

June 6, 2016

**Market Commentary:** The SGD swap rates flattened last Friday with the very short end traded up while the long end rates were 1-4 bps lower across all tenors. Flows in the SGD corporates were moderate with better buying in BPCEGP 4.5%'26s, UOBSP 4%'49s and better selling in HYFSP 5.75%'49s. Meanwhile we also saw mixed interest in MFCCN 3.85%'26s. In the broader dollar space, the spread on JACI IG corporates increased by 1 bps to 221bp, while the yield on JACI HY corporates decreased by 7bps to 7.05%. 10y UST yield decreased by 10bps to 1.70% on May's weak employment report.

**Rating Changes:** Moody's revised its outlook on CapitaLand Commercial Trust (CCT) to negative from stable, and affirmed its credit rating of "A3". The revision reflects the likely increase in CCT's debt leverage following the proposed acquisition of CapitaGreen, which in turn will reduce the headroom within its "A3" ratings. Moody's assigned a first time "Baa1" credit rating to Mirvac Group, reflecting the group's solid market position across multiple sectors, including office, retail, industrial and residential. The outlook is stable. Moody's withdrew all credit ratings on Yancoal International Trading Co. Ltd. The rating prior to withdrawal was "B2". Moody's downgraded Baker Hughes Inc. to "Baa1" from "A2" reflecting current industry challenges which compound the company's elevated leverage and developing business model. Outlook is stable. In a similar action, Halliburton Co's rating was also cut to "Baa1" from "A2" as Halliburton's credit metrics have weakened due to operating conditions as well as higher debt from its failed acquisition of Baker Hughes. Outlook is negative. The downgrade of both companies follows the termination of their planned merger in early May following anti-trust regulator opposition. Fitch revised its outlook on Cheung Kong Property Holdings Limited (CKP) to positive from stable, and affirmed its credit rating of "A-". The revision reflects CKP's strong financial position and low gearing, as measured by net-debt/investment properties, as well as the company's stable recurring income from its established investment property portfolio and hotel business.

**Table 1: Key Financial Indicators**

	6-Jun	1W chg (bps)	1M chg (bps)		6-Jun	1W chg	1M chg
iTraxx Asiax IG	141	1	-7	Brent Crude Spot (\$/bbl)	49.74	-0.04%	9.63%
iTraxx SovX APAC	53	0	-2	Gold Spot (\$/oz)	1,245.68	3.38%	-3.36%
iTraxx Japan	68	4	-8	CRB	188.67	1.66%	4.87%
iTraxx Australia	129	3	-7	GSCI	374.02	0.65%	6.67%
CDX NA IG	77	1	-8	VIX	13.47	0.30%	-8.49%
CDX NA HY	103	0	1	CT10 (bp)	1.700%	-15.06	-9.59
iTraxx Eur Main	76	5	-4	USD Swap Spread 10Y (bp)	-13	1	2
iTraxx Eur XO	329	22	-3	USD Swap Spread 30Y (bp)	-48	0	-1
iTraxx Eur Snr Fin	96	6	-4	TED Spread (bp)	40	4	-3
iTraxx Sovx WE	26	1	0	US Libor-OIS Spread (bp)	23	2	-2
iTraxx Sovx CEEMEA	133	-5	-2	Euro Libor-OIS Spread (bp)	9	0	-1
					6-Jun	1W chg	1M chg
				AUD/USD	0.735	2.28%	-0.26%
				USD/CHF	0.977	1.52%	-0.49%
				EUR/USD	1.135	1.88%	-0.50%
				USD/SGD	1.358	1.71%	0.21%
Korea 5Y CDS	59	1	-7	DJIA	17,807	-0.12%	0.37%
China 5Y CDS	123	0	-7	SPX	2,099	0.43%	2.04%
Malaysia 5Y CDS	161	4	-2	MSCI Asiax	497	0.92%	2.18%
Philippines 5Y CDS	111	1	-6	HSI	20,947	1.80%	4.16%
Indonesia 5Y CDS	192	2	-2	STI	2,809	0.24%	2.87%
Thailand 5Y CDS	120	0	-5	KLCI	1,636	-0.04%	-0.78%
				JCI	4,854	0.81%	0.65%

Source: OCBC, Bloomberg

**Table 2: Recent Asian New Issues**

Date	Issuer	Ratings	Size	Tenor	Pricing
31-May-16	GSH Corp Ltd	NR/NR/NR	SGD60mn	3-year	5.15%
31-May-16	Starhub Ltd	NR/NR/NR	SGD300mn	10-year	3.55%
31-May-16	Prudential PLC	A+/A2/A+	USD1bn	Perp-nc5	5.25%
26-May-16	China Huarong Asset Management	A-/A3/A	USD700mn	3-year	CT3+177.5bps
26-May-16	China Huarong Asset Management	A-/A3/A	USD900mn	5-year	CT5+200bps
26-May-16	China Huarong Asset Management	A-/A3/A	USD900mn	10-year	CT10+290bps
26-May-16	BPCE SA	BBB/Baa3/A-	SGD130mn	10NC5	4.50%
26-May-16	Midea Group Company Limited	A-/NR/A-	USD700m	3-year	CT3+135bps

Source: OCBC, Bloomberg

**Andrew Wong**

Treasury Research & Strategy  
Global Treasury, OCBC Bank  
(65) 6530 4736  
[wongVKAM@ocbc.com](mailto:wongVKAM@ocbc.com)

**Nick Wong Liang Mian, CFA**

Treasury Research & Strategy  
Global Treasury, OCBC Bank  
(65) 6530 7348  
[NickWong@ocbc.com](mailto:NickWong@ocbc.com)

**Nicholas Koh Jun Ming**

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

**Ezien Hoo**

Treasury Research & Strategy  
Global Treasury, OCBC Bank  
(65) 6722 2215  
[EzienHoo@ocbc.com](mailto:EzienHoo@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.