

April 6, 2017

**Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates trading 1-4bps higher across all tenors. Flows in SGD corporates were light, with mixed interest in GUOLSP 3.62%’21s. In the broader dollar space, the spread on JACI IG corporates fell 1bps to 196bps while the yield on JACI HY changed little at 6.57%. 10y UST yields fell 3bps to 2.34% yesterday, after minutes of the U.S Federal Reserve’s March meeting revealed most officials were supportive towards shrinking the central bank’s USD4.5tn balance sheet later this year and a sustained gradual “increase in the federal funds rate”.

**New Issues:** Chinese property developer Jingrui Holdings Ltd. priced a USD400mn 3-year bond at 8%, tightening from initial guidance of 8.375%. The expected issue ratings are ‘NR/Caa1/NR’. Sinopec Group Overseas Development priced a USD3.4bn 4-tranche deal (guaranteed by China Petrochemical Corporation (Sinopec)); with the USD1bn 3-year piece at CT3+98bps, tightening from initial guidance of CT3+120bps; the USD1.1bn 5-year piece at CT5+113bps, tightening from initial guidance of CT5+130bps; the USD1bn 10-year piece at CT10+133bps, tightening from CT10+150bps; and the USD300mn 30-year piece at 4.25%. The expected issue ratings are ‘NR/Aa3/NR’. Korea South-East Power Co. priced a USD300mn 3-year bond at CT3+97.5bps, tightening from initial guidance of CT3+110bps. The expected issue ratings are ‘AA/Aa2/NR’. JSW Steel Ltd. priced a USD500mn 5-year bond at 5.25%, tightening from initial guidance of 5.5%. The issue ratings are ‘NR/Baa3/BB’. Nanyang Commercial Bank has requested banks to submit proposals for potential offshore AT1 bond issuance. Barminco Finance Pty Limited hired banks for potential USD bond issuance.

**Table 1: Key Financial Indicators**

	6-Apr	1W chg (bps)	1M chg (bps)		6-Apr	1W chg	1M chg
iTraxx Asiax IG	94	1	-2	Brent Crude Spot (\$/bbl)	54.04	2.04%	-3.52%
iTraxx SovX APAC	21	0	-7	Gold Spot (\$/oz)	1,255.27	1.02%	2.45%
iTraxx Japan	44	0	-8	CRB	186.15	0.51%	-1.73%
iTraxx Australia	83	-2	0	GSCI	390.71	1.53%	-2.03%
CDX NA IG	66	-1	5	VIX	12.89	12.87%	14.68%
CDX NA HY	107	0	-1	CT10 (bp)	2.334%	-8.61	-16.61
iTraxx Eur Main	75	1	4	USD Swap Spread 10Y (bp)	-2	-1	1
iTraxx Eur XO	291	0	12	USD Swap Spread 30Y (bp)	-39	-2	1
iTraxx Eur Snr Fin	91	3	4	TED Spread (bp)	36	-1	-4
iTraxx Sovx WE	13	0	-7	US Libor-OIS Spread (bp)	21	-1	-3
iTraxx Sovx CEEMEA	50	-1	-14	Euro Libor-OIS Spread (bp)	2	0	0
					6-Apr	1W chg	1M chg
				AUD/USD	0.756	-1.03%	-0.22%
				USD/CHF	1.004	-0.25%	0.86%
				EUR/USD	1.068	0.01%	0.88%
				USD/SGD	1.401	-0.19%	0.81%
Korea 5Y CDS	50	0	3	DJIA	20,648	-0.05%	-1.46%
China 5Y CDS	81	-1	-9	SPX	2,353	-0.35%	-0.94%
Malaysia 5Y CDS	107	2	-3	MSCI Asiax	588	0.47%	4.82%
Philippines 5Y CDS	82	-1	-4	HSI	24,401	0.23%	3.41%
Indonesia 5Y CDS	128	2	-1	STI	3,177	0.10%	1.76%
Thailand 5Y CDS	51	-1	-5	KLCI	1,745	-0.26%	1.00%
				JCI	5,677	1.51%	4.94%

