

February 6, 2018

**Market Commentary:** The SGD swap curve traded little changed yesterday, with minimal movement in swap rates across most tenors. Flows in SGD corporates were heavy yesterday. In the broader dollar space, both the Bloomberg Barclays Asia USD IG Bond Index average OAS and the Bloomberg Barclays Asia USD HY Bond Index average OAS traded little changed at 107bps and 327bps respectively. 10Y UST yields fell 13.55bps to 2.70%, underpinned by the continuous slide in the equities market as well as stronger than expected ISM non-manufacturing data announced yesterday.

**New Issues:** Red Cloud Capital Ltd has scheduled for investor meetings from 5-6 Feb for its potential USD bond issuance (guaranteed by Jiangyin Chengxing Industrial Group Co Ltd). The expected issue ratings are 'NR/NR/B'. China Eastern Airlines Corp Ltd has scheduled for investor meetings from 5-7 Feb for its potential yen bond issuance.

**Rating Changes:** Moody's has assigned a first-time 'A3' issuer rating to Shandong Hi-speed Group Co Ltd (SDHG). The outlook is stable. The rating action reflects Moody's expectations that a very high likelihood that the company will receive extraordinary support from the Shandong Provincial Government in times of need. It also reflects SDHG'S status as the Shandong Provincial Government's core transportation infrastructure platform, supported by its role as the provincial government's sole platform for railway investment. Moody's has affirmed the 'Baa1' issuer rating of QBE insurance Group Ltd (QBE) and 'A1' insurance financial strength ratings of QBE's main operating subsidiaries. The outlook has been revised to negative from stable. The rating action reflects QBE's weaker earnings performance in the face of higher than expected natural catastrophe losses, combined with goodwill write-downs following downward revisions in the profitability assumption for QBE's North America businesses. The rating affirmation reflect the group's broad product diversification, strong capitalisation, moderate levels of financial leverage and strong profitability of its European, Australian and New Zealand operations. Moody's has affirmed the 'B1' corporate family rating of Lippo Karawaci Tbk PT and 'B1' senior unsecured rating of the

**Table 1: Key Financial Indicators**

	6-Feb	1W chg (bps)	1M chg (bps)		6-Feb	1W chg	1M chg
iTraxx Asiax IG	68	2	7	Brent Crude Spot (\$/bbl)	67.62	-2.65%	0.00%
iTraxx Sovx APAC	12	1	1	Gold Spot (\$/oz)	1,338.50	-0.01%	1.37%
iTraxx Japan	44	1	0	CRB	195.67	-	1.15%
iTraxx Australia	59	2	6	GSCI	451.60	-1.95%	1.77%
CDX NA IG	54	6	8	VIX	37.32	169.65%	304.77%
CDX NA HY	107	-1	-2	CT10 (bp)	2.730%	1.01	25.37
iTraxx Eur Main	47	3	3	USD Swap Spread 10Y (bp)	2	0	3
iTraxx Eur XO	251	13	25	USD Swap Spread 30Y (bp)	-18	-3	2
iTraxx Eur Shr Fin	45	3	2	TED Spread (bp)	32	-4	1
iTraxx Sovx WE	19	0	-2	US Libor-OIS Spread (bp)	27	2	2
iTraxx Sovx CEEMEA	35	1	1	Euro Libor-OIS Spread (bp)	3	0	1
					6-Feb	1W chg	1M chg
				AUD/USD	0.788	-2.55%	0.45%
				USD/CHF	0.933	0.19%	4.74%
				EUR/USD	1.239	-0.13%	3.50%
				USD/SGD	1.322	-0.72%	0.83%
Korea 5Y CDS	52	4	6	DJIA	24,346	-7.92%	-3.76%
China 5Y CDS	57	2	13	SPX	2,649	-7.17%	-3.43%
Malaysia 5Y CDS	61	2	8	MSCI Asiax	741	-2.87%	0.42%
Philippines 5Y CDS	62	2	8	HSI	32,245	-2.19%	4.64%
Indonesia 5Y CDS	84	1	6	STI	3,483	-1.85%	-0.19%
Thailand 5Y CDS	42	-1	1	KLCI	1,853	-0.05%	1.93%
				JCI	6,590	-1.36%	3.71%

