

July 11, 2016

Market Commentary: The SGD swap curve traded downward last Friday, with the swap rates traded 1-3bps lower across all tenors. Flows in the SGD corporates were moderate with better selling seen in ABNANV 4.7%'22s while mixed interest were seen in UCGIM 5.5%'23s and MFCCN 3.85%'26s. In the broader dollar space, the spread on JACI IG corporates remained relatively unchanged at 225bps while the yield on JACI HY corporates also remained levelled at 6.52%. 10y UST yield decreased by 3bps to 1.36% despite US's June job report that showed the economy created 287,000 jobs in June, the most in eight months and beating the forecast of 180,000.

New Issues: HKT Capital No.4 Ltd has priced a USD750mn 10-year bond at CT10+170bps, tightening from its initial guidance of CT10+185bps. The expected ratings for the issue are "BBB/Baa2/NR". Minsheng Financial Leasing Co. has priced a two-tranche deal yesterday, with the USD 350mn 3-year bond priced at CT3+195bps, while the other tranche of USD100mn 5-year bond priced at CT5+225bps.

Rating Changes: Moody's has assigned a "Ba1" credit rating to Industrial & Commercial Bank of China (Asia) Ltd. proposed USD-denominated, perpetual subordinated preference notes. The "Ba1" rating is positioned three notches below the bank's adjusted baseline credit assessment (BCA) of "Baa1", reflecting the probability of impairment associated with noncumulative coupon suspension, as well as the likelihood of high loss severity when the bank reaches the point of non-viability.

Table 1: Key Financial Indicators

	11-Jul	1W chg (bps)	1M chg (bps)		11-Jul	1W chg	1M chg
iTraxx Asiax IG	135	-1	-13	Brent Crude Spot (\$/bbl)	46.33	-7.52%	-8.33%
iTraxx Sovx APAC	53	0	-2	Gold Spot (\$/oz)	1,370.09	1.43%	6.72%
iTraxx Japan	68	3	-1	CRB	187.17	-2.80%	-2.96%
iTraxx Australia	124	2	-6	GSCI	358.04	-4.28%	-6.09%
CDX NA IG	73	-4	-9	VIX	13.2	-15.55%	-22.49%
CDX NA HY	104	1	2	CT10 (bp)	1.358%	-8.62	-34.43
iTraxx Eur Main	76	-4	-5	USD Swap Spread 10Y (bp)	-11	-2	2
iTraxx Eur XO	340	-7	-10	USD Swap Spread 30Y (bp)	-42	4	6
iTraxx Eur Snr Fin	106	-5	-2	TED Spread (bp)	39	-1	-3
iTraxx Sovx WE	32	1	3	US Libor-OIS Spread (bp)	28	0	2
iTraxx Sovx CEEMEA	124	-2	-7	Euro Libor-OIS Spread (bp)	7	0	-2
					11-Jul	1W chg	1M chg
				AUD/USD	0.756	0.28%	2.33%
				USD/CHF	0.984	-1.28%	-1.94%
				EUR/USD	1.105	-0.98%	-2.19%
				USD/SGD	1.346	-0.03%	0.68%
Korea 5Y CDS	54	0	-8	DJIA	18,147	1.21%	1.58%
China 5Y CDS	120	1	-9	SPX	2,130	1.48%	1.61%
Malaysia 5Y CDS	149	-1	-18	MSCI Asiax	501	-1.85%	-0.37%
Philippines 5Y CDS	108	-1	-8	HSI	20,564	-1.11%	-2.27%
Indonesia 5Y CDS	179	0	-21	STI	2,847	0.22%	0.85%
Thailand 5Y CDS	107	-2	-14	KLCI	1,645	0.14%	0.20%
				JCI	4,972	2.83%	2.42%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
8-June-16	Minsheng Leasing Financial Co.	"NR/NR/NR"	USD350mn	3-year	CT3+195bps
8-June-16	HKT Capital No.4 Ltd.	"BBB/Baa2/NR"	USD750mn	10-year	CT10+170bps
7-June-16	Huai's An Development Co. Ltd.	NR/NR/BB+	USD300mn	3-year	5.1%
7-June-16	HT Global IT Solutions Holdings Ltd.	BB-/Ba3/BB-	USD300mn	5NC2	7.13%
7-June-16	Sumitomo Mitsui Financial Group, Inc.	A-/A1/NR	USD1.75bn	5-year	CT5+110bps
7-June-16	Sumitomo Mitsui Financial Group, Inc.	A-/A1/NR	USD500mn	5-year	3mL+111bps
7-June-16	Sumitomo Mitsui Financial Group, Inc	A-/A1/NR	USD2.25bn	10-year	CT10+125bps
7-June-16	ICBC Ltd. (Luxembourg)	A/A1/A	USD800mn	3-year	CT3+130bps

Source: OCBC, Bloomberg

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