Source: OCBC, Bloomberg

**Table 2: Recent Asian New Issues**

Date	Issuer	Ratings	Size	Tenor	Pricing
5-Apr-17	Jingrui Holdings Ltd.	"NR/Caa1/NR"	USD400mn	3-year	8%
5-Apr-17	Sinopec Group Overseas Development	"NR/Aa3/NR"	USD1bn	3-year	CT3+98bps
5-Apr-17	Sinopec Group Overseas Development	"NR/Aa3/NR"	USD1.1bn	5-year	CT5+113bps
5-Apr-17	Sinopec Group Overseas Development	"NR/Aa3/NR"	USD1bn	10-year	CT10+133bps
5-Apr-17	Sinopec Group Overseas Development	"NR/Aa3/NR"	USD300mn	30-year	4.25%
5-Apr-17	Korea South-East Power Co.	"AA/Aa2/NR"	USD300mn	3-year	CT3+97.5bps
5-Apr-17	JSW Steel Ltd.	"NR/Baa3/BBB-"	USD500mn	5-year	5.25%
3-Apr-17	Indika Energy Capital II Pte. Ltd.	"NR/Caa1/B-"	USD265mn	5NC3	6.95%
3-Apr-17	State Bank of India (re-tap)	"BBB-/Baa3/BBB-"	USD100mn	3-year	3mL+95bps

Source: OCBC, Bloomberg

**Rating Changes:** S&P affirmed Hong Kong based trading and logistics company Li & Fung Ltd.'s corporate credit rating and long-term issue rating at 'BBB+', and long-term issue rating on the company's subordinated debt at 'BBB-' yesterday. In addition, S&P revised Li & Fung Ltd's outlook to negative from stable. The rating action reflects S&P's expectation for Li & Fung's trading sales and margins to continue to decline over the next 12-24 months as a result of increasingly challenging retail operating conditions. S&P downgraded China Zhengtong Auto Services Holding Ltd.'s corporate credit rating to 'B+' from 'BB-'. The rating action reflects Zhengtong's more than expected deteriorating leverage and S&P's expectation that there will not be any material improvement over the next 12 months. Moody's placed Barminco Holdings Pty Limited's (Barminco) 'B2' corporate family rating and Barminco Finance Pty Ltd's 'B2' senior unsecured debt rating on review for upgrade. In addition, Moody's assigned a provisional '(P)B2' rating to the new senior secured bond issued by Barminco Finance Pty Limited and a provisional '(P)B1' rating to the new super senior secured revolving credit facility issued by Barminco Finance Pty Ltd and Barminco Limited. These ratings have also been placed on review for upgrade. The rating action reflects the company's improved credit profile, underpinned by higher earnings from new contract wins, reduced financial leverage, as well as its strong operational track record of maintaining a stable volume of contracts and solid contract EBITDA margins. Moody's assigned Jingrui Holdings Limited's proposed USD bonds (guaranteed by some of its subsidiaries) a 'Caa1' senior unsecured rating. The rating outlook is stable. According to Moody's, if the proposed bond is issued, it will improve the debt maturity profile of the company and will not materially affect the company's debt leverage. Fitch upgraded Australia-based mining services company Emeco Holdings Limited's (Emeco) issuer default rating (IDR) to 'CCC' from 'C' yesterday. The IDR was initially downgraded to 'RD' (Restricted Default) from 'C' following Emeco's announcement that it has completed the restructure of its USD283mn 9.875% senior unsecured notes due 2019, issued by Emeco Pty Ltd and guaranteed by Emeco. which Fitch viewed as a distressed debt exchange. The IDR was subsequently upgraded to 'CCC', and it reflects Fitch's belief that, while the distressed exchange improves liquidity by extending the next maturity to 2022, business prospects are still weak)

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