

August 18, 2016

Market Commentary: The SGD dollar swap curve traded upwards yesterday with swap rates trading 1-7bps higher across all tenors. Flows in the SGD corporates were moderate with better buying seen in GENSSP 5.13%'49s and better selling seen in ABNANV 4.7%'22s and ANVAU 5.5%'76s. Meanwhile we also saw mixed interests seen in FCLSP 5%'49s. In the broader dollar space, the spread on JACI IG corporates decreased 3bps to 201bps while the yield on JACI HY corporates increased 2bps to 6.43%. 10y UST yield decreased 2bps to 1.55% following the release of FOMC's July 26-27 meeting minutes that were less hawkish than expected.

Rating Changes: S&P revised its outlook on PT Japfa Comfeed Indonesia Tbk. (PT Japfa) to stable from negative and affirmed its corporate credit rating of "B". The revision was in view that PT Japfa has articulated a credible strategy to address the refinancing risk associated with its 2017 debt maturities and that its liquidity has improved following a sale of equity to KKR & Co. S&P has placed China-based pharmaceutical and hospital services provider Hua Han Health Industry Holdings Ltd. (Hua Han)'s "BB-" long-term corporate credit rating on CreditWatch with negative implications. Fitch has also placed Hua Han Health Industry Holdings Ltd.'s foreign-currency issuer default rating of "BB-" on Rating Watch Negative (RWN). This follows the delay in Hua Han's response to allegations that it had inflated its revenue and cash balance, which raises uncertainties over the robustness of the company's corporate governance and internal controls. Fitch highlighted yesterday that Singapore Telecommunications Ltd.'s rating may come under pressure if it proceeds to acquire Temasek Holdings' stake in Thailand's Intouch Holdings. Assuming that the acquisition is debt funded, it would further weaken SingTel's net leverage, and may threaten its rating, as ratings headroom for SingTel is already low. Moody's downgraded West China Cement's (WCC) corporate family rating to "B1" from "Ba3" with a negative outlook. The downgrade reflects WCC's weakened credit profile, owing to the on-going and challenging conditions prevalent in the cement industry. Moody's has revised its outlook on Longfor Properties Co. Ltd. corporate family of "Ba1" to positive from stable. The revision reflects Moody's expectation that Longfor's financial profile will continue to improve over the next 12-18 months.

Table 1: Key Financial Indicators

	18-Aug	1W chg (bps)	1M chg (bps)		18-Aug	1W chg	1M chg
iTraxx Asiax IG	115	1	-4	Brent Crude Spot (\$/bbl)	49.77	8.10%	5.98%
iTraxx SovX APAC	45	1	-3	Gold Spot (\$/oz)	1,354.95	1.21%	1.96%
iTraxx Japan	55	1	2	CRB	186.90	4.09%	-0.69%
iTraxx Australia	104	0	-5	GSCI	365.08	6.86%	1.85%
CDX NA IG	71	0	0	VIX	12.19	1.16%	-2.01%
CDX NA HY	105	0	0	CT10 (bp)	1.531%	-2.88	-5.13
iTraxx Eur Main	67	0	-4	USD Swap Spread 10Y (bp)	-13	-1	2
iTraxx Eur XO	312	1	-15	USD Swap Spread 30Y (bp)	-51	-3	-6
iTraxx Eur Snr Fin	90	3	-6	TED Spread (bp)	53	-1	14
iTraxx Sovx WE	24	1	-2	US Libor-OIS Spread (bp)	38	-2	8
iTraxx Sovx CEEMEA	115	0	-8	Euro Libor-OIS Spread (bp)	5	0	-1
					18-Aug	1W chg	1M chg
				AUD/USD	0.767	-0.42%	1.00%
				USD/CHF	0.961	1.55%	2.27%
				EUR/USD	1.131	1.58%	2.15%
				USD/SGD	1.340	0.25%	0.56%
Korea 5Y CDS	45	0	-3	DJIA	18,574	0.42%	0.22%
China 5Y CDS	105	1	-5	SPX	2,182	0.31%	0.71%
Malaysia 5Y CDS	125	-1	-3	MSCI Asiax	546	0.40%	3.96%
Philippines 5Y CDS	90	-1	-8	HSI	22,800	1.37%	4.57%
Indonesia 5Y CDS	144	-1	-16	STI	2,843	-1.12%	-2.92%
Thailand 5Y CDS	90	--	-4	KLCI	1,694	1.27%	1.41%
				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

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