

May 29, 2017

Credit Headlines (Page 2 onwards): Rickmers Maritime Trust, Croesus Retail Trust, China Vanke Co. Ltd

Market Commentary: The SGD swap curve traded downwards last Friday, with swap rates falling 1-4bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in RHTSP 4.5%'18s, LBBW 3.75%'27s. In the broader dollar space, the spread on JACI IG corporates changed little at 199bps, while the yield on JACI HY corporates fell 1bp to 6.82%. 10y UST yields fell 1bp last Friday to 2.25%, supported by European Government Bonds (EGBs) fuelled by month-end demand for bunds and positioning.

New Issues: RCS Trust priced a SGD300mn 6-year bond at 2.6%. The expected issue ratings are 'A-/NR/NR'. Samudera Indonesia Tbk PT plans to issue up to USD70mn of USD denominated bonds.

Rating Changes: S&P upgraded CLP Holdings Ltd.'s (CLP) corporate credit ratings to 'A/A-1' from 'A-/A-2'. The outlook on the rating is stable. The rating action reflects S&P's expectations for the company's financial performance to improve following its new investments in Yangjiang and the improved capital structure of its subsidiary Castle Peak Power Co. Ltd. (CAPCO). S&P also upgraded C&P's subsidiary, CLP Power Hong Kong Ltd.'s (CLP Power) corporate credit rating to 'A+' from 'A'. The rating outlook is stable. S&P also upgraded the issue ratings on the USD4.5bn medium-term notes (MTN) program and all the outstanding notes that CLP Power has issued or guarantees to 'A+' from 'A'. S&P affirmed Agile Group Holdings Ltd.'s (Agile) 'BB-' long-term corporate credit rating and 'B+' issue rating on Agile's outstanding senior unsecured notes. In addition, S&P revised Agile's outlook to positive from stable. The rating action reflects S&P's expectation for the company to gradually improve its leverage in 2017, given a recovery in margins and robust growth in sales.

Table 1: Key Financial Indicators

	29-May	1W chg (bps)	1M chg (bps)		29-May	1W chg	1M chg
iTraxx Asiax IG	91	1	-2	Brent Crude Spot (\$/bbl)	52.20	-3.10%	0.91%
iTraxx SovX APAC	19	-1	-3	Gold Spot (\$/oz)	1,266.92	0.50%	0.82%
iTraxx Japan	42	-1	-1	CRB	182.00	-1.66%	0.15%
iTraxx Australia	85	2	4	GSCI	385.50	-1.42%	0.72%
CDX NA IG	62	0	-1	VIX	9.81	-18.52%	-9.33%
CDX NA HY	108	0	0	CT10 (bp)	2.247%	-0.72	-3.37
iTraxx Eur Main	61	-1	-5	USD Swap Spread 10Y (bp)	-3	3	1
iTraxx Eur XO	250	-2	-16	USD Swap Spread 30Y (bp)	-43	3	2
iTraxx Eur Snr Fin	67	-2	-7	TED Spread (bp)	28	1	-9
iTraxx Sovx WE	9	0	-1	US Libor-OIS Spread (bp)	12	-2	-6
iTraxx Sovx CEEMEA	43	-4	-3	Euro Libor-OIS Spread (bp)	3	0	0
					29-May	1W chg	1M chg
				AUD/USD	0.744	-0.45%	-1.10%
				USD/CHF	0.975	-0.19%	2.15%
				EUR/USD	1.117	-0.63%	2.45%
				USD/SGD	1.384	0.17%	0.95%
Korea 5Y CDS	56	0	-2	DJIA	21,080	1.32%	0.67%
China 5Y CDS	77	-1	-4	SPX	2,416	1.43%	1.33%
Malaysia 5Y CDS	100	-3	-7	MSCI Asiax	621	0.97%	4.52%
Philippines 5Y CDS	81	2	1	HSI	25,672	1.11%	4.30%
Indonesia 5Y CDS	125	0	-1	STI	3,218	0.15%	1.35%
Thailand 5Y CDS	58	1	0	KLCI	1,772	-0.16%	0.23%
				JCI	5,717	1.26%	0.55%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
26-May-17	RCS Trust	"A-/NR/NR"	SGD300mn	6-year	2.6%
25-May-17	Century Sunshine Group Holdings Ltd	Not Rated	SGD100mn	3NC2	7%
25-May-17	Tuan Sing Holdings Ltd	Not Rated	SGD120mn	3-year	6%
25-May-17	Kookmin Bank	Not Rated	USD400mn	5-year	3mL+95bps
25-May-17	Dr.Peng Holding Hongkong Ltd	"BB-/Ba2/NR"	USD500mn	3-year	5.05%
25-May-17	APL Realty Holdings Pte. Ltd.	"NR/Ba3/BB-"	USD300mn	7NC4	5.95%
25-May-17	Melco Resorts Finance Ltd..	"BB-/Ba3/NR"	USD650mn	8NC3	4.875%
24-May-17	National University of Singapore	Not Rated	SGD250mn	5-year	1.85%
24-May-17	RHT Health Trust (re-tap)	Not Rated	SGD60mn	RHT 4.5%'18s	99.50

