

Sep 11, 2017

**Market Commentary:** The SGD swap curve traded downwards on Friday, with swap rates trading 4-6bps lower across most tenors. Smaller movements were seen in the 1-year to 5-year tenors. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%-PERPs, SIASP 3.13%27s. In the broader dollar space, the spread on JACI IG Corp rose 2bps to 194bps, while the yield on JACI HY Corp fell 3bps to 6.75%. 10y UST yields rose 1bps to 2.05% on Friday, despite mounting risks from Hurricanes Irma and Jose, as well as geopolitical tensions with North Korea.

**New Issues:** China Huiyuan Juice Group Limited has priced a USD50mn re-tap of its CHIHUI 6.5%20s at 100.0. The issue ratings are 'NR/B+/B+'. Westpac Banking Corp has scheduled investor meetings for potential USD AT1 Perp NC10 bond issuance from 8 Sep. The expected issue ratings are 'BB+/Baa2/BBB'. Softbank Group Corp has scheduled investor meetings for potential USD and EUR bond issuance from 8 Sep.

**Rating Changes:** Fitch has placed Wharf (Holdings) Limited's (Wharf) 'A-' Issuer Default Rating and ratings on its senior unsecured notes on Rating Watch Negative. The rating action follows Wharf's proposal to spin off the majority of its Hong Kong investment properties, which would reduce Wharf's earnings and scale. S&P has affirmed Hyundai Motor Co (HMC), Kia Motors Corp (Kia), and Hyundai Mobis Co Ltd's (Mobis) 'A-' corporate credit ratings. At the same time, S&P has revised the outlooks of the companies to negative from stable. S&P has also affirmed the 'A-' rating on Kia's outstanding notes. The rating action on HMC and Kia reflects S&P's views of the companies weakening sales and profitability, and S&P believes that the companies may not be able to return to their historical profitability in the next 12 months due to increased competition in the US and China, geopolitical uncertainties related to the China operations, a weaker product mix than that of peers, and continued conflicts with labor unions in Korea. The rating action on Mobi reflects S&P's expectation that profitability will be weak over the next 12 months on HMC and Kia's declining auto production volume in China.

**Table 1: Key Financial Indicators**

	11-Sep	1W chg (bps)	1M chg (bps)		11-Sep	1W chg	1M chg
iTraxx Asiax IG	78	1	-10	Brent Crude Spot (\$/bbl)	54.03	3.23%	3.70%
iTraxx SovX APAC	19	1	-2	Gold Spot (\$/oz)	1,337.45	0.27%	3.73%
iTraxx Japan	45	0	2	CRB	181.17	0.18%	0.87%
iTraxx Australia	70	0	-11	GSCI	387.18	0.21%	1.09%
CDX NA IG	60	3	-1	VIX	12.12	14.45%	-21.86%
CDX NA HY	107	-1	0	CT10 (bp)	2.087%	-7.86	-10.17
iTraxx Eur Main	54	-1	-4	USD Swap Spread 10Y (bp)	-4	1	0
iTraxx Eur XO	234	-3	-17	USD Swap Spread 30Y (bp)	-35	0	-2
iTraxx Eur Snr Fin	52	-1	-4	TED Spread (bp)	27	-4	1
iTraxx Sovx WE	5	0	0	US Libor-OIS Spread (bp)	16	0	0
iTraxx Sovx CEEMEA	44	4	-6	Euro Libor-OIS Spread (bp)	3	0	0
					11-Sep	1W chg	1M chg
				AUD/USD	0.804	1.25%	1.89%
				USD/CHF	0.950	0.90%	1.27%
				EUR/USD	1.201	0.96%	1.60%
				USD/SGD	1.343	1.06%	1.34%
Korea 5Y CDS	71	5	2	DJIA	21,798	-0.68%	-0.28%
China 5Y CDS	61	2	-8	SPX	2,461	-0.41%	0.82%
Malaysia 5Y CDS	70	-1	-15	MSCI Asiax	664	0.76%	3.84%
Philippines 5Y CDS	62	1	-12	HSI	27,936	0.71%	3.92%
Indonesia 5Y CDS	101	-1	-15	STI	3,237	0.19%	-1.30%
Thailand 5Y CDS	53	0	-11	KLCI	1,783	0.54%	0.89%
				JCI	5,861	0.82%	1.65%

Source: OCBC, Bloomberg

**Table 2: Recent Asian New Issues**

Date	Issuer	Ratings	Size	Tenor	Pricing
8-Sep-17	China Huiyuan Juice Group Limited	'NR/B+/B+'	USD50mn	CHIHUI 6.5%20s	100.0
7-Sep-17	Sumitomo Life Insurance Co	'NR/A3/A'	USD1.34bn	60NC10	4.00%
7-Sep-17	Santos Finance Ltd	'BBB-/NR/NR'	USD800mn	10-year	CT10+210bps
7-Sep-17	Weichai International Hong Kong Energy Group Co	'BBB-/NR/BBB'	USD775mn	Perp NC5	3.75%
6-Sep-17	China Petroleum Corp	'AA-/A1/NR'	USD700mn	3-year	CT3+87.5bps
6-Sep-17	China Petroleum Corp	'AA-/A1/NR'	USD1.4bn	5-year	CT5+97.5bps
6-Sep-17	China Petroleum Corp	'AA-/A1/NR'	USD750mn	10-year	CT10+120bps
6-Sep-17	China Petroleum Corp	'AA-/A1/NR'	USD400mn	30-year	4%
6-Sep-17	AYC Finance Ltd	Not Rated	USD400mn	Perp NC5	5.125%

Source: OCBC, Bloomberg

**Rating Changes (Cont'd):** Moody's has upgraded Mirvac Group (Mircvac) and Mirvac Group Finance Ltd's issuer ratings to 'A3' from 'Baa1'. The rating action reflects Moody's view that the quality of Mirvac's investment portfolio has and will continue to improve, as well as Mirvac's ability to deliver a high quality pipeline of profitable residential developments.

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