

Mar 15, 2018

Market Commentary

- The SGD swap curve flattened yesterday, with swap rates for the shorter tenors trading 2-4bps lower while the longer tenors traded 4-6bps lower. Flows in SGD corporates were heavy yesterday, with better buying seen in HSBC 4.7%-PERP. In the broader dollar space, the Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 117bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 3bps to 357bps. 10Y UST yields fell 3bps to 2.82% as markets turned cautious over rising diplomatic tensions between Britain and Russia were coupled with US's weak economic data as well concerns over its political and trade issues.

Credit Headlines

Oxley Holdings Limited ("OHL") | Issuer Profile: Negative (6)

- OHL has entered into a trading halt for its shares, pending a proposed share placement.
- Bloomberg reported that OHL is seeking to place 98mn new shares (2.5% of current shares outstanding) at SGD0.51 to SGD0.53 per share (previous close was SGD0.55 per share). At SGD0.52 per share, OHL could raise ~SGD51mn in gross proceeds.
- We have previously highlighted that though OHL has a strong track record, we have concerns about OHL's credit profile given the numerous acquisitions that OHL had made in the last 12 months (refer to [OCBC Asia Credit - Oxley Holdings Ltd Credit Update \(14 Feb 2018\)](#)). The share placement would help alleviate some of the pressure on OHL's balance sheet, though based on current projections net gearing would still remain elevated. We will retain our Negative (6) Issuer Profile for now, and will closely monitor the sales performance of its upcoming launches as well as the possibility of OHL utilizing its development proceeds to deleverage. (Bloomberg, Company, OCBC)

Table 1: Key Financial Indicators

	15-Mar	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	65	-5	-6
iTraxx SovX APAC	11	-1	-2
iTraxx Japan	47	-2	-3
iTraxx Australia	56	-4	-9
CDX NA IG	55	-2	-2
CDX NA HY	107	0	0
iTraxx Eur Main	50	-3	-5
iTraxx Eur XO	256	-7	-21
iTraxx Eur Snr Fin	52	-1	-4
iTraxx Sovx WE	20	0	0
AUD/USD	0.788	1.17%	-0.82%
EUR/USD	1.237	0.50%	-1.06%
USD/SGD	1.309	0.66%	0.02%
China 5Y CDS	55	-3	-6
Malaysia 5Y CDS	63	-1	-1
Indonesia 5Y CDS	89	-1	-2
Thailand 5Y CDS	39	-2	-3

	15-Mar	1W chg (bps)	1M chg (bps)
Brent Crude Spot (\$/bbl)	64.97	2.14%	0.99%
Gold Spot (\$/oz)	1,325.33	0.25%	-2.09%
CRB	194.49	0.02%	0.53%
GSCI	441.61	0.02%	0.02%
VIX	17.23	-2.98%	-9.93%
CT10 (bp)	2.813%	-4.37	-9.61
USD Swap Spread 10Y (bp)	4	1	3
USD Swap Spread 30Y (bp)	-14	2	2
TED Spread (bp)	43	3	16
US Libor-OIS Spread (bp)	46	3	16
Euro Libor-OIS Spread (bp)	3	0	0
DJIA	24,758	-0.17%	-1.75%
SPX	2,749	0.83%	0.67%
MSCI Asiax	746	2.44%	2.47%
HSI	31,435	4.10%	1.03%
STI	3,539	2.57%	2.78%
KLCI	1,857	1.04%	1.02%
JCI	6,383	0.23%	-3.17%

Source: OCBC, Bloomberg

New issues

- Korea Expressway Corp has priced a CNH1.3bn 3-year bond at 4.73%, in line with its initial price guidance. Korea Water Resources Corp has scheduled for investor meetings from 19-22 Mar for its potential USD bond issuance. Lenovo Group Ltd has scheduled for investor meetings from 15 Mar for its potential USD bond issuance. DBS Group Holdings Ltd has scheduled for investor meetings on 19 Mar for its potential EUR benchmark 10NC5 Tier 2 bond issuance.

Table 2: Recent Asian New Issues

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
14-Mar-18	Korea Expressway Corp	CNH1.3bn	3-year	4.73%
13-Mar-18	Greenland Global Investment Ltd	CNH1.5bn	3-year	7.2%
13-Mar-18	HuaSing International Holdings Co Ltd	USD200mn	5-year	CT5+260bps
13-Mar-18	HuaSing International Holdings Co Ltd	USD300mn	3-year	CT3+225bps
13-Mar-18	Rail Transit International Development Co Ltd	EUR400mn	4.25-year	MS+145bps
13-Mar-18	Chengdu Xingcheng Investment Group Co Ltd	EUR135mn	5-year	MS+285bps
13-Mar-18	Chengdu Xingcheng Investment Group Co Ltd	EUR365mn	3-year	MS+250bps
12-Mar-18	Land Transport Authority of Singapore	SGD900mn	30-year	3.35%
12-Mar-18	Land Transport Authority of Singapore	SGD300mn	10-year	2.75%
12-Mar-18	Xinyuan Real Estate Co Ltd	USD200mn	2-year	9.875%

Source: OCBC, Bloomberg

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