-16	Republic of Indonesia	BB+/Baa3/BBB-	USD1.75bn	10-year	4.55%
22-Mar-16	Aspial Corporation Limited	NR/NR/NR	SGD75mn	4-year	5.3%

Source: OCBC, Bloomberg

Note: Ratings for ABN AMRO Bank reflects issue ratings

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