

Apr 05, 2016

Market Commentary: The SGD swap curve was mixed with rates trading in a 2bps range yesterday, mirroring the muted reaction in the treasury market to the jobs report. There was decent activity in the perp space yesterday with mixed interests in HYFSP 5.75%'49s while better buying was seen in GENSSP 5.125%'49s. In the broader dollar space, the spread on JACI IG corporates was level at 231bps, while the yield on the JACI HY corporates fell by 5bps to 7.63%, at the lows of the YTD range. 10y UST decreased by 1bp to 1.76%.

New Issues: Croesus Retail Trust priced a SGD60mn 4-year bond at 5% with private banks from Singapore making up the bulk of the SGD100mn orderbook. The Trust entered into transactions to swap the SGD proceeds into JPY at forward rate of SGD/JPY82.5 at JPY fixed interest rate of 2.65%.

Rating Changes: S&P affirmed the "B" foreign currency long-term corporate credit rating on Vedanta Resources, and removed all ratings from a negative CreditWatch. The rating action comes after Vedanta Resources arranged adequate funding at Vedanta Ltd for up-streaming to the holding company, addressing its refinancing risk. Outlook is stable. Moody's downgraded to "B2" from "B1" the corporate family rating of PT Alam Sutera Realty Tbk and the senior unsecured debt rating of Alam Synergy Pte Ltd. Alam Synergy is a wholly-owned subsidiary of Alam Sutera. The downgrade reflects the weak state of Alam Sutera's operating performance, led by a decline in its marketing sales for 2015, and delays in one-off transactions. The outlook for the ratings has been changed to stable from negative. Fitch cut JSW Steel to "BB" from "BB+" reflecting a rise in leverage and debt-funded investment in capacity expansion.

Table 1: Key Financial Indicators

	5-Apr	1W chg (bps)	1M chg (bps)		5-Apr	1W chg	1M chg
iTraxx Asiax IG	143	-8	-4	Brent Crude Spot (\$/bbl)	37.69	-6.41%	-2.66%
iTraxx Sovx APAC	59	2	-9	Gold Spot (\$/oz)	1,215.76	-2.13%	-4.07%
iTraxx Japan	85	-7	-4	CRB	165.79	-3.93%	-1.64%
iTraxx Australia	135	-8	-7	GSCI	311.37	-5.02%	-1.05%
CDX NA IG	76	-6	-18	VIX	14.12	-7.35%	-16.25%
CDX NA HY	102	0	1	CT10 (bp)	1.762%	-12.42	-11.23
iTraxx Eur Main	73	-3	-17	USD Swap Spread 10Y (bp)	-13	1	2
iTraxx Eur XO	305	-18	-62	USD Swap Spread 30Y (bp)	-47	1	5
iTraxx Eur Snr Fin	91	-4	-7	TED Spread (bp)	44	7	7
iTraxx Sovx WE	26	0	-5	US Libor-OIS Spread (bp)	25	0	2
iTraxx Sovx CEEMEA	147	-7	-33	Euro Libor-OIS Spread (bp)	10	-1	-4
					5-Apr	1W chg	1M chg
				AUD/USD	0.760	-0.35%	1.75%
				USD/CHF	0.959	0.81%	3.81%
				EUR/USD	1.139	0.86%	3.40%
				USD/SGD	1.353	0.13%	1.89%
Korea 5Y CDS	66	0	5	DJIA	17,737	1.15%	4.29%
China 5Y CDS	122	-2	-5	SPX	2,066	1.43%	3.31%
Malaysia 5Y CDS	155	-2	-9	MSCI Asiax	502	1.29%	3.85%
Philippines 5Y CDS	107	2	-3	HSI	20,499	-0.56%	1.60%
Indonesia 5Y CDS	201	1	-5	STI	2,835	0.18%	-0.06%
Thailand 5Y CDS	130	-8	-14	KLCI	1,725	1.34%	1.94%
				JCI	4,850	1.60%	-0.01%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
04-Apr-16	Croesus Retail Trust	NR/NR/NR	SGD60mn	4-year	5%
31-Mar-16	CapitalLand Commercial Trust	A-/A3/NR	HKD585mn	5-year	2.27%
30-Mar-16	Soilbuild REIT	NR/Baa3/NR	SGD100mn	5-year	3.6%
29-Mar-16	Ascendas REIT	NR/A3/NR	SGD130mn	5-year	2.655%
29-Mar-16	Government of Mongolia	B/B2/B	USD500mn	5-year	10.875%
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%

Source: OCBC, Bloomberg

Note: Ratings for ABN AMRO Bank reflects issue ratings

Credit Headlines:

Keppel Corp (“KEP”): KEP was identified as one of the parties that were involved in the Unaoil corruption expose by The Age / Huffington Post (<http://www.theage.com.au/interactive/2016/the-bribe-factory/day-3/asian-powers.html>). These were over deals done in Kazakhstan in 2007 – 2009. KEP has made a public statement and “strongly refutes” the allegations made. (Company)

Otto Marine (“OTML”): OTML has signed an MOU to sell a Work Maintenance Vessel to an outside party for USD38mn. This would remove the vessel from OTML’s existing inventory. The transaction is expected to have a positive impact on earnings per share. We believe that the transaction will be recognized in the 2Q2016 at earliest, and currently have a Negative Issuer Profile rating on OTML. (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

Nicholas Koh Jun Ming

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

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.