

Jan 12, 2016

Market Commentary: The SGD swap rates flattened yesterday with the short-end rates trading 1bps-4bps higher while the belly-to-long-end rates fell by 3bps-4bps. Flows in the SGD corporate space were light with mixed interest in SCISP 4.75%'49 and KEPSP 3.145%'22. We saw better sellers of NOLSP 4.25%'17. In the broader Asia dollar space, JACI IG corporate spreads widened by 2.23bps to 223.1 while the yield on the JACI HY corporates increased by 3bps to 7.98%. 10y UST increased by 5.98bps to 2.1754%.

New Issues: Ascendas Pte Ltd has launched a SGD200m 7-year bond issue, with FPT of 3.5%, tightening from the IPT of 3.65% with the orderbook in excess of SGD300m. Mapletree Investment Pte Ltd also priced SGD200m of 3-year bonds at 2.92%. Evergrande Real Estate Group Ltd priced USD300m of 3-year bonds at 8%, and a separate USD400m of 3-year private notes at 7.8%. Hong Kong Airlines International Holdings Ltd is planning a USD 3-year bond issue, with IPT of 7% area. Export-Import Bank of India is planning for a USD bond issue, but no further details were provided.

Rating Changes: S&P upgraded Fufeng Group Ltd's long-term local issuer credit rating to "BB+" from "BB", to reflect S&P's expectations that Fufeng's financial risk profile will strengthen over the next 12-24 months due to low funding costs in China. Outlook is stable. Moody's downgraded Evergrande Real Estate Group Ltd's corporate family rating to "B2" from "B1", citing Evergrande's highly acquisitive appetite and debt-funded strategy for acquisitions for the downgrade. Outlook is negative. Moody's also downgraded the long-term ratings of Credit Suisse AG to "A1" from "Aa3", due to the expectation that Credit Suisse's profitability will remain weak over the next 2 years.

Table 1: Key Financial Indicators

	12-Jan	1W chg (bps)	1M chg (bps)		12-Jan	1W chg	1M chg
iTraxx Asiax IG	144	5	-1	Brent Crude Spot (\$/bbl)	31.55	-15.23%	-16.82%
iTraxx Sovx APAC	76	3	0	Gold Spot (\$/oz)	1,095.03	1.62%	2.68%
iTraxx Japan	81	5	3	CRB	164.24	-5.88%	-6.07%
iTraxx Australia	136	8	5	GSCI	287.62	-7.11%	-8.38%
CDX NA IG	98	8	6	VIX	24.3	17.39%	-0.37%
CDX NA HY	99	-2	0	CT10 (bp)	2.177%	-5.85	5.02
iTraxx Eur Main	86	6	0	USD Swap Spread 10Y (bp)	-15	-6	-6
iTraxx Eur XO	351	22	-9	USD Swap Spread 30Y (bp)	-48	-8	-12
iTraxx Eur Snr Fin	80	3	-2	TED Spread (bp)	43	-2	14
iTraxx Sovx WE	18	1	0	US Libor-OIS Spread (bp)	23	-1	4
iTraxx Sovx CEEMEA	199	14	15	Euro Libor-OIS Spread (bp)	12	1	2
					12-Jan	1W chg	1M chg
				AUD/USD	0.700	-2.44%	-2.97%
				USD/CHF	1.002	0.58%	-1.68%
				EUR/USD	1.085	0.79%	-0.90%
				USD/SGD	1.436	-0.70%	-1.58%
Korea 5Y CDS	64	7	4	DJIA	16,399	-4.38%	-5.02%
China 5Y CDS	119	7	3	SPX	1,924	-4.42%	-4.41%
Malaysia 5Y CDS	204	17	-1	MSCI Asiax	458	-5.39%	-6.30%
Philippines 5Y CDS	119	7	2	HSI	19,889	-6.75%	-7.34%
Indonesia 5Y CDS	247	12	-9	STI	2,709	-4.48%	-4.44%
Thailand 5Y CDS	150	9	3	KLCI	1,638	-0.95%	-0.16%
				JCI	4,465	-1.34%	1.64%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
12-Jan-16	Mapletree Investment Pte Ltd	NR/NR/NR	SGD200mn	3y	2.92%
12-Jan-16	Ascendas Pte Ltd	NR/NR/NR	SGD200mn	7y	3.50%
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
04-Jan-16	Development Bank of Singapore	NR/Aa2/AA-	SGD480mn	5yr	2.78%

Source: OCBC, Bloomberg

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