

January 10, 2018

Market Commentary: The SGD swap curve bear-steepened yesterday, with the swap curve trading 1-2bps higher for the shorter tenors while the longer tenors traded 2-3bps higher. Flows in SGD corporates were heavy, with better buying seen in GEMAU 5.5% '19 and EREIT 4.6%-PERPs while better selling were seen in HSBC 4.7%-PERPs and BAERVX 5.75%-PERPs. In the broader space, the spread on the Bloomberg Barclays Asia USD IG Bond Index fell 0.77% to 1.09 while the spread on Bloomberg Barclays Asia USD HY Bond Index rose 9.97% to 3.18. The 10Y UST yield rose 7.3bps to 2.55% due to a deluge of sovereign debt sales and a busy investment-grade calendar this week. The looming glut of bond supply from the U.S, U.K, Japan and Germany coincided with an unexpected reduction in purchases of longer term Japanese government bonds by the BOJ.

New Issues: Puma Energy Holdings Pte Ltd has priced a USD 750mn Perp 8NC3 senior unsecured note at 5.125%, tightening from the initial guidance of 5.25% area. The expected issue ratings are 'NR/Ba2/BB'. United Overseas Bank Ltd has priced a EUR500mn 7-year covered bond at MS+2, tightening from initial guidance of MS+4-6bps area. The expected issue ratings are 'NR/Aaa/AAA'. Tahoe Group Global Ltd has priced a USD200mn 3-year bond at 8% and a USD225mn Perp 5NC3 bond (guaranteed by Tahoe Group Co. Ltd) at 8.2%, tightening from initial guidance of 8.25% area and 8.375% area respectively. The expected issue ratings are 'B-/B2/B-'. Country Gardens Holding Company Ltd has priced a USD250mn Perp 5NC3 bond at 4.75% and a USD600mn Perp 7NC4 bond at 5.2%, tightening from an initial guidance of 5% and 5.5% area respectively. The expected issue ratings area 'NR/NR/BBB-'. Wharf REIC Finance (BVI) Ltd has set final guidance for a USD600mn 10-year bond (guaranteed by Wharf Real Estate Investment Company Ltd) at CT10+110-115bps, tightening from an initial guidance of CT10+135bps area. The expected issue ratings are 'NR/A2/NR'. Times Property Holdings Ltd has priced a USD500mn Perp 3NC2 senior unsecured bond at 6.25%, tightening from an initial guidance of 6.625% area. The expected issue ratings are 'NR/B2/B+'. Sumitomo Mitsui Financial Group, Inc has priced a USD4.75bn

