

October 2, 2017

Market Commentary: The SGD swap curve traded downwards yesterday, with swap rates trading 3-9bps lower across most tenors. Flows in SGD corporates were heavy, with better buying seen in BAERVX 5.75%-PERPs, and mixed interest seen in HSBC 4.7%-PERPs. In the broader dollar space, the spread on JACI IG Corp rose 1bps to 186bps, while the yield on JACI HY Corp traded little changed at 6.87%. 10Y USTs rose by 3% to 2.33%, as the treasuries curve bear flattened after a WSJ report stated that Kevin Warsh was interviewed for Fed chair.

New Issues: 21 Vianet Group Inc has priced a USD100mn re-tap of its VNET 7%'20s at 100.04. Kia Motors Corporation has scheduled investor meetings for potential USD bond issuance from 9 Oct. The Bank of Nova Scotia has scheduled investor meetings for potential USD Perp NC5 AT1 issuance from 2 Oct. The expected issue ratings are 'BBB-/Baa3/NR'.

Rating Changes: Moody's has upgraded Geely Automobile Holdings Limited's (Geely) corporate family and senior unsecured ratings to 'Ba1' from 'Ba2'. The outlook is stable. The rating action reflects Geely's strengthening business profile, as seen by gains in market share and improvements in profitability, and its track record of consistent low debt leverage and strong liquidity positions. However, the ratings are constrained by the strong competition in China's auto market and Geely's narrow albeit expanding product range. Moody's has downgraded Dalian Wanda Commercial Properties Co Ltd (DWCP) issuer rating to 'Ba1' from Baa3'. The rating has been withdrawn, and the company has been assigned a corporate family rating of 'Ba1'. At the same time, Moody's has downgraded Wanda Commercial Properties (HK) Co Limited's (Wanda HK) corporate family rating to 'Ba3' from 'Ba1', while downgrading the senior unsecured ratings on the bonds issued by Wanda HK's wholly owned subsidiaries to 'Ba3' from 'Ba1'. The outlook on all ratings are negative. The rating action reflects Moody's concerns over DWCP's weakened liquidity position due to inadequate offshore cash to meet the repayment of its offshore bank loans.

Table 1: Key Financial Indicators

	2-Oct	1W chg (bps)	1M chg (bps)		2-Oct	1W chg	1M chg
iTraxx Asiax IG	81	-1	4	Brent Crude Spot (\$/bbl)	56.74	-3.86%	7.56%
iTraxx SovX APAC	19	3	1	Gold Spot (\$/oz)	1,275.91	-2.66%	-4.35%
iTraxx Japan	46	0	2	CRB	183.09	-0.26%	1.18%
iTraxx Australia	72	-1	2	GSCI	399.31	0.32%	3.35%
CDX NA IG	56	-4	-2	VIX	9.51	-0.83%	-6.12%
CDX NA HY	108	1	0	CT10 (bp)	2.359%	13.89	19.30
iTraxx Eur Main	57	-2	2	USD Swap Spread 10Y (bp)	-5	-2	2
iTraxx Eur XO	253	-6	16	USD Swap Spread 30Y (bp)	-34	-3	3
iTraxx Eur Snr Fin	60	0	7	TED Spread (bp)	29	-2	0
iTraxx Sovx WE	5	0	-1	US Libor-OIS Spread (bp)	14	-1	-1
iTraxx Sovx CEEEMEA	41	-1	1	Euro Libor-OIS Spread (bp)	2	0	-1
					2-Oct	1W chg	1M chg
				AUD/USD	0.784	-1.26%	-1.35%
				USD/CHF	0.970	-0.31%	-1.18%
				EUR/USD	1.179	-0.51%	-0.92%
				USD/SGD	1.360	-0.68%	-0.23%
Korea 5Y CDS	74	0	8	DJIA	22,405	0.25%	1.90%
China 5Y CDS	62	0	4	SPX	2,519	0.68%	1.73%
Malaysia 5Y CDS	69	-2	-2	MSCI Asiax	661	-0.31%	-0.43%
Philippines 5Y CDS	66	0	4	HSI	27,554	-1.17%	-1.43%
Indonesia 5Y CDS	104	0	2	STI	3,220	0.12%	-1.75%
Thailand 5Y CDS	52	2	-1	KLCI	1,756	-0.77%	-0.99%
				JCI	5,901	-0.18%	0.63%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
29-Sep-17	21 Vianet Group Inc (re-tap)	Not Rated	USD100mn	VNET 7%'20s	100.04
28-Sep-17	FCL Treasury Pte Ltd (re-tap)	Not Rated	SGD42mn	FCLSP 3.95%-PERP	100.0
28-Sep-17	Industrial and Commercial Bank of China Ltd	'NR/A1/NR'	USD450mn	3-year	3mL+77bps
28-Sep-17	Industrial and Commercial Bank of China Ltd	'NR/A1/NR'	USD400mn	5-year	CT5+99bps
28-Sep-17	Industrial and Commercial Bank of China Ltd	'NR/A1/NR'	EUR1.1bn	3-year	3mE+55bps
28-Sep-17	New Lion Bridge Co Ltd	'NR/B2/B'	USD160mn	3NC2	9.75%
28-Sep-17	Overseas Chinese Town (Asia) Holdings Ltd	Not Rated	USD800mn	Perp NC3	4.35%
28-Sep-17	Yinson Juniper Ltd	Not Rated	USD100mn	Perp NC5	7.875%
27-Sep-17	Geo Coal International Pte Ltd	'B/B2/B'	USD300mn	5NC3	8.35%
26-Sep-17	CK Hutchison International (17) (II) Ltd	'A-/A3/A-'	USD1bn	3-year	CT3+77.5bps

Source: OCBC, Bloomberg

Rating Changes (Cont'd): S&P has affirmed Shanghai Huayi (Group) Co's (Shanghai Huayi) 'BBB-' corporate credit rating, while revising the outlook to stable from negative. The rating action reflects S&P's expectation that Shanghai Huayi's financial leverage will improve as the chemical industry recovers.

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