Source: OCBC, Bloomberg

**Table 2: Recent Asian New Issues**

Date	Issuer	Ratings	Size	Tenor	Pricing
2-Feb-18	Greenland Global Investment Ltd	'NR/Baa2/NR'	USD400mn	3-year	5.25%
2-Feb-18	GLL IHT Pte Ltd	Not Rated	SGD50mn	GUOLSP 4.6%-PERPs	100% + accrued interest
1-Feb-18	New Metro Global Ltd	Not Rated	USD300mn	364-day	4.75%
1-Feb-18	China Logistics Property Holdings Co Ltd	Not rated	USD100mn	362-day	9%
1-Feb-18	China Cinda Finance (2017) I Ltd	'A-/Baa1/A'	USD200mn	3-year	5.1%
1-Feb-18	China Cinda Finance (2017) I Ltd	'A-/Baa1/A'	USD1.2bn	10-year	CT10+200bps
1-Feb-18	China Cinda Finance (2017) I Ltd	'A-/Baa1/A'	USD300mn	7-year	CT7+170bps
1-Feb-18	China Cinda Finance (2017) I Ltd	'A-/Baa1/A'	USD800mn	5-year	CT5+140bps
31-Jan-18	Zhongtai International Finance (BVI) Company Ltd	Not rated	USD200mn	364-day	4.1%

Source: OCBC, Bloomberg

**Rating Changes (cont'd)** : bonds issued by Theta Capital Pte Ltd, a wholly-owned subsidiary of Lippo Karawaci. The outlook has been revised to negative from stable. The rating action reflects Lippo Karawaci's increased execution and financing risk underpinned by its shift in strategy to concurrently sell and construct Meikarata instead of pre-selling the project prior to construction. This might lead to a mismatch in cash flows and funding requirements for construction. The risk is further exacerbated by Moody's expectation that Lippo Karawaci's gross margins will decline to 35% from 52% for the 12 months ended 30 September 2017. Moody's has affirmed all of Beijing Energy Investment Holding Co Ltd's (BEH). It has revised the outlook to stable from negative for BEH's 'A3' issuer rating and 'Baa1' senior unsecured rating of BEH's EUR bond. The rating action reflects BEH's stabilising credit profile, driven by steadying business profile and manageable credit metrics within Moody's expectation of its current rating level. It also reflects BEH's dominant role in the local power and district heating sectors that are commercially viable but are linked to the public policy goals Beijing municipal government, the 100% ownership by the Beijing municipal government and the track record of support from the Beijing municipal government. S&P has assigned 'BBB' long-term corporate credit rating to Renesas Electronics Corp. The outlook is stable. The rating action reflects Renesas Electronics's strong position in the market for automotive and industrial semiconductors, where it captures the largest global market share for automotive microcontrollers (MCU) and the third-biggest share of the global market for global industrial MCU market. S&P has affirmed Mitsui & Co Ltd's (Mitsui) 'A' RATING. The outlook has been revised to stable from negative. The rating action reflects the decrease in likelihood of Mitsui's profitability and capital adequacy to deteriorate given its efforts to curb fresh investments and implement measures to restore financial soundness. Fitch has assigned HongKong Xiangyu Investment Co Ltd's (Xiangyu Group) USD500mn notes a final rating of 'BBB'. The outlook is stable. The rating action reflects Xiangyu Group's ratings being credit linked to, but not equalised with, China's Xiamen municipality. The linkage is reflected in Xiangyu's 100% state ownership, strong municipal control and oversight, solid support record coupled with socio-political and financial impact for the government if Xiangyu Group defaults.

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