

September 21, 2016

Market Commentary: The SGD dollar swap curve traded lower yesterday with swap rates trading 1-4bps lower across all tenors. Flows in the SGD corporates were heavy with better selling seen in GENSSP 5.13%'49s, FCLSP 5%'49s and FCLSP 4.88%'49s while mixed interests were seen in SCISP 4.75%'49s, MFCCN 3.85%'26s and GALVSP 7%'18s. In the broader dollar space, the spread on JACI IG corporates decreased 1bps to 202bps while the yield on JACI HY corporates also decreased 1bps to 6.49%. 10y UST yield decreased 2bps to 1.69%.

New Issues: Lippo Mall Trust priced a SGD140mn Perpetual bond, non-callable for 5 years at 7%. The expected issue ratings are "NR/Baa3/NR". Country Garden Holdings Co. Ltd. priced a USD650mn 7-year, non-callable for 4 years bond at 5% (4.75% coupon with a re-offer price of 98.539). The expected issue ratings are "NR/Ba1/BB+". Woori Bank priced a USD500mn Perpetual bond, non-callable for 5 years AT1 bond at 4.5%. The expected issue ratings are "BB+/Ba3/NR". Dongxing Securities has set final guidance for a USD300mn 3-year bond at CT3+145bps. The expected issue ratings are "NR/NR/A-". Jinan West City Investment and Development Group Co. has scheduled investor road shows from 22 September onwards for potential USD bond issuance with expected issue ratings of "BBB-/NR/NR".

Rating Changes: S&P has downgraded the credit ratings on insurance entities of the Australian Major Banks to "A+" from "AA-". The six insurance operating entities of the three major Australian Banks are: (1) The Colonial Mutual Life Assurance Society Ltd.; (2) The Colonial Mutual Life Assurance Society Ltd. (New Zealand Branch); (3) OnePath Life Ltd.; (4) OnePath Life (New Zealand) Ltd.; (5) Westpac Life Insurance Services Ltd.; and (6) Westpac Life-NZ- Ltd.. At the same time, the long-term ratings on the intermediate holding companies, Colonial Holding Co. Ltd. and ANZ Wealth Australia Ltd. has been downgraded to "A" from "A+". The downgrade reflect S&P's view that the strategic link of the affected insurance companies and their intermediate holding companies to the parent groups is weaker than what was previously considered.

Table 1: Key Financial Indicators

	21-Sep	1W chg (bps)	1M chg (bps)		21-Sep	1W chg	1M chg
iTraxx Asiax IG	122	7	10	Brent Crude Spot (\$/bbl)	46.45	1.31%	-8.71%
iTraxx SovX APAC	32	-7	-11	Gold Spot (\$/oz)	1,315.73	-0.55%	-1.74%
iTraxx Japan	60	6	2	CRB	182.97	1.33%	-3.08%
iTraxx Australia	108	8	7	GSCI	350.19	-0.12%	-5.47%
CDX NA IG	82	4	10	VIX	15.92	-10.81%	40.39%
CDX NA HY	104	0	-1	CT10 (bp)	1.689%	-0.84	11.11
iTraxx Eur Main	74	4	4	USD Swap Spread 10Y (bp)	-16	2	-1
iTraxx Eur XO	341	12	25	USD Swap Spread 30Y (bp)	-55	1	-1
iTraxx Eur Snr Fin	103	12	9	TED Spread (bp)	58	9	6
iTraxx Sovx WE	22	-3	-3	US Libor-OIS Spread (bp)	41	-1	1
iTraxx Sovx CEEMEA	86	-20	-30	Euro Libor-OIS Spread (bp)	3	-1	-2
					21-Sep	1W chg	1M chg
				AUD/USD	0.755	1.11%	-0.97%
				USD/CHF	0.979	-0.60%	-1.73%
				EUR/USD	1.115	-0.87%	-1.48%
				USD/SGD	1.362	0.12%	-0.83%
Korea 5Y CDS	42	1	-2	DJIA	18,130	0.35%	-2.28%
China 5Y CDS	107	6	5	SPX	2,140	0.60%	-2.02%
Malaysia 5Y CDS	129	6	10	MSCI Asiax	550	1.69%	0.68%
Philippines 5Y CDS	107	12	19	HSI	23,531	1.03%	2.59%
Indonesia 5Y CDS	152	5	14	STI	2,855	1.29%	0.38%
Thailand 5Y CDS	88	5	2	KLCI	1,656	-1.82%	-1.89%
				JCI	5,302	1.67%	-2.10%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
20-Sep-16	Lippo Mall Trust	"NR/Baa3/NR"	SGD140mn	Perp-NC5	7%
20-Sep-16	Country Garden Holdings Co. Ltd.	"NR/Ba1/BB+"	USD650mn	7NC4	5%
20-Sep-16	Woori Bank	"BB+/Ba3/NR"	USD500mn	Perp-NC5	4.5%
16-Sep-16	Ascendas Hospitality Trust	"NR/NR/NR"	SGD70mn	6-year	3.325%
15-Sep-16	Transurban Group	"NR/Baa1/A-"	USD550mn	10-year	CT10+175bps
14-Sep-16	State Bank of India	"B+/B1/NR"	USD300mn	Perp-NC5	5.5%
14-Sep-16	Hon Hai Precision Industry Co. Ltd.	"A-/NR/NR"	USD600mn	5-year	CT5+110bps
14-Sep-16	Hon Hai Precision Industry Co. Ltd.	"A-/NR/NR"	USD400mn	10-year	CT10+140bps

Source: OCBC, Bloomberg

Rating Changes (cont'd): S&P revised its outlook on BlueScope Steel Ltd.'s "BB" corporate credit and issue ratings to positive from stable. The outlook revision reflects S&P's expectation that BlueScope will continue to cut costs and deleverage. S&P assigned Jinan West City Investment and Development Group Co. Ltd (JNWC) a "BBB-" corporate credit rating with a stable outlook. The rating reflects the creditworthiness of the company's sole owner, the Jinan municipal government, and an extremely high likelihood of timely and sufficient extraordinary government support to JNWC if the company comes under financial distress. Moody's has assigned a definitive "Baa3" rating to a EUR400mn 1.625%'19s bond issued by Bright Food Singapore Holdings Pte. Ltd.. The rating outlook is negative.

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