

September 9, 2016

Credit Headlines (Page 2 onwards): Keppel Corp. Ltd.

Market Commentary: The SGD dollar swap curve traded downwards yesterday with swap rates trading 2-5bps lower across all tenors. Flows in the SGD corporates were heavy with better buying seen in, GENSSP 5.13%'49s and STANLN 4.4%'26s. Better selling were seen in, UOBSP 4%'49s while mixed interests were seen in, SOCGEN 4.3%'26s and ABNANV 4.75%'26s. In the broader dollar space, the spread on JACI IG corporates remained relatively unchanged at 197bps while the yield on JACI HY corporates also remained levelled at 6.36%. 10y UST yield increased 6bps to 1.60% after the European Central Bank downplayed the need for more economic stimulus and bullish inventories data spurred oil price gain to 4.4%.

New Issues: Olam International Ltd. has priced a USD150mn at 101.65 (to yield 4.1%), which is an increase of its existing USD300mn 4.5%'21s bond. BOC Aviation Ltd. has priced a USD500mn 5-year bond at CT5+135bps, tightening from its initial guidance at CT5+165bps. The expected issue ratings are "BBB+/NR/A-". Toronto-Dominion Bank has priced a USD1.5bn 15NC10 at CT15+205bps, tightening from its initial guidance at CT15+237.5bps. The expected issue ratings are "A-/A2/NR". Yestar International Holding Co. Ltd. has priced a USD200mn 5NC3 bond at 6.9%, tightening from its initial guidance of mid-7%. The expected issue ratings are "NR/Baa3/BB-". China Huarong Asset Management Co. has priced a USD500mn perpetual bond at 2.875%, tightening from its initial guidance at 3.25%. The expected issue ratings are "NR/Baa1/A-". Union Life Insurance Co. has priced a USD500mn 5-year bond at CT5+220bps, tightening from its initial guidance at CT5+245bps. The expected issue ratings are "NR/Baa3/NR". China Everbright Bank has priced a USD500mn bond at CT3+120bps, tightening from its initial guidance at CT3+150bps. The expected issue ratings are "NR/NR/BBB".

Table 1: Key Financial Indicators

	9-Sep	1W chg (bps)	1M chg (bps)		9-Sep	1W chg	1M chg
iTraxx Asiax IG	107	-5	-6	Brent Crude Spot (\$/bbl)	49.55	5.81%	10.16%
iTraxx Sovx APAC	36	-2	-9	Gold Spot (\$/oz)	1,337.90	0.96%	-0.21%
iTraxx Japan	53	2	2	CRB	185.63	3.01%	2.32%
iTraxx Australia	95	-3	-9	GSCI	361.99	3.96%	4.84%
CDX NA IG	72	-1	0	VIX	12.51	-6.78%	7.29%
CDX NA HY	105	0	0	CT10 (bp)	1.596%	-0.68	4.86
iTraxx Eur Main	65	-2	0	USD Swap Spread 10Y (bp)	-15	-1	-4
iTraxx Eur XO	304	-5	0	USD Swap Spread 30Y (bp)	-54	-1	-7
iTraxx Eur Snr Fin	85	-2	0	TED Spread (bp)	50	-1	-3
iTraxx Sovx WE	24	0	0	US Libor-OIS Spread (bp)	39	0	-1
iTraxx Sovx CEEMEA	102	-5	-12	Euro Libor-OIS Spread (bp)	4	-1	-2
					9-Sep	1W chg	1M chg
				AUD/USD	0.765	0.96%	-0.35%
				USD/CHF	0.972	0.92%	0.96%
				EUR/USD	1.127	0.99%	1.34%
				USD/SGD	1.351	0.67%	-0.52%
Korea 5Y CDS	39	-2	-8	DJIA	18,480	0.43%	-0.29%
China 5Y CDS	94	-4	-11	SPX	2,181	0.48%	-0.02%
Malaysia 5Y CDS	114	-6	-14	MSCI Asiax	562	3.23%	4.03%
Philippines 5Y CDS	84	-4	-9	HSI	23,919	3.27%	6.47%
Indonesia 5Y CDS	135	-13	-12	STI	2,894	3.23%	0.83%
Thailand 5Y CDS	77	-6	-14	KLCI	1,691	1.17%	1.18%
				JCI	5,371	0.68%	-1.27%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
8-Sep-16	Olam International Ltd.	"NR/NR/NR"	USD150mn	5-year	4.1%
8-Sep-16	BOC Aviation Ltd.	"BBB+/NR/A-"	USD500mn	5-year	CT5+135bps
8-Sep-16	Toronto-Dominion Bank	"A-/A2/NR"	USD1.5bn	15NC10	CT15+205bps
8-Sep-16	Yestar International Holdings Co. Ltd.	"NR/Baa3/BB-"	USD200mn	5NC3	6.9%
8-Sep-16	China Huarong Asset Management Co.	"NR/Baa1/A-"	USD500mn	Perp.	2.88%
8-Sep-16	Union Life Insurance Co.	"NR/Baa3/NR"	USD500mn	5-year	CT5+220bps
8-Sep-16	China Everbright Bank	"NR/NR/BBB"	USD500mn	3-year	CT3+120bps
7-Sep-16	Cikarang Litrindo Tbk PT	"BB/Ba2/NR"	USD550mn	10NC5	4.95%

Source: OCBC, Bloomberg

Rating Changes: Fitch downgraded MIE Holdings Corp.'s (MIE) issuer default rating to "CCC" from "B-" and removed the ratings from Negative Watch. MIE Holdings is an independent upstream oil & gas company operating onshore in China. The rating downgrade reflects the challenges MIE faces in refinancing its outstanding notes due between February 2018 and April 2019, which represent the majority of its debt obligation.

Credit Headlines:

Keppel Corp Ltd ("KEP"): KEP is investing USD48.6mn (~SGD65.4mn) to develop serviced residences and offices in Yangon. KEP has entered into a conditional joint venture agreement with Shwe Taung Group, a Myanmar-based conglomerate for this development, with KEP holding 40%. This move is in line with KEP's expansion in Myanmar, a country which Keppel Land first entered into in 1993. (Company)

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