

Mar 20 2018

Market Commentary

- The SGD swap curve bear-flattened yesterday, with swap rates for the shorter tenors trading 4-6bps higher while the longer tenors traded 2-4bps higher.
- Flows in SGD corporates were moderate yesterday.
- In the broader dollar space, the Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 118bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 2bps to 358bps.
- 10Y UST yield rose 1bps to 2.86% as investors waited the Fed Reserve's two-day meeting on Wednesday, where the US central bank is widely expected to raise rates for the first time this year.

Credit Headlines

StarHub Ltd ("Starhub") | Issuer Profile: Neutral (3)

- Starhub and Sunseap (Singapore-based sustainable energy firm) are tying up to offer clean energy subscription plans to customers next month. This is part of the soft launch of the Open Electricity Market in Jurong, which allows residential consumers the choice to procure electricity from 14 approved retailers or continue buying from SP Group.
- We do not expect this to have a material impact on Starhub's profile in the near term. (Straits Times, OCBC)

CapitaLand Ltd ("CAPL") | Issuer Profile: Neutral (3)

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

- CapitaLand (through wholly owned CapitaLand Retail) has been appointed to manage OHL's retail mall at The Peak, which is an integrated development in Phnom Penh, Cambodia. The mall is expected to commence operations in 2020 and will have a GFA of 420,000 sq ft and NLA of 260,000 sq ft.
- We do not expect this to have a material impact on CAPL's and OHL's profile. (Company, OCBC)

Table 1: Key Financial Indicators

	20-Mar	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	68	1	1
iTraxx SovX APAC	12	2	-1
iTraxx Japan	47	1	4
iTraxx Australia	57	0	-1
CDX NA IG	55	2	-1
CDX NA HY	107	7	-9
iTraxx Eur Main	50		
iTraxx Eur XO	255	4	1
iTraxx Eur Snr Fin	53	2	2
iTraxx Sovx WE	19	4	-7
AUD/USD	0.771	-1.91%	-2.19%
EUR/USD	1.234	-0.39%	0.04%
USD/SGD	1.315	-0.25%	0.25%
China 5Y CDS	57	4	3
Malaysia 5Y CDS	65	3	6
Indonesia 5Y CDS	93	5	8
Thailand 5Y CDS	39	1	-1

	20-Mar	1W chg	1M chg
Brent Crude Spot (\$/bbl)	66.24	2.48%	1.52%
Gold Spot (\$/oz)	1,316.56	-0.75%	-0.95%
CRB	192.90	-0.84%	-0.40%
GSCI	441.29	-0.05%	-0.66%
VIX	19.02	20.53%	-7.67%
CT10 (bp)	2.857%	1.47	-3.23
USD Swap Spread 10Y (bp)	4	-1	2
USD Swap Spread 30Y (bp)	-14	0	3
TED Spread (bp)	43	0	14
US Libor-OIS Spread (bp)	50	5	19
Euro Libor-OIS Spread (bp)	2	0	-1
DJIA	24,611	-2.25%	-1.42%
SPX	2,713	-2.52%	-0.12%
MSCI Asiax	740	-0.92%	2.10%
HSI	31,514	-0.28%	2.07%
STI	3,491	-1.76%	0.42%
KLCI	1,846	-0.96%	-0.53%
JCI	6,290	-3.25%	-5.60%

Source: OCBC, Bloomberg

New issues

- Macquarie Group Ltd has priced a USD1.75bn deal across three tranches; with the USD700mn 6NC5 Fixed-to-FRN bond priced at CT6+150bps, tightening from its initial guidance of CT6+155bps; the USD550mn 6NC5 FRB priced a 3mL+135bps, in line with its initial guidance; the USD500mn 11NC10 Fixed-to-FRN at CT11+180bps, in line with its initial guidance.
- Shinhan Bank Co Ltd (SHNHAN) has priced a USD400mn 10-year bond at CT10+165bps, tightening from its initial guidance of CT10+180bps area.
- Beijing Capital Polaris Investment Co Ltd has priced a USD500mn 3-year bond (guaranteed by Beijing Capital Group Co Ltd) at CT3+187.5bps, tightening from its initial guidance of CT3+210bps and a CNH630mn 2-year priced at 5.2%, tightening from its initial guidance of 5.5% area.
- Orient HuiZhi Ltd has priced a USD250mn re-tap of its ORSECH 3.625%'22 bond at CT5+167bps (reoffer price of 96.501), tightening from its initial guidance of CT5+190bps area.
- Baidu Inc has scheduled for investor meetings on 19 Mar for its potential USD bond issuance.
- SK Telecom Co Ltd has scheduled for investor meetings on 26 Mar for its potential USD bond issuance

Table 2: Recent Asian New Issues

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
19-Mar-18	Orient HuiZhi Ltd	USD250mn	ORSECH 3.625%'22	96.501
19-Mar-18	Beijing Capital Polaris Investment Co Ltd	CNH630mn	2-year	5.2%
19-Mar-18	Beijing Capital Polaris Investment Co Ltd	USD500mn	3-year	CT3+187.5bps
19-Mar-18	Shinhan Bank Co Ltd	USD400mn	10-year	CT10+165bps
19-Mar-18	Macquarie Group Ltd	USD500mn	11NC10	CT11+180bps
19-Mar-18	Macquarie Group Ltd	USD550mn	6NC5	3mL+135bps
19-Mar-18	Macquarie Group Ltd	USD700mn	6NC5	CT6+150bps
15-Mar-18	First Abu Dhabi Bank PJSC	CNH900mn	3-year	4.8%
15-Mar-18	Qinghai Provincial Investment Group Co Ltd	USD250mn	3P2NC2	7.875%
15-Mar-18	Yango Justice International Ltd	USD200mn	1.5-year	9.5%
15-Mar-18	Asciano Finance Ltd	USD400mn	10-year	CT10+205bps
15-Mar-18	Mapletree Commercial Trust Treasury Co Pte Ltd	SGD120mn	6.5-year	3.28%

Source: OCBC, Bloomberg

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