

November 13, 2017

Credit Headlines (Page 2 onwards): CWT Ltd

Market Commentary: The SGD swap curve traded upwards on Friday, with swap rates trading 3-4bps higher across the 1-year, 1.5-year, 7-year and 12-year tenors. The other tenors traded unchanged. Flows in SGD corporates were heavy, with better buying seen in HRAM 3.8%'25s, and mixed interest seen in WINGTA 4.35%-PERPs and PILLSP 7.25%'18s. In the broader dollar space, the spread on JACI IG Corp rose 1bps to 180bps, while the yield on JACI HY Corp rose 6bps to 6.91%. 10Y UST yields rose 6bps to 2.40%, following the surge in yields of UK Gilts after industrial and manufacturing data in UK came in better-than-expected.

New Issues: Pacific International Lines (Private) Limited has priced a SGD60mn 3-year bond at 8.50%, unchanged from initial guidance of 8.50%. Citadel Limited Partnership has scheduled investor meetings for potential bond issuance from 13 Nov. VLL International has scheduled investor meetings for potential USD bond issuance from 13 Nov.

Rating Changes: S&P has affirmed Societe Generale's (SG) 'A' long-term issuer credit rating. The outlook is stable. The rating action reflects SG's sound operating performance, supported by its diversified earnings stream, as well as S&P's view that SG will continue building up capital. Fitch has upgraded China Baowu Steel Group Corporation Limited's (Baowu Steel) Issuer Default Ratings (IDR) to 'A' from 'A-', while upgrading Baoshan Iron & Steel Co Ltd's (Baosteel) Long-Term IDR to 'A' from 'A-'. The ratings have been removed from Rating Watch Evolving (RWE), and the outlook is stable. Baowu steel standalone rating of 'BBB+' was affirmed, but it now receives a two-notch uplift, as compared to its previous one-notch uplift to reflect its enhanced linkages with the Chinese state. Baosteel's ratings were also equalized with its parent, Baowu Steel, due to their strong operational and strategic linkages. The ratings now receive a two-notch uplift as Fitch deems that the creation of its parent, Baowu Steel, through the combination of Baosteel Group Corporation and Wuhan Iron and Steel Group signal a stronger linkage with the state.

Table 1: Key Financial Indicators

	13-Nov	1W chg (bps)	1M chg (bps)		13-Nov	1W chg	1M chg
iTraxx Asiax IG	79	3	1	Brent Crude Spot (\$/bbl)	63.61	-1.03%	11.26%
iTraxx SovX APAC	16	1	-1	Gold Spot (\$/oz)	1,276.25	-0.44%	-2.11%
iTraxx Japan	48	0	3	CRB	191.65	1.20%	3.69%
iTraxx Australia	67	2	-2	GSCI	428.59	1.90%	6.40%
CDX NA IG	55	2	1	VIX	11.29	23.52%	17.48%
CDX NA HY	108	0	0	CT10 (bp)	2.391%	7.50	11.83
iTraxx Eur Main	52	2	-5	USD Swap Spread 10Y (bp)	-2	1	2
iTraxx Eur XO	234	9	-14	USD Swap Spread 30Y (bp)	-27	1	6
iTraxx Eur Snr Fin	52	2	-8	TED Spread (bp)	19	-3	-9
iTraxx Sovx WE	4	0	-1	US Libor-OIS Spread (bp)	10	0	-3
iTraxx Sovx CEEMEA	49	7	8	Euro Libor-OIS Spread (bp)	3	0	0
					13-Nov	1W chg	1M chg
				AUD/USD	0.765	-0.55%	-3.02%
				USD/CHF	0.997	0.05%	-2.25%
				EUR/USD	1.165	0.33%	-1.46%
				USD/SGD	1.361	0.01%	-0.89%
Korea 5Y CDS	73	2	2	DJIA	23,422	-0.50%	2.41%
China 5Y CDS	59	5	-1	SPX	2,582	-0.21%	1.14%
Malaysia 5Y CDS	67	3	1	MSCI Asiax	703	0.27%	2.05%
Philippines 5Y CDS	67	3	2	HSI	29,217	2.17%	2.60%
Indonesia 5Y CDS	101	6	0	STI	3,426	1.30%	3.22%
Thailand 5Y CDS	50	2	1	KLCI	1,744	0.10%	-0.64%
				JCI	6,022	-0.29%	1.65%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
9-Nov-17	Pacific International Lines (Private) Limited	Not Rated	SGD60mn	3-year	8.50%
9-Nov-17	China Development Bank	'NR/A1/NR'	USD500mn	5-year	CT5+78bps
9-Nov-17	China Development Bank	'NR/A1/NR'	EUR1bn	4-year	MS+43bps
9-Nov-17	China Minsheng Banking Corp (Hong Kong Branch)	'BBB-/NR/NR'	USD450mn	3-year	3mL+92bps
9-Nov-17	China Minsheng Banking Corp (Hong Kong Branch)	'BBB-/NR/NR'	USD250mn	3-year	CT3+115bps
9-Nov-17	Jiayuan International Group Ltd	'NR/B2/NR'	USD300mn	364-day	8.25%
9-Nov-17	Siam Commercial Bank PCL, Cayman Islands Branch	'BBB+/Baa1/BBB+'	USD500mn	5.5-year	CT5.5+92.5bps
9-Nov-17	Telstra Corporation Ltd	'A/A2/NR'	USD500mn	10-year	CT10+95bps
8-Nov-17	Suntec REIT	Not Rated	SGD300mn	7-year	100.0
8-Nov-17	ICBCIL Finance Co	'NR/A2/A'	USD700mn	5-year	CT5+115bps

Source: OCBC, Bloomberg

Credit Headlines:

CWT Ltd (“CWT”): HNA Holding Group Co. (“HNA HK”), the new parent company of CWT with a 98.1%-stake has disclosed that it is proposing to change its company name to CWT International Limited. In HNA HK’s view, the proposed new name will better reflect and align with the business and development strategy of HNA HK post its acquisition of CWT. The proposed change of company and the corresponding amendment to the articles of association is subject to (1) The passing of special resolutions by HNA HK’s shareholders approving the change of company name on 29 November 2017 (2) Approval from the Registrar of Companies in Hong Kong. The proposed change in name does not alter our credit views on CWT and we are still maintaining the issuer profile at Negative. (HNA HK, OCBC)

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