

August 17, 2016

**Credit Headlines (Page 2 onwards):** Ascendas REIT, Central China Real Estate, The Wharf (Holdings Ltd), China Vanke Ltd.

**Market Commentary:** The SGD dollar swap curve continued to trade downward for the third time this week. Swap rates traded 4-8bps lower across all tenors. Flows in the SGD corporates were significantly more active with better buying seen in GENSSP 5.13%'49s and better selling in GEMAU 5.5%'19s. Meanwhile we also saw mixed interests in FCLSP 5%'49s, SCISP 4.75%'49s, OLAMSP 6%'22s, FIRTSP 5.68%'49s, GRCHAR 6%'17s, PILLSP 5.9%'17s and BTHSP 4.88%'19s. In the broader dollar space, the spread on JACI IG corporates remained relatively unchanged at 203bps while the yield on JACI HY corporates increased 2bps to 6.41%. 10y UST yield increased 2bps to 1.58% following hawkish comments from the Fed's Dudley stating that a September rate hike is still possible, as well as stronger industrial production results for July released yesterday.

**New Issues:** The Wharf Holdings Ltd. is planning to issue a 3-year Panda bond of up to CNY4bn in China's onshore interbank bond market. Previously, the company sold a CNH300mn 5-year 4.05% bond in January, 2015.

**Rating Changes:** S&P upgraded Tata Motor's credit rating to "BB+" from "BB" with a stable outlook. The upgrade reflects the improvement in Tata Motors' competitive position following the better performance of its fully-owned subsidiary, Jaguar Land Rover (JLR) Automotive PLC. The stable outlook also reflects that the auto major can maintain firm bottom line figures, especially at JLR, supporting its financial position with ratio of funds from operations (FFO) to debt of about 40% over the next 12-24 months.

**Table 1: Key Financial Indicators**

	17-Aug	1W chg (bps)	1M chg (bps)		17-Aug	1W chg	1M chg
iTraxx Asiax IG	115	1	-4	Brent Crude Spot (\$/bbl)	49.23	9.45%	3.40%
iTraxx SovX APAC	44	0	-3	Gold Spot (\$/oz)	1,346.72	0.01%	1.34%
iTraxx Japan	55	1	2	CRB	186.64	2.87%	-1.18%
iTraxx Australia	103	0	-7	GSCI	363.15	5.18%	0.56%
CDX NA IG	71	-1	0	VIX	12.64	8.40%	-0.24%
CDX NA HY	105	0	0	CT10 (bp)	1.568%	6.04	1.69
iTraxx Eur Main	66	-2	-6	USD Swap Spread 10Y (bp)	-14	-3	1
iTraxx Eur XO	305	-7	-22	USD Swap Spread 30Y (bp)	-51	-4	-6
iTraxx Eur Snr Fin	86	-3	-10	TED Spread (bp)	55	2	16
iTraxx Sovx WE	24	-1	-3	US Libor-OIS Spread (bp)	38	-3	9
iTraxx Sovx CEEMEA	113	-1	-10	Euro Libor-OIS Spread (bp)	5	0	0
					17-Aug	1W chg	1M chg
				AUD/USD	0.770	-0.09%	1.38%
				USD/CHF	0.962	1.35%	2.12%
				EUR/USD	1.128	0.89%	1.81%
				USD/SGD	1.340	0.13%	0.57%
Korea 5Y CDS	45	0	-4	DJIA	18,552	0.10%	0.19%
China 5Y CDS	105	1	-5	SPX	2,178	-0.16%	0.76%
Malaysia 5Y CDS	125	-1	-3	MSCI Asiax	549	1.22%	4.93%
Philippines 5Y CDS	90	-1	-8	HSI	22,911	1.98%	5.78%
Indonesia 5Y CDS	143	-1	-17	STI	2,859	-0.42%	-2.27%
Thailand 5Y CDS	89	-1	-5	KLCI	1,700	1.69%	1.89%
				JCI	5,372	-1.26%	5.12%

Source: OCBC, Bloomberg

**Table 2: Recent Asian New Issues**

Date	Issuer	Ratings	Size	Tenor	Pricing
16-Aug-16	Mapletree Commercial Trust	"NR/Baa1/NR"	SGD175mn	10-year	3.11%
16-Aug-16	China Aircraft Leasing Group Holdings Ltd.	"NR/NR/NR"	USD300mn	5-year	4.9%
11-Aug-16	China Construction Bank Corp ( Singapore)	"NR/NR/NR"	CNH1bn	2-year	3.25%
11-Aug-16	HNA Group (International) Co.	"NR/NR/NR"	USD300mn	3-year	6.0%
11-Aug-16	Standard Chartered Plc	"BB-/Ba1/BBB-"	USD2bn	Perp-NC6.5	7.5%
11-Aug-16	Westpac Banking Corp.	"NR/Aa2/NR"	USD1.5bn	3-year	1.6%
11-Aug-16	Westpac Banking Corp.	"NR/Aa2/NR"	USD500mn	3-year	3mL+56bps
11-Aug-16	Westpac Banking Corp.	"NR/Aa2/NR"	USD1.5bn	5-year	2.0%

Source: OCBC, Bloomberg

## Credit Headlines:

**Ascendas REIT ("AREIT"):** AREIT has reportedly completed the purchase of a logistics site in Melbourne from the Goodman Group for AUD25mn (SGD26mn). This property was partially funded via the proceeds from the equity placement in early-August. While this is a small transaction, it signifies a broadening of AREIT's presence in Australia. At time of the equity placement, a separate business park transaction in Sydney was also flagged. (Australian Financial Review, OCBC)

**Central China Real Estate ("CENCHI"):** CENCHI (via a subsidiary) has agreed to acquire an 80% stake in Zhengzhou Anyong from an individual Ms. Dou for RMB350.2mn. The purchase consideration represents ~10% of CENCHI's current market cap. The remaining 20% stake is owned by another individual deemed to be independent. Zhengzhou Anyong, a limited liability company established in the PRC who owns land use rights in Zhengzhou City (Henan Province) with a combined site area of 257.34 mu (171,560 sqm). We do not expect the transaction to unduly stress CENCHI's credit profile. (Company, OCBC)

**The Wharf (Holdings Ltd) ("Wharf"):** Wharf is reportedly planning an up to RMB4bn 3Y panda bond in China's onshore market. The deal, if successful, would be Wharf's maiden panda bond issuance. The company has 6 outstanding RMB bonds but these were all issued in the offshore market. Wharf's '19s maturing in October 2019 is currently yielding 3.47% while a 5Y bond was sold for 4.05% in June 2015 (currently trading at YTM of 3.49%). (Bloomberg, OCBC)

**China Vanke Ltd ("Vanke"):** Vanke announced that it is still intending to acquire assets via cash and/or equity and have appointed intermediaries to conduct due diligence on targets. Nevertheless, it has not entered into any legal binding agreement. We see this as a retaliation move by management against its unwanted suitors. (Company, OCBC)

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