

Apr 11, 2016

**Market Commentary:** The SGD swap curve was relatively flat, with 1Y swaps up a couple of bps, and the rest of the curve lower by 1bp. Flows in the SGD corporate space was heavy, where we saw better buyers of ABNANV 4.75%'26s, GENSSP 5.125%'49s, SCISP 4.75%'49s and better sellers of YLLGSP 6.2%'17s. Meanwhile, we saw mixed interest in FCLSP 4.88%'49s and HACL 6.5%'19s. In the broader dollar space, the spread on the JACI IG corporates was level at 234bps while the yield on the JACI HY corporates tightened by 1bp to 7.56%. 10y UST yield increased by 3bps to 1.72%.

**Rating Changes:** Moody's has initiated a "Baa3" rating to Soilbuild REIT's SGD100mn senior unsecured notes issued under the SGD500mn multi-currency Debt Issuance Program on 8 April 2016. Moody's has upgraded the corporate family rating of Chandra Asri Petrochemical Tbk to "B1" from "B2". The upgrade follows the completion of its multiyear debt-funded capital spending program to expand its existing naphtha cracker and addition of a new Butadiene plant. Outlook is stable. S&P downgraded Evergrande Real Estate Group to "B-" from "B+". This is due to the company's financial position deteriorating more seriously than S&P expected in 2015, and S&P do not anticipate any significant improvement over the next 12 months. Outlook is negative.

## Credit Headlines:

**Central China Real Estate ("CCRE"):** CCRE will begin book building for its RMB1bn 5NP3 (non-put) onshore bond today with indicative coupons at the 5-6.5% levels. There is an over-allotment option of RMB2bn. The issuer and the issue are both rated AA by Dagong Global. Use of proceeds are for repayment of loans borrowed from financial institutions and replenishment of working capital. The ability to tap alternative pools of capital onshore will improve the company's liquidity profile and lower the company's average borrowing costs. Onshore borrowing costs at the indicative 5-6.5% for a 5-year tenor is significantly lower compared to a 8.75% coupon from the USD300mn offshore bond done in April last year. (Bloomberg, OCBC)

Table 1: Key Financial Indicators

	11-Apr	1W chg (bps)	1M chg (bps)		11-Apr	1W chg	1M chg
iTraxx Asiax IG	147	3	11	Brent Crude Spot (\$/bbl)	42.38	12.44%	4.93%
iTraxx Sovx APAC	59	0	-7	Gold Spot (\$/oz)	1,244.97	2.30%	-0.36%
iTraxx Japan	86	1	4	CRB	171.04	1.79%	-1.43%
iTraxx Australia	138	4	0	GSCI	329.02	3.99%	-0.72%
CDX NA IG	82	6	-1	VIX	15.36	17.25%	-6.91%
CDX NA HY	102	0	-1	CT10 (bp)	1.717%	-5.38	-11.20
iTraxx Eur Main	80	6	11	USD Swap Spread 10Y (bp)	-12	1	4
iTraxx Eur XO	336	31	23	USD Swap Spread 30Y (bp)	-47	0	4
iTraxx Eur Snr Fin	101	10	26	TED Spread (bp)	41	0	7
iTraxx Sovx WE	27	2	0	US Libor-OIS Spread (bp)	25	0	2
iTraxx Sovx CEEMEA	151	4	-13	Euro Libor-OIS Spread (bp)	10	1	-1
					11-Apr	1W chg	1M chg
				AUD/USD	0.756	-0.63%	-0.01%
				USD/CHF	0.953	0.81%	3.04%
				EUR/USD	1.141	0.37%	2.23%
				USD/SGD	1.348	0.33%	1.85%
Korea 5Y CDS	66	1	7	DJIA	17,577	-1.21%	2.11%
China 5Y CDS	126	4	8	SPX	2,048	-1.21%	1.26%
Malaysia 5Y CDS	156	1	3	MSCI Asiax	497	-1.13%	1.93%
Philippines 5Y CDS	104	-2	2	HSI	20,370	-1.96%	0.85%
Indonesia 5Y CDS	208	6	12	STI	2,808	-0.36%	-0.73%
Thailand 5Y CDS	130	0	-2	KLCI	1,718	0.46%	1.29%
				JCI	4,847	0.07%	0.68%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
07-Apr-16	Standard Chartered PLC	BBB+/A1/A+	USD1.25bn	10-year	CT10+250bps
07-Apr-16	Japan Tobacco	AA-/Aa3/NR	USD750mn	5-year	CT5+82.5bps
07-Apr-16	Japan Tobacco	AA-/Aa3/NR	USD500mn	10-year	CT10+107.5bps
06-Apr-16	Orix Corporation	A-/NR/A-	USD500mn	5-year	CT5+150bps
06-Apr-16	Mizuho Financial Group	A-/A1/NR	USD1.75bn	5-year	2.632%
06-Apr-16	Mizuho Financial Group	A-/A1/NR	USD500mn	5-year	3mL+148bps
06-Apr-16	Mizuho Financial Group	A-/A1/NR	USD1.75bn	10-year	3.477%
06-Apr-16	CK Hutchison	A-/A3/A-	EUR1.35bn	7-year	MS+110bps

Source: OCBC, Bloomberg

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