

Mar 21, 2016

Market Commentary: The SGD swap curve traded 3bps lower last Friday. Flows in the SGD corporate space was heavy where we saw mixed interest in GENSSP 5.125%'49s, PREHSP 4.9%'19s, F 3.7%'19s, FCLSP 5%'49s, OOCLIN 4.1%'22s. There was also better buyers of ANVAU 5.5%'76s, and better sellers of ABNANB 4.7%'22s. In the broader dollar space, JACI IG corporates spread tightened by 2bps to 231bps, while the yield on the JACI HY corporates decreased by 3bps to 7.81%. 10y UST decreased by 2bps to 1.87%, with the market continuing to digest the relatively dovish FOMC statement.

New Issues: Korea Development Bank priced a dual tranche USD floating rate note. The USD150mn 3-year tranche was priced at 3mL+85bps while the USD150mn 5-year tranche was priced at 3mL+95bps. The expected rating for the issue is "AA-/Aa2/AA-". UOB Ltd re-tapped the 3.5%'26s bond at CT10+213bps, tightening from an initial guidance of CT10+215bps. TMB Bank plans for a potential USD bond issue and has scheduled investor meetings in Hong Kong and Singapore today.

Rating Changes: S&P placed Manulife Japan "AA-" rating and Falcon Insurance Co. "A-" financial strength rating on CreditWatch with negative implications, as the policyholder guarantee provided by its parent company no longer meets the guarantee criteria in paragraph 104 of S&P's group rating methodology. S&P downgraded Rolta India ("Rolta") to "B+" from "BB-", reflecting S&P's expectation that Rolta's rising uncollected receivables and uncertain capital expenditure needs will push up leverage over the next 12 months. Outlook is stable.

Table 1: Key Financial Indicators

	21-Mar	1W chg (bps)	1M chg (bps)		21-Mar	1W chg	1M chg
iTraxx Asiax IG	130	-4	-27	Brent Crude Spot (\$/bbl)	41.08	3.92%	24.45%
iTraxx SovX APAC	60	-5	-17	Gold Spot (\$/oz)	1,254.38	-0.13%	4.11%
iTraxx Japan	78	2	-27	CRB	176.35	1.63%	10.47%
iTraxx Australia	126	-3	-27	GSCI	335.30	1.17%	14.15%
CDX NA IG	85	1	-28	VIX	14.02	-15.03%	-31.71%
CDX NA HY	103	0	4	CT10 (bp)	1.873%	-11.07	13.36
iTraxx Eur Main	70	-2	-38	USD Swap Spread 10Y (bp)	0	16	15
iTraxx Eur XO	309	-7	-117	USD Swap Spread 30Y (bp)	-51	-1	0
iTraxx Eur Snr Fin	80	3	-36	TED Spread (bp)	34	2	1
iTraxx Sovx WE	28	1	-5	US Libor-OIS Spread (bp)	26	4	3
iTraxx Sovx CEEMEA	156	-10	-29	Euro Libor-OIS Spread (bp)	11	0	-3
					21-Mar	1W chg	1M chg
				AUD/USD	0.759	0.60%	5.54%
				USD/CHF	0.969	1.86%	2.63%
				EUR/USD	1.128	1.49%	1.95%
				USD/SGD	1.360	1.07%	3.07%
Korea 5Y CDS	54	-6	-14	DJIA	17,602	2.26%	7.38%
China 5Y CDS	106	-9	-25	SPX	2,050	1.35%	6.87%
Malaysia 5Y CDS	143	-9	-33	MSCI Asiax	502	2.06%	9.03%
Philippines 5Y CDS	93	-9	-28	HSI	20,672	2.34%	7.19%
Indonesia 5Y CDS	178	-13	-56	STI	2,907	2.76%	9.41%
Thailand 5Y CDS	122	-9	-36	KLCI	1,716	1.17%	2.48%
				JCI	4,886	1.49%	4.01%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
18-Mar-16	UOB Ltd	NR/A2/A+	USD200mn	10-year	CT10+213bps
18-Mar-16	Korea Development Bank	AA-/Aa2/AA-	USD150mn	3-year	3mL+85bps
18-Mar-16	Korea Development Bank	AA-/Aa2/AA-	USD150mn	5-year	3mL+95bps
17-Mar-16	Ascendas Pte Ltd	NR/NR/NR	SGD75mn	10-year	3.5%
17-Mar-16	Lum Chang Holdings	NR/NR/NR	SGD50mn	3-year	5.5%
17-Mar-16	Shinhan Bank	BBB+/Baa1/BBB+	USD500mn	10-year	CT10+205bps
16-Mar-16	Ascott REIT	NR/Baa3/NR	SGD120mn	8-year	4.0%
16-Mar-16	City Developments	NR/NR/NR	SGD115mn	5-year	2.93%

Source: OCBC, Bloomberg

Rating Changes (cont.): Moody's affirmed Tokyo Electric Power Company Inc. (TEPCO) "Ba3" corporate family rating, "Ba2" senior secured debt rating and "B1" issuer rating. Outlook is stable. Concurrently, Moody's has withdrawn TEPCO's "B1" issuer rating, in line with Moody's practice on other speculative grade issuers. The change in outlook reflects Moody's view that TEPCO's credit profile has shown a greater degree of stability. Moody's has concluded rating reviews for Thai Oil Public Co Ltd ("Thai Oil"), PTT Global Chemical Public Co Ltd ("PTTGC"), IRPC Public Co Ltd ("IRPC"). This follows a confirmation on the ratings of parent, PTT Public Co Ltd ("PTT") on 17 Mar 2016. As such,

1. Thai Oil's "Baa1" senior unsecured rating incorporates a one-notch uplift, based on the expected support from PTT.
2. PTTGC's "Baa2" rating incorporates a one-notch uplift, reflecting the likelihood of PTT providing credit support in the event of distress.
3. IRPC "Ba1" ratings incorporate a two-notch uplift that reflects PTT's willingness to provide additional working capital and extraordinary credit support in a situation of stress.

Moody's placed Canon's "Aa1" rating on review for downgrade following Canon's announce of JPY665.5bn acquisition of Toshiba Medical Systems, due to the issuance of debt that will lead to pressure on Canon's financial profile. Moody's also confirmed Energi Mega Persada Tbk ("EMP") "B2" corporate family rating in light of its support by the increasing proportion of earnings and cash flows from stable gas producing blocks in Indonesia.

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