

January 12, 2017

Credit Headlines (Page 2 onwards): Ezra Holdings Ltd., Singapore Post Ltd., Keppel Corporation Ltd.

Market Commentary: The SGD swap curve traded higher across all tenors, with swap rates rising 1-3bps. Flows in the SGD corporates were heavy with better buying seen in GENSSP 5.13%'49s, OLAMSP 6%'22s and mixed interest in SCISP 4.75%'49s, PREHSP 4.55%'20s, FCLSP 5%'49s, OLAMSP 5.8%'19s. In the broader dollar space, the spread on JACI IG Corporates fell 1bps to 196bps while the yield on JACI HY Corporates fell 1bps to 6.80%. 10y UST yield fell 1bps to 2.37%, although yields fell 5bps to a low of 2.33% backed by strong demand during the 10y U.S. note auction yesterday.

New Issues: Standard Chartered Plc priced a USD1bn NC6 perp at 7.75%, tightening from initial guidance of 8%. The expected issue ratings are 'BB-/Ba1/BB+'. Adani Ports & Special Economic Zone Ltd. priced USD500mn 5-year bonds at CT5+215bps, tightening from initial guidance of CT5+235bps. The expected issue ratings are 'BBB-/Baa3/BBB-'. Taikang Insurance Group Inc. priced USD800mn 5-year bonds at CT5+168bps, tightening from initial guidance of CT5+190bps. The expected issue ratings are 'NR/NR/BBB+'. ORIX Corporation priced a USD500mn 5-year bond at CT5+135bps, tightening from initial guidance of CT5+150bps, and a USD250mn 10-year bond at CT10+160bps, tightening from initial guidance of CT10+170bps. The expected issue ratings are 'A-/NR/A-'.

Rating Changes: S&P placed Takeda Pharmaceutical Co. Ltd.'s 'A+' corporate credit and unsecured debt ratings on CreditWatch with negative implications. The actions follow Takeda's announcement on Monday that it plans to acquire U.S. biotechnology firm Ariad Pharmaceuticals Inc. for US\$5.4 billion. S&P takes the view that "this would substantially hurt its key financial metrics and lead to a slow recovery in those metrics."

Table 1: Key Financial Indicators

	12-Jan	1W chg (bps)	1M chg (bps)		12-Jan	1W chg	1M chg
iTraxx Asiax IG	117	5	-4	Brent Crude Spot (\$/bbl)	55.11	-3.13%	-1.04%
iTraxx SovX APAC	34	1	-2	Gold Spot (\$/oz)	1,194.17	1.19%	2.75%
iTraxx Japan	55	--	4	CRB	192.29	-0.36%	-0.55%
iTraxx Australia	98	-1	-6	GSCI	394.64	-0.38%	-0.44%
CDX NA IG	66	2	-2	VIX	11.26	-4.98%	-10.92%
CDX NA HY	106	0	0	CT10 (bp)	2.352%	0.78	-11.91
iTraxx Eur Main	70	1	-2	USD Swap Spread 10Y (bp)	-13	1	1
iTraxx Eur XO	290	4	-12	USD Swap Spread 30Y (bp)	-49	1	1
iTraxx Eur Snr Fin	89	2	-5	TED Spread (bp)	51	3	9
iTraxx Sovx WE	19	-2	-3	US Libor-OIS Spread (bp)	35	1	3
iTraxx Sovx CEEMEA	81	6	-9	Euro Libor-OIS Spread (bp)	3	0	-1
					12-Jan	1W chg	1M chg
				AUD/USD	0.743	1.31%	-0.84%
				USD/CHF	1.014	-0.42%	-0.07%
				EUR/USD	1.058	-0.24%	-0.50%
				USD/SGD	1.429	-0.03%	-0.36%
Korea 5Y CDS	49	7	9	DJIA	19,954	0.06%	0.80%
China 5Y CDS	115	4	1	SPX	2,275	0.20%	0.81%
Malaysia 5Y CDS	134	8	-6	MSCI Asiax	535	1.37%	1.65%
Philippines 5Y CDS	103	3	-6	HSI	22,935	3.62%	2.24%
Indonesia 5Y CDS	154	8	-5	STI	3,001	1.58%	1.65%
Thailand 5Y CDS	77	2	-3	KLCI	1,675	0.93%	2.06%
				JCI	5,301	0.00%	-0.13%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
11-Jan-17	Standard Chartered Plc	"BB-/Ba1/BB+"	USD1bn	Perp NC6	7.75%
11-Jan-17	Adani Ports & Special Economic Zone Ltd.	"BBB-/Baa3/BBB-"	USD500mn	5-year	CT5+215bps
11-Jan-17	Taikang Insurance group Inc.	"NR/NR/BBB+"	USD800mn	5-year	CT5+168bps
11-Jan-17	ORIX Corporation	"A-/NR/A-"	USD500mn	5-year	CT5+135bps
11-Jan-17	ORIX Corporation	"A-/NR/A-"	USD250mn	10-year	CT10+160bps
10-Jan-17	Nissan Motor Acceptance Corp	"NR/NR/NR"	USD750mn	3-year	CT3+80bps
10-Jan-17	Nissan Motor Acceptance Corp	"NR/NR/NR"	USD250mn	3-year	3mL+58bps
10-Jan-17	Nissan Motor Acceptance Corp	"NR/NR/NR"	USD500mn	5-year	CT5+93bps
10-Jan-17	Nissan Motor Acceptance Corp	"NR/NR/NR"	USD500mn	5-year	3mL+89bps

