

Mar 16, 2016

**Market Commentary:** The short-end rates of the SGD curve traded 1bp-2bps higher while the belly to long-end rates traded 2bps lower yesterday. In the broader dollar space, JACI IG corporates spread widened by 2bps to 232bps, while the yield on the JACI HY corporates increased by 1bp to 7.90%. 10y UST increased by 1bp to 1.97%.

**New Issues:** BOCOM (Macau Branch) priced a dual-tranche USD-benchmark bond, with the USD400mn 3-year bond at 2.125%, tightening from an initial guidance of CT3+140bps. The USD600mn 5-year bond is priced at 2.625%, tightening from an initial guidance of CT5+160bps. The expected rating for the issue is "A-/A2/NR". Axiata Bhd priced a USD500mn 10-year Sukuk at CT10+240bps, tightening from an initial guidance of CT10+260bps. The expected rating for the issue is "BBB/Baa2/NR".

**Rating Changes:** Fitch upgraded Future Land Development Holdings Ltd ("FUTLAN") to "BB-" from "B+". The upgrade is due mainly to effective mitigation of structural subordination through substantially large shareholders loans that rank pari passu with its subsidiary's senior unsecured creditors and a joint-venture mechanism to maintain senior unsecured claims on its subsidiary. The rating remains constrained by profitability and loose discipline in land acquisition which may pressure leverage. Outlook is stable. Moody's changed the outlook on Car Inc's "Ba1" corporate family and senior unsecured debt ratings to negative from stable. The outlook change follows CAR's announcement on 14 Mar 2016 that executive director, chairman and CEO of CAR, Mr Charles Lu had entered into an agreement to sell his entire 15.47% stake in CAR to UCAR Technology Inc. After the sale, Mr Lu will remain the executive director, chairman and CEO of CAR.

**Table 1: Key Financial Indicators**

	16-Mar	1W chg (bps)	1M chg (bps)		16-Mar	1W chg	1M chg
iTraxx Asiax IG	140	-6	-25	Brent Crude Spot (\$/bbl)	39.11	-4.77%	21.54%
iTraxx SovX APAC	67	-2	-12	Gold Spot (\$/oz)	1,233.80	-1.84%	1.84%
iTraxx Japan	79	-9	-25	CRB	171.07	0.95%	7.68%
iTraxx Australia	136	-10	-22	GSCI	323.83	1.01%	11.29%
CDX NA IG	89	-7	-32	VIX	16.84	-9.80%	-30.15%
CDX NA HY	102	1	4	CT10 (bp)	1.970%	9.39	19.76
iTraxx Eur Main	77	-15	-38	USD Swap Spread 10Y (bp)	-15	1	1
iTraxx Eur XO	329	-46	-128	USD Swap Spread 30Y (bp)	-49	3	4
iTraxx Eur Snr Fin	83	-16	-40	TED Spread (bp)	31	-2	-3
iTraxx Sovx WE	28	-2	-5	US Libor-OIS Spread (bp)	23	-1	-1
iTraxx Sovx CEEMEA	170	-7	-25	Euro Libor-OIS Spread (bp)	11	-2	-3
					<b>16-Mar</b>	<b>1W chg</b>	<b>1M chg</b>
				AUD/USD	0.746	-0.44%	4.21%
				USD/CHF	0.987	1.51%	-0.02%
				EUR/USD	1.111	1.30%	-0.62%
				USD/SGD	1.381	0.09%	1.43%
Korea 5Y CDS	63	0	-7	DJIA	17,252	1.69%	6.51%
China 5Y CDS	120	-8	-16	SPX	2,016	1.85%	6.35%
Malaysia 5Y CDS	162	-3	-21	MSCI Asiax	487	1.44%	6.93%
Philippines 5Y CDS	105	-5	-24	HSI	20,289	1.39%	6.10%
Indonesia 5Y CDS	203	-2	-42	STI	2,839	2.18%	7.37%
Thailand 5Y CDS	135	-7	-28	KLCI	1,691	0.18%	1.56%
				JCI	4,850	0.38%	2.21%

Source: OCBC, Bloomberg

**Table 2: Recent Asian New Issues**

Date	Issuer	Ratings	Size	Tenor	Pricing
15-Mar-16	Axiata Berhad	BBB/Baa2/NR	USD500mn	10-year	CT10+240bps
15-Mar-16	BOCOM (Macau Branch)	A-/A2/NR	USD400mn	3-year	2.125%
15-Mar-16	BOCOM (Macau Branch)	A-/A2/NR	USD600mn	5-year	2.625%
14-Mar-16	ICICI Bank	NR/Baa3/NR	USD700mn	10-year	CT10+210bps
11-Mar-16	Perennial Real Estate Holdings Ltd	NR/NR/NR	SGD125mn	3-year	4.9%
11-Mar-16	AusNet Services	BBB/Baa2/NR	USD375mn	60NC5.5	5.75%
10-Mar-16	National Australian Bank	NR/Aaa/AAA	USD1.4bn	5-year	MS+97bps
10-Mar-16	UOB Ltd	NR/A2/A+	USD500mn	10.5NC5.5	CT10+220bps

Source: OCBC, Bloomberg

**Credit Headlines:**

Sembcorp Industries (“SCI”): SCI will be paying SGD134mn to increase its stake in an India GenCo from 49% to 88%. This is a 1320MW power plant in Andhra Pradesh and is SCI's second GenCo in India. As the plant is still ramping up (opening in phases from 2016 onwards), and the investment size is manageable, we do not expect the transaction to meaningfully impact SCI's credit profile. (Company, OCBC)

Starhill Global REIT (“SGREIT”): The issuer reported that it has extended the master leases for its two Malaysian properties (Starhill Gallery and Lot 10). These properties contributed 11.4% of 1HFY2016 revenue and were scheduled to expire late June 2016. The leases were extended for 3 more years, with a 6.67% rent increase (in aggregate for the 3 years). Though the news is a positive for the issuer, we will continue to retain our Neutral Issuer Profile. (Company, OCBC)

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