

March 14, 2017

Market Commentary: The SGD swap curve traded downwards yesterday, with swap rates trading 2-6bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in UOBSP 3.5%'29s, GENSSP 5.13%'49s. In the broader dollar space, the spread on JACI IG corporates held steady at around 193bps while the yield on JACI HY corporates fell 3bps to 6.77%. 10y UST yields rose 4bps yesterday to 2.61%, as corporate bond sales topped USD26bn ahead of the Federal Open Market Committee's (FOMC) rate decision on 15th March.

Rating Changes: S&P affirmed IREIT Global's 'BB' corporate credit rating with a stable outlook. The rating affirmation reflects IREIT's relatively small scale, concentrated lease expiry profile compared with rated peers, and its stable portfolio of quality assets with high occupancy rates and strong tenants. In addition, at IREIT's request, S&P withdrew all ratings on IREIT. Moody's affirmed P.T. Sri Rejeki Isman Tbk's (Sritex) 'B1' corporate family rating and the 'B1' rating on the senior unsecured notes (issued by Golden Legacy Pte. Ltd.) guaranteed by Sritex. The outlook on the ratings are positive. The rating action reflects the company's robust revenue and EBITDA growth in 2016, and Moody's view that the recent completion of its capacity expansion project positions it for solid earnings and cash flow growth in 2017. Fitch also affirmed the Issuer Default Rating (IDR) of Sritex at 'BB-', but with a stable outlook. Fitch has affirmed Deutsche Bank AG's and its subsidiaries' ratings, which includes the 'A-' Issuer Default Rating, and removed them from Rating Watch Negative (RWN). The rating outlook on the IDR is negative. The rating action follows the revised strategy and EUR8bn capital raising, and it reflects Fitch's expectation of significantly improved capitalisation following completion of the rights issue in early April and strategic reorientation towards a more balanced universal banking business model.

Table 1: Key Financial Indicators

	14-Mar	1W chg (bps)	1M chg (bps)		14-Mar	1W chg	1M chg
iTraxx Asiax IG	94	0	-6	Brent Crude Spot (\$/bbl)	51.30	-8.26%	-8.34%
iTraxx SovX APAC	28	1	1	Gold Spot (\$/oz)	1,203.91	-0.98%	-1.97%
iTraxx Japan	51	0	-3	CRB	183.16	-3.31%	-4.74%
iTraxx Australia	84	0	-3	GSCI	380.16	-4.67%	-6.16%
CDX NA IG	65	3	2	VIX	11.35	0.98%	5.68%
CDX NA HY	107	-1	-1	CT10 (bp)	2.617%	9.87	14.68
iTraxx Eur Main	73	2	-1	USD Swap Spread 10Y (bp)	-3	2	4
iTraxx Eur XO	287	8	-7	USD Swap Spread 30Y (bp)	-38	3	3
iTraxx Eur Snr Fin	87	-1	-5	TED Spread (bp)	36	-5	-15
iTraxx Sovx WE	15	-4	-9	US Libor-OIS Spread (bp)	23	-2	-11
iTraxx Sovx CEEMEA	64	0	-1	Euro Libor-OIS Spread (bp)	2	0	0
					14-Mar	1W chg	1M chg
				AUD/USD	0.756	-0.42%	-1.40%
				USD/CHF	1.008	0.58%	-0.13%
				EUR/USD	1.066	0.85%	0.74%
				USD/SGD	1.415	-0.28%	0.42%
Korea 5Y CDS	47	1	2	DJIA	20,881	-0.35%	1.84%
China 5Y CDS	87	-1	-11	SPX	2,373	-0.08%	1.54%
Malaysia 5Y CDS	110	3	-4	MSCI Asiax	567	0.58%	1.40%
Philippines 5Y CDS	84	-1	-2	HSI	23,871	0.80%	0.71%
Indonesia 5Y CDS	130	4	-2	STI	3,146	0.49%	2.39%
Thailand 5Y CDS	56	0	-9	KLCI	1,726	-0.17%	0.98%
				JCI	5,409	-0.01%	0.53%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
9-Mar-17	Lenovo Group Ltd.	Not Rated	USD500mn	5-year	CT5+180bps
9-Mar-17	Lenovo Group Ltd.	Not Rated	USD850mn	Perp NC5	5.375%
9-Mar-17	Top Wise Excellence Enterprise Co.	"NR/Ba3/BB"	USD300mn	3-year	6%
9-Mar-17	Asian Development Bank	"AAA/Aaa/AAA"	USD1bn	4-year	3mL+5bps
9-Mar-17	KWG Property Holding Ltd.	"B+/NR/BB-"	USD400mn	5.5NC3	6%
8-Mar-17	CIMB Bank Berhad	"NR/A3/NR"	USD500mn	5-year	3mL+80bps
8-Mar-17	CIMB Bank Berhad	"NR/A3/NR"	USD500mn	10-year	CT5+115bps
8-Mar-17	Chugoku Electric Power Company Inc	"NR/A3/NR"	USD500mn	3-year	CT3+105bps
7-Mar-17	The Export-Import Bank of China	"AA-/Aa3/NR"	USD1.15bn	5-year	CT5+85bps
7-Mar-17	The Export-Import Bank of China	"AA-/Aa3/NR"	USD850mn	10-year	CT10+110bps

Source: OCBC, Bloomberg

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