Source: OCBC, Bloomberg

Rating Changes (Cont'd):

Moody's assigned Broadcom Cayman Finance Ltd.'s (Broadcom Cayman) new Senior Unsecured Notes a 'Baa2' rating with a stable outlook. The rating reflects the company's considerable scale in revenues as one of the five largest semiconductor companies in the world and Moody's expectation that the company will pursue a more conservative financial policy following the completion of the Brocade acquisition, whereas the stable outlook reflects Moody's expectation that Broadcom will successfully integrate Brocade without material business disruption. Fitch also upgraded Broadcom Cayman's Issuer Default Rating (IDR) to 'BBB' from 'BBB-', with a positive outlook. Fitch downgraded Imperial Pacific International Holdings Limited (IPI) foreign-currency issuer default rating to 'CCC' from 'B'. The downgrade reflects the company's need to fund advances to customers and bear customers' credit risk due to the lack of licensed junket operators in Saipan, on top of the fact that the company has yet to secure sufficient funding for the construction of its casino and resort.

Credit Headlines:

Ezra Holdings Ltd ("Ezra"): Ezra has been granted a time extension by ACRA to hold the AGM and announce the audited FY2016 financials (ended 31st August 2016) by 1 March 2017. As Ezra is in talks with various stakeholders and consolidating its funding requirements that may impact the business as a going concern, Ezra has applied for a further 90-day extension to hold its AGM and present the audited results for FY2016. For the same reason, the 1QFY2017 results would be delayed and not be announced by 14 Jan 2017 (deadline required by SGX). (Company)

Singapore Post Ltd ("SPOST"): SPOST has completed the issuance of 107.6mn new shares to Alibaba Investment Limited ("Alibaba"). The new shares amount to ~4.7% of the enlarged issued and paid-up share capital of SPOST and will be listed on the SGX on 13 January 2017. Alibaba's investment in SPOST amounts to SGD187mn. Post the completion of the latest private placement, Alibaba holds ~14.4% of SPOST, rising from 10.17%. The long awaited completion of Alibaba's second investment in SPOST is a credit positive in our view given the potential strategic support and enhanced financial flexibility such as SPOST's recently completed sale of 34% of Quantum Solutions International ("QSI") to Alibaba in October, with Alibaba paying SGD86.2mn for new shares. (Company, OCBC)

Keppel Corporation Limited ("KEP"): Keppel Land Limited ("Keppel Land") has entered into an agreement to sell 80% of its effective stake in a joint venture company, namely PT Sentral Tunjungan Perkasa to PT Indadi Land for ~SGD57mn. The divestment is part of KEP's asset recycling strategy and we expect proceeds to help fund other new developments. (Company, OCBC)

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