Source: OCBC, Bloomberg

Rating Changes (cont'd): Moody's has affirmed the senior unsecured debt rating on the sukuk issued by Sime Darby Global Berhad (Sime Darby) at 'Baa1'. In addition, Moody's affirmed the '(P)Baa1' rating on the USD1.5bn senior unsecured medium-term note programme of Sime Darby. The rating outlook is stable. The rating action reflects that the debt allocation on the US dollar sukuk and the drawdown of bridge financing remains in line with Moody's expectations, such that the company is on track to achieve improvement in its financial metrics over the next 12-18 months.

Credit Headlines:

Rickmers Maritime Trust ("RMT"): As mentioned previously (refer [OCBC Asian Credit Daily - 24 Apr 2017](#)), the Trustee-Manager for RMT had entered into a Master Agreement with Navios Partners Containers Inc, and Navios Partners Containers Finance Inc, for the conditional sale of RMT's entire fleet of 14 vessels, for a consideration of USD113mn. It was announced on 25/05/17 that RMT had completed the sale of 5 of its vessels. These vessels were secured against loans provided by the BNP Syndicate. RMT had received proceeds of USD24.7mn (net of dues to secured lenders) from the sale (an improvement over the USD20mn originally indicated), which will be distributed to unsecured creditors (including bondholders) after the settlement of costs related to the winding up of RMT. The sale of the balance 9 vessels (with vessels secured against loans provided by the HSH Syndicate) are still ongoing, with RMT still seeking the requisite consents and release of mortgages to effect the sale of these vessels as soon as possible. OCBC Credit Research does not currently cover RMT. (Company)

Croesus Retail Trust ("CRT"): As mentioned previously (refer [OCBC Asian Credit Daily - 26 Apr 2017](#)), CRT had announced that it is in preliminary discussions that may lead to a potential takeover of CRT. On 26/05/17, CRT had announced that discussions are still ongoing, and there is no certainty or assurance whatsoever that the discussions would result in a transaction. As mentioned previously, if CRT were to be delisted from the SGX, holders of CROESP '20s may choose to redeem the bond at par plus accrued interest. We continue to hold CRT at a Neutral Issuer Profile. (Company, OCBC)

China Vanke Co. Ltd ("VNRKLE"): VNRKLE has entered into an agreement with Shui On Land Limited ("SHUION") for the 79.2%-stake acquisition of a company holding a property development project in Chongqing. Upon completion, the balance 19.8% interest in the project will continue to be held by SHUION and a further 1% will be held by Chongqing Yuzhong State-Owned Asset Management Company Limited (an SOE). VNRKLE is expected to pay RMB4.1bn for the stake, subject to adjustment at completion. As at 31 December 2016, VNRKLE's net assets was HKD161.7bn, this transaction represents 2.5% of net assets and should debt funding be required, this would still be manageable in our view. SHUION intends to apply the proceeds from the disposal to repay indebtedness and fund general working capital. (Company, OCBC)

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