

June 15, 2016

**Market Commentary:** The SGD swap rates traded upward marginally, trading 1-2bps higher across all tenors. Flows in the SGD Corporates were light with better buying in STANLN 4.4%'26s and better selling in MFCCN 3.85%'26s. Meanwhile we also saw mixed interest in GENSSP 5.13%'49s and UOBSP 4%'49s. In the broader dollar space, the spread on JACI IG Corporates increased by 2bps to 231bps while the yield on JACI HY Corporates increased by 5bps to 7.01%. 10y UST yield remained relatively unchanged at 1.61%.

**News Issues:** Zhongrong Trust Investment Ltd. has scheduled investor meetings for a potential USD Bond issue from 15 June onwards. Minsheng Financial Leasing Co. Ltd. has scheduled investor road shows for a potential USD Bond issue. Sichuan Development Holding Co. Ltd. has scheduled investor meetings in Singapore, Malaysia and the Middle East for a USD300mn 5-year Sukuk issuance.

**Rating Changes:** Moody's assigned a first time credit rating to Standard Chartered Bank (Singapore) Ltd. of "Aa3" with a negative outlook, aligned with its parent company, Standard Chartered Bank (SCB). The rating is supported by its BCA of a2, which is underpinned by the bank's robust asset quality, strong funding and liquidity profiles. Additionally, the rating also reflects the high probability of support from both SCB and the Government of Singapore. S&P downgraded its credit rating on Japan-based Manulife Life Insurance to "A+" from "AA-" and removed the rating from CreditWatch, where it was placed with negative implications on March 18, 2016. The downgrade follows S&P's review of the policyholder guarantee provided to Manulife Japan by its Canada-based parent company, The Manufacturers Life Insurance Co. (MLI). The guarantee does not meet S&P criteria under its rating methodology and therefore the financial strength of Manulife Japan can no longer depend on its guarantee and is assessed individually. The outlook is stable reflecting S&P's sovereign rating on Japan. Fitch upgraded UBS AG's long-term default credit rating to "A+" from "A" which reflects Fitch's view that the group's buffer of qualifying junior debt, combined with senior debt issued by the holding company, is now sufficient to protect their senior obligations from default in case of failure. The outlook is stable. Fitch revised its outlook on General Motor Co. to positive from stable, supported by a significant number of recall-related settlements accomplished over the past year, which has removed a significant amount of uncertainty related to those legacy issues.

Table 1: Key Financial Indicators

	15-Jun	1W chg (bps)	1M chg (bps)		15-Jun	1W chg	1M chg
iTraxx Asiax IG	151	12	7	Brent Crude Spot (\$/bbl)	49.28	-6.15%	3.03%
iTraxx Sovx APAC	55	4	2	Gold Spot (\$/oz)	1,282.87	1.59%	0.68%
iTraxx Japan	73	6	0	CRB	192.21	-0.11%	5.29%
iTraxx Australia	132	8	-1	GSCI	379.16	-0.84%	4.82%
CDX NA IG	84	11	3	VIX	20.5	45.91%	36.30%
CDX NA HY	102	-2	0	CT10 (bp)	1.608%	-9.44	-9.23
iTraxx Eur Main	87	14	9	USD Swap Spread 10Y (bp)	-13	-1	0
iTraxx Eur XO	372	54	44	USD Swap Spread 30Y (bp)	-49	-1	0
iTraxx Eur Snr Fin	115	19	16	TED Spread (bp)	39	0	3
iTraxx Sovx WE	30	4	4	US Libor-OIS Spread (bp)	26	-1	1
iTraxx Sovx CEEMEA	136	15	2	Euro Libor-OIS Spread (bp)	9	0	0
					15-Jun	1W chg	1M chg
				AUD/USD	0.735	-1.67%	0.78%
				USD/CHF	0.964	-0.49%	1.41%
				EUR/USD	1.120	-1.68%	-1.03%
				USD/SGD	1.356	-0.68%	0.97%
Korea 5Y CDS	65	7	1	DJIA	17,675	-1.47%	0.80%
China 5Y CDS	132	12	6	SPX	2,075	-1.74%	1.40%
Malaysia 5Y CDS	172	17	17	MSCI Asiax	491	-3.56%	2.59%
Philippines 5Y CDS	120	12	8	HSI	20,388	-3.06%	3.39%
Indonesia 5Y CDS	203	17	17	STI	2,768	-3.29%	1.22%
Thailand 5Y CDS	124	6	2	KLCI	1,626	-1.91%	-0.13%
				JCI	4,822	-2.28%	1.26%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
13-June-16	Fraser Centrepoint Trust	NR/BBB+/NR	SGD50mn	5-year	2.76%
10-June-16	Hua Han Health Industry Holdings Ltd.	BB-/Ba3/BB-	USD150mn	3-year	7%
8-June-16	Samvardhana Motherson Automotive	BB+/NR/NR	USD300mn	5NC3	4.875%
8-June-16	Sultanate of Oman	BBB-/Baa1/NR	USD1bn	7-year	MS+245bps
8-June-16	Sultanate of Oman	BBB-/Baa1/NR	USD1.5bn	12-year	MS+320bps
7-June-16	ICBC Dubai	A/A1/NR	USD400mn	5-year	CT5+140bps
7-June-16	Republic of Indonesia	BB+/Baa3/BBB-	EUR1.5bn	7-year	MS+260bps
7-June-16	Republic of Indonesia	BB+/Baa3/BBB-	EUR1.5bn	12-year	MS+325bps

Source: OCBC, Bloomberg

**Credit Headlines:**

Soilbuild REIT ("SBREIT"): SBREIT announced a proposed acquisition for 2 Bukit Batok Street 23, Singapore 659554 ("Bukit Batok Connection") from SB (Westview) Investments Pte Ltd ("SB Westview") for ~SGD100.5m (including fees and expenses). SB Westview is a subsidiary of the Sponsor, Soilbuild Group Holdings Ltd. Mr Lim Chap Huat, the controlling unitholder of the REIT is also the controlling shareholder of the REIT manager. Bukit Batok Connection is structured as a sales-and-leaseback where SB Westview will lease-back the property for 7 years with an initial rental of SGD8mn. If fully debt funded, gearing of SBREIT will increase to ~41% from 36%. In light of the acquisition being an interested party transaction, unitholder approval would be required. OCBC Credit Research does not cover SBREIT. (Company, OCBC)

Frasers Hospitality Trust ("FHT"): FHT announced the completion of the acquisition of Maritim Hotel Dresden for a total cost of ~SGD96.5mn (including fees and expenses). The 328 key hotel is located in the secondary city of Dresden, Germany and fully funded by the SGD100m perpetual securities issued in May 2016. This transaction marks FHT's first acquisition from a third party and its first asset in Germany. OCBC Credit Research does not cover FHT. (Company, OCBC)

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