

December 5, 2017

Market Commentary: The SGD swap curve traded mixed yesterday, with the 1-year, 1.5-year and 30-year tenors trading 1bps lower, and the 5-year and 7-year tenors trading 1bps higher. The other tenors traded little changed. We did not observe any flows in the local corporate space. In the broader dollar space, the spread on JACI IG Corp fell 1bps to 180bps, while the yield on JACI HY Corp traded little changed at 6.92%. 10Y UST yield rose 1bps to 2.37%, as yields rose upon continued progress on the tax plan.

New Issues: Republic of Indonesia has priced a three-tranche deal, with the USD1bn 5-year bond priced at 3.00%, tightening from initial guidance of 3.30%; the USD1.25bn 10-year bond priced at 3.55%, tightening from initial guidance of 3.875%; and the USD1.75bn 30-year bond priced at 4.40%, tightening from initial guidance of 4.75%. The expected issue ratings are 'BBB-/Baa3/BBB-'. Westpac Banking Corporation has priced a two-tranche senior deal, with the USD1.25bn 5-year fixed-rate bond priced at CT5+63bps, tightening from initial guidance of CT5+75bps; and the USD500mn 5-year floating rate bond priced at 3mL+57bps, with the initial guidance at Libor equivalent. The expected issue ratings are 'NR/Aa3/AA-'. Guojing Capital (BVI) Ltd has priced a USD300mn 5-year bond (guaranteed by China Reform Holdings Corporation Ltd) at CT5+205bps, tightening from initial guidance of CT5+220bps. CGNPC International Ltd has priced a two-tranche deal and a green Euro bond (all bonds guaranteed by China General Nuclear Power Corporation), with the USD350mn 5-year bond priced at CT5+107.5bps, tightening from initial guidance of CT5+130bps area; the USD550mn 10-year bond priced at CT10+145bps, tightening from CT10+165bps area; and the EUR500mn 7-year green bond at MS+120bps, tightening from initial guidance of MS+140bps area. The expected issue ratings for the bonds are 'NR/A3/A+'. Pearl Holding III Ltd has priced a USD175mn 5NC2 bond (guaranteed by Fischer Tech (Singapore), Fischer Tech International ("FTI") (Singapore), Ying Shing (Hong Kong) and Ying Tat (Hong Kong)) at 9.5%, widening from initial guidance of low 9% area. The expected issue ratings are 'B/B1/NR'.

Table 1: Key Financial Indicators

	5-Dec	1W chg (bps)	1M chg (bps)		5-Dec	1W chg	1M chg
iTraxx Asiax IG	72	0	-4	Brent Crude Spot (\$/bbl)	62.52	-1.71%	0.72%
iTraxx Sovx APAC	14	0	-1	Gold Spot (\$/oz)	1,276.76	-1.33%	-0.40%
iTraxx Japan	46	-1	-2	CRB	188.69	-1.54%	-0.37%
iTraxx Australia	63	-1	-2	GSCI	423.56	-1.41%	0.70%
CDX NA IG	51	-1	-2	VIX	11.68	18.34%	27.79%
CDX NA HY	108	0	0	CT10 (bp)	2.379%	5.17	4.69
iTraxx Eur Main	47	-2	-2	USD Swap Spread 10Y (bp)	1	2	4
iTraxx Eur XO	227	-6	4	USD Swap Spread 30Y (bp)	-20	3	7
iTraxx Eur Shr Fin	46	-1	-5	TED Spread (bp)	24	3	1
iTraxx Sovx WE	3	0	-1	US Libor-OIS Spread (bp)	11	-1	1
iTraxx Sovx CEEMEA	45	-1	-2	Euro Libor-OIS Spread (bp)	1	-2	-1
					5-Dec	1W chg	1M chg
				AUD/USD	0.763	0.49%	-0.77%
				USD/CHF	0.984	0.01%	1.35%
				EUR/USD	1.187	0.29%	2.27%
				USD/SGD	1.346	0.02%	1.17%
Korea 5Y CDS	58	1	-12	DJIA	24,290	3.01%	3.19%
China 5Y CDS	55	-2	-1	SPX	2,639	1.46%	1.99%
Malaysia 5Y CDS	62	-1	-2	MSCI Asiax	696	-2.19%	-0.58%
Philippines 5Y CDS	62	0	-2	HSI	28,899	-2.64%	1.03%
Indonesia 5Y CDS	93	-1	-3	STI	3,449	0.19%	1.96%
Thailand 5Y CDS	47	-1	-2	KLCI	1,711	-0.51%	-1.72%
				JCI	5,998	-1.14%	-0.68%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
4-Dec-17	Republic of Indonesia	'BBB-/Baa3/BBB-'	USD1bn	5-year	3.00%
4-Dec-17	Republic of Indonesia	'BBB-/Baa3/BBB-'	USD1.25bn	10-year	3.55%
4-Dec-17	Republic of Indonesia	'BBB-/Baa3/BBB-'	USD1.75bn	30-year	4.40%
4-Dec-17	Westpac Banking Corporation	'NR/Aa3/AA-'	USD1.25bn	5-year	CT5+63bps
4-Dec-17	Westpac Banking Corporation	'NR/Aa3/AA-'	USD500mn	5-year	3mL+57bps
4-Dec-17	Guojing Capital (BVI) Ltd	Not Rated	USD300mn	5-year	CT5+205bps
4-Dec-17	CGNPC International Ltd	'NR/A3/A+'	USD350mn	5-year	CT5+107.5bps
4-Dec-17	CGNPC International Ltd	'NR/A3/A+'	USD550mn	10-year	CT10+145bps
4-Dec-17	CGNPC International Ltd	'NR/A3/A+'	EUR500mn	7-year	MS+120bps
4-Dec-17	Pearl Holding III Ltd	'B/B1/NR'	USD175mn	5NC2	9.5%

