

July 13, 2016

Market Commentary: SGD dollar swap curve steepened yesterday, with the swap rates trading 3-12bps higher across the curve. Flows in the SGD corporates' space were moderate with better buying seen in BNP 4.3%'25s and mixed interests seen in NAB 4.15%'28s, GEMAU 5.5%'19s and GENSSP 5.13%'49s. In the broader dollar space, the spread on JACI IG corporates decreased by 2bps to 221bps while the yield on JACI HY corporates increased by 3bps to 6.49%. 10y UST yield increased by 8bps to 1.51%, on the back of weak demand during the Treasury's USD20bn 10y UST auction.

New Issues: SMBC Aviation has priced a AUD500mn 3-year bond at Swap+117bps. Additionally, it also priced another USD500mn 5-year bond at CT5+160bps, tightening from its initial guidance of CT5+200bps. The expected issue ratings are "BBB+/NR/BBB+". Cooperative Rabobank UA has priced a USD300mn 5-year bond at MS+95bps, aligned with its initial guidance. The expected issue ratings are "A+/Aa2/AA-". KT Corp. has priced a USD400mn 10-year bond at CT10+110bps, tightening from its initial guidance of CT10+135bps. The expected issue ratings are "A-/Baa1/A-". Frasers Centrepoint Ltd. has priced a USD200mn 5-year bond at CT5+175bps, tightening from its initial guidance of CT5+190bps. Chongqing Nan'an Urban Construction & Development Group Co. Ltd. launched a two-tranche deal yesterday, with the USD 3-year bond priced CT3+240bps, tightening from its initial guidance of CT3+270bps while the other tranche of USD 5-year bond was priced at CT5+270bps, tightening from its initial guidance of CT5+300bps. The expected issue ratings are "BBB+/NR/BBB+". Societe Generale has launched a AUD 12NC7 bond deal with initial price guidance of Swap+320bps that is expected to be price later this week. The expected issue ratings are "BBB/Baa3/A-".

Table 1: Key Financial Indicators

	13-Jul	1W chg (bps)	1M chg (bps)		13-Jul	1W chg	1M chg
iTraxx Asiax IG	125	-16	-23	Brent Crude Spot (\$/bbl)	48.47	1.06%	-4.10%
iTraxx Sovx APAC	49	-6	-6	Gold Spot (\$/oz)	1,334.11	-2.18%	3.91%
iTraxx Japan	55	-15	-13	CRB	190.23	0.30%	-1.38%
iTraxx Australia	115	-12	-15	GSCI	365.54	0.34%	-4.13%
CDX NA IG	71	-6	-11	VIX	13.55	-13.03%	-35.38%
CDX NA HY	105	2	3	CT10 (bp)	1.510%	13.50	-13.04
iTraxx Eur Main	71	-12	-11	USD Swap Spread 10Y (bp)	-12	-3	1
iTraxx Eur XO	321	-45	-29	USD Swap Spread 30Y (bp)	-43	-1	5
iTraxx Eur Snr Fin	97	-19	-11	TED Spread (bp)	38	-3	-3
iTraxx Sovx WE	31	-1	2	US Libor-OIS Spread (bp)	27	-1	1
iTraxx Sovx CEEMEA	118	-11	-12	Euro Libor-OIS Spread (bp)	7	0	-1
					13-Jul	1W chg	1M chg
				AUD/USD	0.761	1.21%	3.03%
				USD/CHF	0.989	-1.41%	-2.47%
				EUR/USD	1.107	-0.32%	-2.01%
				USD/SGD	1.347	0.24%	0.59%
Korea 5Y CDS	47	-9	-16	DJIA	18,348	2.84%	3.47%
China 5Y CDS	111	-13	-18	SPX	2,152	3.04%	3.52%
Malaysia 5Y CDS	132	-25	-36	MSCI Asiax	515	3.43%	4.65%
Philippines 5Y CDS	102	-11	-14	HSI	21,225	2.28%	3.47%
Indonesia 5Y CDS	164	-23	-36	STI	2,902	1.09%	4.18%
Thailand 5Y CDS	102	-10	-19	KLCI	1,654	0.47%	1.48%
				JCI	5,100	4.45%	6.08%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
12-June-16	SMBC Aviation	"BBB+/NR/BBB+"	AUD500mn	3-year	Swap+117bps
12-June-16	SMBC Aviation	"BBB+/NR/BBB+"	USD500mn	5-year	CT5+160bps
12-June-16	Cooperative Rabobank UA	"A+/Aa2/AA-"	USD300mn	5-year	MS+95bps
12-June-16	KT Corp.	"A-/Baa1/A-"	USD400mn	10-year	CT10+110bps
12-June-16	Fraser Centrepoint Ltd.	"NR/NR/NR"	USD200mn	5-year	CT5+175bps
12-June-16	Chongqing Nan'an	"BBB+/NR/BBB+"	USD300mn	3-year	CT3+240bps
12-June-16	Chongqing Nan'an	"BBB+/NR/BBB+"	USD500mn	5-year	CT5+270bps
11-June-16	Housing & Development Board	"NR/Aaa/NR"	SGD700mn	5-year	1.47%

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

Ezien Hoo, CFA

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6722 2215
EzienHoo@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.