

Jan 11, 2016

Market Commentary: SGD swap rates bear steepened, with the short-end rates trading 2bps-3bps higher while the belly-to-long-end rates traded 6bps-7bps higher last Friday. Flows in the SGD corporate space were light, we saw better sellers in FRESHK 4.25%'17 and FRESHK 4.25%'19. In the broader Asia dollar space, JACI IG corporate spreads were flat at 220.9 while the yield on JACI HY corporates increased by 1.8bp to 7.95%. 10y UST fell by 3bps to 2.12%.

New Issues: Courts Asia has scheduled investor meetings on Jan 12, following the update of its SGD500mn multicurrency issuance program.

Credit Headlines:

Ezra Holdings ("EZRA"): The issuer gave a profit warning for 1QFY2016 ending November 2015, to be published on 14/01/16. Its two listed subsidiaries, Triyards and EMAS Offshore, have both reported their respective 1QFY2016 results, generating USD6.2mn and -USD3.2 in net profit respectively. We estimate EZRA's share of profits from its listed subsidiaries to be ~USD1.4mn. With EZRA's unlisted EMAS AMC subsea division generating -USD16.7mn in losses in 4QFY2015, and given comparable or worse performance for 1QFY2016 due to the challenging environment, we can see why EZRA fell into a loss for the quarter. We currently hold EZRA's issuer profile at Negative, though we are Overweight both the EZRASP'16s and EZRASP'18s on valuation, believing the Chiyoda JV to be a positive catalyst for the issuer. (SGX, OCBC)

Table 1: Key Financial Indicators

	11-Jan	1W chg (bps)	1M chg (bps)		11-Jan	1W chg	1M chg
iTraxx Asiax IG	147	6	6	Brent Crude Spot (\$/bbl)	32.89	-11.63%	-13.29%
iTraxx SovX APAC	76	1	-2	Gold Spot (\$/oz)	1,106.85	3.17%	2.98%
iTraxx Japan	81	3	7	CRB	168.58	-4.30%	-3.59%
iTraxx Australia	133	2	4	GSCI	295.57	-5.16%	-5.85%
CDX NA IG	99	8	3	VIX	27.01	48.33%	10.74%
CDX NA HY	99	-2	0	CT10 (bp)	2.116%	-15.38	-10.26
iTraxx Eur Main	86	5	5	USD Swap Spread 10Y (bp)	-13	-6	-8
iTraxx Eur XO	353	19	13	USD Swap Spread 30Y (bp)	-47	-8	-9
iTraxx Eur Snr Fin	82	2	3	TED Spread (bp)	43	-2	21
iTraxx Sovx WE	17	1	0	US Libor-OIS Spread (bp)	24	1	5
iTraxx Sovx CEEMEA	198	11	14	Euro Libor-OIS Spread (bp)	12	1	1
					11-Jan	1W chg	1M chg
				AUD/USD	0.695	-3.62%	-3.30%
				USD/CHF	0.993	0.56%	-1.04%
				EUR/USD	1.094	0.29%	-0.44%
				USD/SGD	1.441	-1.25%	-1.91%
Korea 5Y CDS	65	4	6	DJIA	16,346	-6.19%	-5.32%
China 5Y CDS	120	3	1	SPX	1,922	-5.96%	-4.49%
Malaysia 5Y CDS	200	7	-9	MSCI Asiax	468	-3.30%	-4.14%
Philippines 5Y CDS	121	4	1	HSI	19,940	-6.51%	-7.10%
Indonesia 5Y CDS	247	2	-19	STI	2,708	-4.50%	-4.45%
Thailand 5Y CDS	151	6	4	KLCI	1,650	-0.19%	0.61%
				JCI	4,546	-1.02%	3.48%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
11-Jan-16	Courts Asia Ltd	NR/NR/NR	SGD500mn	-	-
07-Jan-16	Hsin Chong Construction Group Ltd	NR/NR/NR	-	-	-
07-Jan-16	KEB Hana Bank	A/A1/A-	-	-	-
06-Jan-16	Jiangsu NewHeadline Development Group Co	BB+/NR/BB+	USD200mn	3yr	6.20%
06-Jan-16	Korea Development Bank	AA-/Aa2/AA-	USD500mn	5yr	CT5+82.5bps
06-Jan-16	Korea Development Bank	AA-/Aa2/AA-	USD1bn	10yr	CT10+87.5bps
06-Jan-16	Swire Properties	A-/A2/A	USD500mn	10yr	CT10+147.5bps

Source: OCBC, Bloomberg

Andrew Wong

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6530 4736
wongVKAM@ocbc.com

Nick Wong Liang Mian, CFA

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6530 7348
NickWong@ocbc.com

Nicholas Koh Jun Ming

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6722 2533
NicholasKoh@ocbc.com

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