

January 6, 2017

**Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates decreasing by 4-6bps across all tenors. Flows in the SGD corporates were moderate, with better buying seen in GENSSP 5.13%49s, and mixed interests in MFCNN 3.85%26s. In the broader dollar space, the spread on JACI IG Corporates fell roughly 1bps to 196bps while the yield on JACI HY Corporates changed little at 6.87%. 10y UST yields plunged by 9bps overnight to 2.35%, as trends snapped with investors weighing the risk of a lackluster payroll report released later today, and the prospect that trades based on Donald Trump's impending presidency had been overpriced.

**New Issues:** Societe Generale priced a USD1.25bn two-tranche deal with the USD650mn 5-year bond priced at CT5+145bps, tightening from initial guidance of CT5+155bps; and the USD600mn 10-year bond at CT10+173bps, tightening from initial guidance of CT10+185bps. The expected issue ratings are "BBB+/Baa3/A". Sumitomo Mitsui Financial Group Inc. priced a USD2.25bn three-tranche deal with the USD750mn 5-year bond at CT5+100bps, tightening from initial guidance of CT5+110-115bps; the USD250mn 5-year bond at 3mL+97bps; and the USD1.25bn 10-year bond at CT10+110bps, tightening from initial guidance of CT10+130bps. The expected issue ratings are "A-/A1/NR". Sumitomo Mitsui Banking Corporation (SMBC) priced a USD1.25bn two-tranche deal with the USD750mn 2-year bond priced at CT2+80bps, tightening from initial guidance of CT2+95bps, and a USD500mn 2-year bond priced at 3mL+54bps. The expected issue ratings are "A/A1/NR".

**Rating Changes:** Moody's affirmed the "Baa3" ratings, with a positive outlook, for India's 3 state-owned oil refining and marketing companies; Indian Oil corporation (IOC), Bharat Petroleum Corporation Limited (BPCL), and Hindustan Petroleum Corporation Ltd. (HPCL). The ratings affirmation reflects the continued improvement in the credit metrics of the three oil refining and marketing companies, as diminished levels of fuel subsidies and moderated working capital requirements from low oil prices have reduced borrowings. Moody's also assigned "Baa3" ratings to the foreign currency senior unsecured bonds to be issued by BPRL International Singapore Pte. Ltd. and guaranteed by BPCL.

**Table 1: Key Financial Indicators**

	6-Jan	1W chg (bps)	1M chg (bps)		6-Jan	1W chg	1M chg
iTraxx Asiac IG	111	-10	-11	Brent Crude Spot (\$/bbl)	56.89	1.19%	3.55%
iTraxx SovX APAC	33	-3	-6	Gold Spot (\$/oz)	1,179.49	2.79%	0.82%
iTraxx Japan	55	-3	--	CRB	193.71	0.35%	0.61%
iTraxx Australia	98	-5	-7	GSCI	397.84	-0.33%	2.77%
CDX NA IG	64	-4	-6	VIX	11.67	-9.88%	-1.02%
CDX NA HY	107	1	1	CT10 (bp)	2.355%	-8.91	-3.35
iTraxx Eur Main	69	-4	-6	USD Swap Spread 10Y (bp)	-14	-3	1
iTraxx Eur XO	287	-2	-29	USD Swap Spread 30Y (bp)	-50	-2	4
iTraxx Eur Snr Fin	87	-6	-14	TED Spread (bp)	48	-1	0
iTraxx Sovx WE	21	0	-2	US Libor-OIS Spread (bp)	34	0	1
iTraxx Sovx CEEMEA	76	-4	-20	Euro Libor-OIS Spread (bp)	3	0	-1
					6-Jan	1W chg	1M chg
				AUD/USD	0.733	1.73%	-1.72%
				USD/CHF	1.011	0.81%	-0.06%
				EUR/USD	1.059	0.73%	-1.16%
				USD/SGD	1.430	1.18%	-0.64%
Korea 5Y CDS	42	-2	-3	DJIA	19,899	0.33%	3.36%
China 5Y CDS	111	-7	-3	SPX	2,269	0.85%	2.57%
Malaysia 5Y CDS	126	-11	-22	MSCI Asiac	527	3.26%	1.28%
Philippines 5Y CDS	100	-11	-13	HSI	22,457	3.23%	-0.96%
Indonesia 5Y CDS	146	-11	-20	STI	2,954	1.93%	0.17%
Thailand 5Y CDS	75	-4	-13	KLCI	1,660	1.81%	1.85%
				JCI	5,326	2.23%	1.00%

Source: OCBC, Bloomberg

**Table 2: Recent Asian New Issues**

Date	Issuer	Ratings	Size	Tenor	Pricing
05-Jan-17	Societe Generale S.A	"BBB+/Baa3/A"	USD650mn	5-year	CT5+145bps
05-Jan-17	Societe Generale S.A	"BBB+/Baa3/A"	USD600mn	10-year	CT10+173bps
05-Jan-17	Sumitomo Mitsui Financial Group Inc.	"A-/A1/NR"	USD750mn	5-year	CT5+100bps
05-Jan-17	Sumitomo Mitsui Financial Group Inc	"A-/A1/NR"	USD250mn	5-year	3mL+97bps
05-Jan-17	Sumitomo Mitsui Financial Group Inc	"A-/A1/NR"	USD1.25bn	10-year	CT10+110bps
05-Jan-17	Sumitomo Mitsui Banking Corporation	"A/A1/NR"	USD750mn	2-year	CT2+80bps
05-Jan-17	Sumitomo Mitsui Banking Corporation	"A/A1/NR"	USD500mn	2-year	3mL+54bps
04-Jan-17	National Australian Bank Ltd.	"AA-/Aa2/NR"	USD1bn	3-year	CT3+78bps
04-Jan-17	National Australian Bank Ltd.	"AA-/Aa2/NR"	USD1bn	5-year	CT5+90bps

Source: OCBC, Bloomberg



**Rating Changes (Cont'd):**

Fitch affirmed Yingde Gases Group Company Limited's Issuer Default Rating (IDR) at "B+", with a negative outlook. Fitch also removed the company from Rating Watch Negative (placed under watch on 15 Dec 2016). The rating affirmation reflects the company's refinancing of its HKD820mn offshore loan due on 3 January 2017 with a new one-year loan, and no further refinancing risk for both its onshore and offshore loans in the next 6-12 months. The Negative outlook reflects Fitch's view that the ongoing shareholder dispute may have an adverse impact on the company's business and financial profile. In addition, S&P likewise affirmed Yingde Gases' "CCC-" corporate credit rating, with a negative outlook.



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