Table 1: Key Financial Indicators

	10-Jan	1W chg (bps)	1M chg (bps)		10-Jan	1W chg	1M chg
iTraxx Asiax IG	59	-8	-13	Brent Crude Spot (\$/bbl)	69.19	1.99%	9.13%
iTraxx SovX APAC	10	-3	-4	Gold Spot (\$/oz)	1,309.80	-0.26%	5.46%
iTraxx Japan	44	-2	-2	CRB	194.16	-0.29%	4.94%
iTraxx Australia	53	-5	-9	GSCI	448.40	1.28%	6.68%
CDX NA IG	46	-2	-4	VIX	10.08	3.17%	5.22%
CDX NA HY	109	0	1	CT10 (bp)	2,551%	10.41	17.52
iTraxx Eur Main	44	-1	-3	USD Swap Spread 10Y (bp)	-1	1	-2
iTraxx Eur XO	227	-7	-5	USD Swap Spread 30Y (bp)	-20	0	-1
iTraxx Eur Shr Fin	43	-1	-2	TED Spread (bp)	31	-1	3
iTraxx Sovx WE	0			US Libor-OIS Spread (bp)	25	-1	9
iTraxx Sovx CEEMEA	35	3	-8	Euro Libor-OIS Spread (bp)	1	0	2
					10-Jan	1W chg	1M chg
				AUD/USD	0.781	-0.31%	3.80%
				USD/CHF	0.984	-0.69%	0.80%
				EUR/USD	1.194	-0.66%	1.42%
				USD/SGD	1.337	-0.49%	1.12%
Korea 5Y CDS	44	-9	-15	DJIA	25,386	2.26%	4.34%
China 5Y CDS	43	-7	-12	SPX	2,751	2.06%	3.76%
Malaysia 5Y CDS	51	-8	-12	MSCI Asiax	742	1.83%	7.45%
Philippines 5Y CDS	52	-7	-11	HSI	31,009	1.47%	8.27%
Indonesia 5Y CDS	77	-9	-16	STI	3,513	1.41%	2.58%
Thailand 5Y CDS	39	-6	-8	KLCI	1,829	2.02%	6.26%
				JCI	6,373	0.53%	5.67%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
9-Jan-18	Sumitomo Mitsui Financial Group, Inc	'NR/A1/A-'	USD750mn	2-year	3mL+35bps
9-Jan-18	Sumitomo Mitsui Financial Group, Inc	'NR/A1/A-'	USD1.25bn	2-year	CT2+55bps
9-Jan-18	Sumitomo Mitsui Financial Group, Inc	'NR/A1/A-'	USD750mn	10-year	CT10+10bps
9-Jan-18	Sumitomo Mitsui Financial Group, Inc	'NR/A1/A-'	USD500mn	5-year	3mL+74bps
9-Jan-18	Sumitomo Mitsui Financial Group, Inc	'NR/A1/A-'	USD1.5bn	5-year	CT5+78Bbps
9-Jan-18	Times Property Holdings Ltd	'NR/B2/B+'	USD500mn	NC2	6.25%
9-Jan-18	Wharf REIC Finance (BVI) Ltd	'NR/A2/NR'	USD600mn	10-year	CT10+110-115bps
9-Jan-18	Country Gardens Holding Company Ltd	'NR/NR/BBB-'	USD600mn	Perp NC4	5.2%
9-Jan-18	Country Gardens Holding Company Ltd	'NR/NR/BBB-'	USD250mn	Perp NC3	4.75%
9-Jan-18	United Overseas Bank Ltd	'NR/Aaa/AAA'	EUR500mn	7-year	MS+2
9-Jan-18	Puma Energy Holdings Pte Ltd	'NR/Ba2/BB'	USD 750mn	Perp NC3	5.125%

Source: OCBC, Bloomberg

New Issues (cont'd): bond (guaranteed by Sumitomo Mitsui Banking Corporation NY Branch) across five-tranches, with the USD1.5bn 5-year Fxd priced at CT5+78BPS, tightening from an initial guidance of CT5+95-100bps area; the USD500mn 5 yr floating rate note priced at 3mL+74bps, in line with its guidance of 3mL+74bps area; the USD750mn 10-year bond priced at CT10+100bps, tightening from an initial guidance of CT10+115bps area; the USD1.25bn 2-year Fxd priced at CT2+55bps area, tightening from an initial guidance of CT5+70bps area and the USD750mn 2-year floating rate note at 3mL+35bps, in line with initial guidance of 3mL+35bps area. Zhongyuan Yuzi Investment Holding Group Co Ltd scheduled investor meetings for potential USD bond issuance. Bank of Shanghai Co Ltd also scheduled investor meetings for potential USD issuance. The expected issue ratings are 'NR/A1/NR'. Power Construction Corp of China Ltd has scheduled for investor meetings on 10 Jan for potential USD Perp issuance.

Rating Changes: Moody's has assigned Leader Goal International Ltd's senior unsecured perpetual securities (guaranteed by Power Construction Corporation of China) a rating of 'Baa1'. The outlook is stable. The rating action follows the guarantee from PowerChina as well as Moody's expectation of PowerChina's high level of support from the Government of China in the event of financial stress. This is attributed to PowerChina's key role in the domestic hydropower engineering and construction industry in China. Moody's has affirmed Guangxi Financial Investment Group Co Ltd's (GXFIG) corporate family rating and senior unsecured bond at a rating of 'Ba1' and (P)'Ba1' respectively. The outlook is stable. The rating action reflects Moody's expectation of strong support from the Guangxi provincial government based on GXFIG's strategic importance in developing the financial services sector in Guangxi and financing the region's SMEs.

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