

Jun 8, 2017

**Market Commentary:** The SGD swap curve traded higher yesterday, with swap rates rising by 1-2bps across all tenors. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%'49s, TSHSP 6%'20s, UOBSP 3.5%'29s, better selling seen in GENSSP 5.13%'49s, GEMAU 5.5%'19s, and mixed interest in MFCCN 3.85%'26s, CHIPEN 4.9%'22s, HPLSP 4.65%'49s, HRAM 3.2%'21s. In the broader dollar space, the spread on JACI IG corporates changed little at 198bps, while the yield on JACI HY corporates fell 2bps to 6.77%. 10y UST yields rose 3bps to 2.17%, after trading heavy following the release of Comey's opening statement by the Senate Intelligence Committee, which sparked a small relief rally in stocks as markets viewed the statement as somewhat risk positive.

**New Issues:** Starhub Ltd priced a SGD200mn Perp NC5 at 3.95%. Far East Horizon Ltd priced a USD300mn Perp NC5 at 4.35%, tightening from initial guidance of 4.75%. Tunghsu Venus Holdings Ltd. priced a USD350mn 3-year bond at 7.25%, tightening from initial guidance of 7.375%. The expected issue ratings are 'B/NR/B+'. DianJian Haiyu Ltd. priced a USD500mn Perp NC5 (guaranteed by Power Construction Corporation of China) at 3.5%, tightening from initial guidance of 3.9%. The expected issue ratings are 'NR/Baa1/BBB+'. Hong Kong International Construction Investment Management Group Co. (HKICIM) scheduled investor calls from 7 Jun for potential USD bond issuance. China Great Wall AMC submitted requests for proposal for potential USD and EUR bond issuance.

**Rating Changes:** S&P assigned energy provider Castle Peak Power Co. Ltd (CAPCO) a 'AA-' corporate rating. S&P also assigned a 'AA-' long-term issue rating to the proposed medium-term notes program issued by Castle Peak Power Finance Co. Ltd. and guaranteed by CAPCO. The rating action reflects S&P's view that the utility operates in an open and transparent regulatory landscape and maintains a solid financial position.

Table 1: Key Financial Indicators

	8-Jun	1W chg (bps)	1M chg (bps)		8-Jun	1W chg	1M chg
iTraxx Asiax IG	87	-2	-5	Brent Crude Spot (\$/bbl)	48.33	-4.54%	-2.05%
iTraxx SovX APAC	18	-1	-2	Gold Spot (\$/oz)	1,286.18	1.60%	4.89%
iTraxx Japan	41	0	-1	CRB	175.61	-2.31%	-1.42%
iTraxx Australia	86	0	5	GSCI	366.99	-2.87%	-1.11%
CDX NA IG	61	0	-1	VIX	10.39	-0.19%	6.35%
CDX NA HY	107	0	0	CT10 (bp)	2.176%	-3.51	-21.05
iTraxx Eur Main	62	-1	-1	USD Swap Spread 10Y (bp)	-4	1	2
iTraxx Eur XO	248	-2	-7	USD Swap Spread 30Y (bp)	-43	1	2
iTraxx Eur Snr Fin	69	-2	2	TED Spread (bp)	24	1	-5
iTraxx Sovx WE	8	0	0	US Libor-OIS Spread (bp)	9	-2	-6
iTraxx Sovx CEEMEA	47	2	-1	Euro Libor-OIS Spread (bp)	3	0	1
					8-Jun	1W chg	1M chg
				AUD/USD	0.753	2.07%	1.90%
				USD/CHF	0.966	0.62%	3.45%
				EUR/USD	1.125	0.30%	2.96%
				USD/SGD	1.383	0.22%	1.63%
Korea 5Y CDS	54	-2	-4	DJIA	21,174	0.79%	0.77%
China 5Y CDS	73	-3	-7	SPX	2,433	0.88%	1.41%
Malaysia 5Y CDS	93	-3	-14	MSCI Asiax	627	0.96%	4.29%
Philippines 5Y CDS	78	-1	-1	HSI	25,974	0.64%	5.68%
Indonesia 5Y CDS	120	-2	-4	STI	3,229	-0.22%	-0.25%
Thailand 5Y CDS	58	2	2	KLCI	1,786	1.30%	1.01%
				JCI	5,717	0.42%	0.17%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
7-Jun-17	Starhub Ltd	Not Rated	SGD200mn	Perp NC5	3.95%
7-Jun-17	Far East Horizon Ltd	Not Rated	USD300mn	Perp NC5	4.35%
7-Jun-17	Tunghsu Venus Holdings Ltd	"B/NR/B+"	USD350mn	3-year	7.25%
7-Jun-17	DianJian Haiyu Ltd	"NR/Baa1/BBB+"	USD500mn	Perp NC5	3.5%
6-Jun-17	State Elite Global Ltd.	"A/A1/NR"	USD600mn	5-year	CT5+110bps
6-Jun-17	China Everbright Bank	"NR/NR/BBB"	USD300mn	3-year	3mL+85bps
6-Jun-17	Fantasia Holdings Group Co. Ltd.	Not Rated	USD350mn	1-year	5.5%
5-Jun-17	China Merchants Bank Co.	"BBB+/NR/NR"	USD800mn	3-year	3mL+82.5bps
5-Jun-17	Korean Air Lines Co.	Not Rated	USD300mn	Perp NC3.5	6.875%

Source: OCBC, Bloomberg

**Rating Changes (cont'd):** S&P affirmed Hong Kong-based property developer Nan Fung International Holdings (Nan Fung) 'BBB-' long-term corporate credit rating and the outstanding senior unsecured notes that the company guarantees. In addition, S&P revised its outlook to stable from positive. The rating action reflects the company's increased leverage as a result of the debt-funded acquisition of a Hong Kong project in Kai Tak, East Kowloon. Moody's affirmed the 'A2' issuer ratings of China Construction Bank (Europe) S.A. (CCB Europe) today and changed the outlook on the ratings to stable from negative. The rating action follows Moody's recent affirmation of the 'A1' ratings of CCB Europe's parent, China Construction Bank Corporation (CCB), and a change in outlook to stable from negative. Moody's affirmed Asahi Kasei Corporation's (Asahi Kasei) 'A2' issuer rating and revised the rating outlook to stable from negative. The rating action reflects S&P's view that Asahi Kasei can manage the potential costs of dealing with the defects discovered in its construction work on a Yokohama condominium complex. Asahi Kasei's rating outlook has been negative after the company announced that its subsidiary Asahi Kasei Construction Materials Corp. (AKCM) had performed faulty installation of a portion of foundation piles for a condominium complex. Moody's downgraded Quintis Limited's (Quintis) corporate family rating and senior secured debt rating to 'Caa1' from 'B3', and has maintained the ratings on review for further downgrade. The rating action follows the company's response on 6 June to an Australia Stock Exchange (ASX) query that creates significant uncertainty around its future earnings and the take up of investments in its new plantations.

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