

June 4, 2019

Market Commentary

- The SGD swap curve bull-flattened last Friday, with the shorter tenors and belly trading 1-4bps lower while the longer tenors traded 5-9bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 3bps to 141bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 15bps to 513bps.
- Flows in SGD corporates were heavy, with flows in SOCGEN 6.125%-PERPs and UBS 5.875%-PERPs.
- 10Y UST yields tumbled by 9bps to 2.12%, a 20-month low after US President Donald Trump said the US would impose a 5% tariff on all Mexican goods in response to the illegal immigration situation, fuelling broad risk-off sentiments and a flight to quality in the market. It was also announced on Friday that India's special trade status will be removed. The yield curve between 3-month treasury bills and 10-year treasury notes has inverted further to -21bps on Friday.

Table 1: Key Financial Indicators

	4-Jun	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	81	7	14
iTraxx SovX APAC	52	3	8
iTraxx Japan	73	8	18
iTraxx Australia	80	7	12
CDX NA IG	70	4	11
CDX NA HY	104	-1	-3
iTraxx Eur Main	71	1	12
iTraxx Eur XO	307	9	55
iTraxx Eur Snr Fin	89	0	19
iTraxx Sovx WE	18	0	2
AUD/USD	0.697	0.62%	-0.34%
EUR/USD	1.125	0.78%	0.43%
USD/SGD	1.369	0.79%	-0.41%
China 5Y CDS	61	7	16
Malaysia 5Y CDS	76	7	17
Indonesia 5Y CDS	115	6	16
Thailand 5Y CDS	39	2	2

	4-Jun	1W chg	1M chg
Brent Crude Spot (\$/bbl)	60.93	-13.09%	-14.00%
Gold Spot (\$/oz)	1,324.07	3.50%	3.35%
CRB	174.72	-2.19%	-3.88%
GSCI	405.26	-6.19%	-8.07%
VIX	18.86	18.99%	46.54%
CT10 (bp)	2.092%	-17.41	-43.33
USD Swap Spread 10Y (bp)	-4	0	-2
USD Swap Spread 30Y (bp)	-28	0	-3
US Libor-OIS Spread (bp)	21	6	4
Euro Libor-OIS Spread (bp)	5	-1	-1
DJIA	24,820	-2.99%	-6.36%
SPX	2,744	-2.89%	-6.83%
MSCI Asiax	621	0.55%	-8.71%
HSI	26,792	-2.19%	-10.93%
STI	3,129	-1.16%	-7.77%
KLCI	1,651	2.24%	0.82%
JCI	6,209	2.92%	-1.75%

New issues

- Industrial & Commercial Bank of China Ltd has priced a USD750mn 3-year FRN at 3-month US LIBOR+72bps (tightening from IPT 3-month LIBOR+95bps area) and a USD750mn 5-year FRN at 3-month US LIBOR+83bps (tightening from IPT of 3-month US LIBOR+105bps area).
- Zunyi Road and Bridge Construction (Group) Ltd has priced USD78mn of its existing ZYRDBG 8.0%'22s at 8.0%.
- Shangri-La Hotel Ltd has priced a SGD135mn 5-year private placement at 3.70% and a SGD165mn 8-year private placement at 4.10%.
- LMIRT Capital Pte Ltd and Perpetual (Asia) Ltd (guarantor: Lippo Malls Indonesia Retail Trust) has scheduled investor meetings from 4 June for its potential USD bond issuance.
- Xinhua Zhongbao Co Ltd has scheduled investor meetings from 3 June for its potential USD bond issuance.
- Jiangsu Zhongnan Construction Group Co Ltd has scheduled investor meetings from 4 June for its potential USD bond issuance.
- POSCO has scheduled investor meetings from 12 June for its potential USD bond issuance.

<u>Date</u>		<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
03-Jun-19	Industrial & Commercial Bank of China Ltd	USD750mn USD750mn	3-year 5-year	3M-US LIBOR+72bps 3M-US LIBOR+83bps
03-Jun-19	Zunyi Road and Bridge Construction (Group) Ltd	USD78mn	3-year	8.0%
03-Jun-19	Shangri-La Hotel Ltd Shangri-La Hotel Ltd	SGD135mn SGD 165mn	5-year 8-year	3.70% 4.10%
31-May-19	Adani Green Energy (UP) Ltd, Prayatna Developers Pte Ltd & Parampujya Solar Energy Pte Ltd	USD500mn	5.5-year	6.25%
30-May-19	Hejun Shunze Investment Co Ltd	USD220mn	LGUANG 12%'21s	11.125%
30-May-19	Perfect Point Ventures Ltd	USD250mn	3-year	6.35%
30-May-19	Xinjiang Zhongtai (Group) Co Ltd	USD380mn	3-year	7.25%
30-May-19	Singapore Press Holdings Ltd	SGD150mn	NC5-perpetual	4.50%
29-May-19	Xi Yang Overseas Ltd	USD500mn	5-year	4.43%
29-May-19	GS Caltex Corp	USD300mn	5-year	T+100bps
29-May-19	Bank of China Ltd of Macau	USD200mn	2-year	2.50%
29-May-19	Credit Suisse Group AG	SGD750mn	NC5-perpetual	5.625%

Source: OCBC, Bloomberg

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