Source: OCBC, Bloomberg

New Issues (Cont'd): Wuhan State-Owned Asset Management Ltd Co has scheduled investor meetings for potential bond issuance from 4 Dec. The expected issue ratings are 'NR/NR/A-'. Rural Electrification Corporation Limited has scheduled investor meetings for a potential USD-denominated 3-year senior unsecured bonds from 6 Dec. Knight Castle Investments Ltd has scheduled investor meetings for a potential USD-denominated bond issuance (guaranteed by Shandong Sanxing Group Company Ltd) from 5 Dec. The expected issue ratings are 'BB-/NR/NR'. G Sports Ltd has scheduled investor meetings for a potential USD-denominated 3-year bond issuance from 5 Dec. The expected issue ratings are 'NR/B1/NR'. CK Infrastructure Holdings Ltd has scheduled investor meetings for potential EUR-denominated 7-year bonds on for Dec. The expected issue ratings are 'A-/NR/NR'.

Rating Changes: S&P has affirmed Guorui Properties Ltd's (Guorui) 'B' long-term corporate rating and 'B-' issue rating on its senior unsecured notes. The outlook has been revised to negative from stable. The rating action reflects Guorui's weakening liquidity due to land acquisitions that were larger than Moody's expectation. S&P has assigned Shandong Sanxing Group Co Ltd (Sanxing) a 'BB-' long-term corporate credit rating. The outlook is stable. At the same time, S&P has assign a 'BB-' long-term issue rating to the proposed US dollar-denominated senior unsecured notes that Sanxing will guarantee. The rating action reflects Sanxing's market position as the largest corn oil manufacturer in China, good operating efficiency, business diversity with profit contributions from aluminium alloy products, but is constrained by its less-established market position in the aluminium industry, limited pricing power and high debt leverage. Moody's has downgraded Central China Real Estate Limited's (CCRE) senior unsecured ratings to 'B1' from 'Ba3', Country Garden Holdings Company Limited's senior unsecured ratings to 'Ba2' from 'Ba1', Modern Land (China) Co Limited's senior unsecured rating to 'B3' from 'B2', and Yanlord Land (HK) Co Limited's backed senior unsecured rating to 'Ba3' from 'Ba2'. The outlook on all the ratings are stable. The rating action follows Moody's update of its methodology regarding priority of claim and structural subordination at the operating subsidiary level. Moody's now views that the senior unsecured bond ratings for these companies are one notch lower than the respective corporate family ratings due to the risk of structural and legal subordination, as a majority of claims for these companies are at the operating subsidiaries, and have priority over claims at the holding company levels in a bankruptcy scenario. Moody's has assigned Guirenniao Co Ltd (Guirenniao) a corporate credit rating of 'B1'. At the same time, Moody's has assigned Guirenniao's proposed senior unsecured bonds a 'B1' rating. The outlook is stable. The rating reflects Guirenniao's improving levels of business diversification, strengthening distribution channels, good profitability, de-leveraging trend and prudent acquisition strategy, but is constrained by modest scale, sales volatility, as well as its product and geographic concentration. Moody's has assigned Taikang Life Insurance Co (Taikang Life) an 'A3' insurance financial strength rating (IFSR), while withdrawing the 'A3' IFSR on Taikang Insurance Group Ltd (Taikang Insurance Group). The outlook on Taikang Life is negative. Taikang Life was established in November 2016 as a wholly-owned subsidiary of Taikang Insurance Group, and will be the main life insurance operating subsidiary of Taikang Insurance Group. Taikang Insurance Group is in the midst of transferring its assets, liabilities and capital to Taikang Life. The rating reflects Taikang Life's good market position, brand recognition, diversified distribution channels and good profitability, but is constrained by its high exposure to high-risk assets.

Andrew Wong

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6530 4736
wongVKAM@ocbc.com

Nick Wong Liang Mian, CFA

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6530 7348
NickWong@ocbc.com

Ezien Hoo, CFA

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6722 2215
EzienHoo@ocbc.com

Wong Hong Wei

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6722 2533
WongHongWei@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W