

Mar 03, 2016

Market Commentary: The SGD swap curve traded 1bp-4bps higher yesterday. In the broader dollar space, JACI IG corporates spread tightened by 6bps to 245bps, while the yield on the JACI HY corporates decreased by 5bps to 8.07%. 10y UST yield increased by 2bps to 1.84%.

New Issues: Sumitomo Mitsui FG priced a three-tranche, TLAC-eligible USD1.75bn 5-year bond at CT5+160bps, USD750mn 5-year floating rate note at 3mL+168bps and a USD1.5bn 10-year bond at CT10+195bps. The initial price guidance are “+180bps-185bps”, “3-month LIBOR equivalent”, and “+215bps-220bps” respectively. The expected security issues are expected to be rated “A/A1/NR”. This move comes after MUFG’s similar offering last week. The Islamic development bank plans to issue a 5-year dollar Sukuk, with price guidance set at MS + “50bps-55bps” range. UOB Bank priced EUR500m of 5-year covered bonds at 99.653 to yield 0.32%, the bonds are backed 100% by SGD residential mortgage loans with an expected rating of AAA.

Rating Changes: Fitch downgraded Sri Lankan Airlines, Sri Lankan Telecom PLC, Sri Lankan National Savings Bank, Bank of Ceylon and Sri Lanka Insurance Corp Ltd to “B+” from “BB-“. This is following Fitch’s downgrade of The Government of Sri Lanka to “B+” on 29 February 2016. Outlook is negative. Fitch also downgraded People’s Leasing & Finance PLC, which is based in Sri Lanka, to “B” from “B+”. Outlook is negative. Moody’s assigned a “Ba3” corporate family rating to Golden Eagle Retail Group to replace the “Ba3” issuer rating previously assigned. Outlook is negative

Table 1: Key Financial Indicators

	3-Mar	1W chg (bps)	1M chg (bps)		3-Mar	1W chg	1M chg
iTraxx Asiax IG	151	-11	-10	Brent Crude Spot (\$/bbl)	36.93	7.32%	12.87%
iTraxx SovX APAC	73	-3	-8	Gold Spot (\$/oz)	1,240.89	0.45%	9.81%
iTraxx Japan	87	-15	-3	CRB	164.62	1.93%	2.77%
iTraxx Australia	146	-14	-4	GSCI	306.39	2.87%	7.30%
CDX NA IG	100	-12	-7	VIX	17.09	-17.52%	-22.25%
CDX NA HY	100	2	1	CT10 (bp)	1.834%	11.79	-5.25
iTraxx Eur Main	96	-14	-8	USD Swap Spread 10Y (bp)	-16	1	-2
iTraxx Eur XO	391	-48	-8	USD Swap Spread 30Y (bp)	-53	0	-4
iTraxx Eur Snr Fin	102	-20	-2	TED Spread (bp)	34	4	6
iTraxx Sovx WE	32	-1	7	US Libor-OIS Spread (bp)	22	-2	-1
iTraxx Sovx CEEMEA	182	-5	-15	Euro Libor-OIS Spread (bp)	15	0	1
					3-Mar	1W chg	1M chg
				AUD/USD	0.729	1.63%	3.40%
				USD/CHF	0.997	-0.64%	1.94%
				EUR/USD	1.087	-1.41%	-0.59%
				USD/SGD	1.399	0.36%	2.30%
Korea 5Y CDS	64	-6	-4	DJIA	16,899	2.51%	4.62%
China 5Y CDS	132	-2	-8	SPX	1,986	2.94%	4.38%
Malaysia 5Y CDS	168	-12	-25	MSCI Asiax	474	4.47%	3.97%
Philippines 5Y CDS	114	-8	-21	HSI	20,003	4.23%	5.33%
Indonesia 5Y CDS	217	-20	-29	STI	2,727	4.08%	6.91%
Thailand 5Y CDS	147	-11	-17	KLCI	1,691	1.61%	3.53%
				JCI	4,836	3.83%	5.22%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
02-Mar-16	Sumitomo Mitsui FG	A-/A1/A	USD1.75bn	5-year	CT5+160bps
02-Mar-16	Sumitomo Mitsui FG	A-/A1/A	USD750mn	5-year	3mL+168bps
02-Mar-16	Sumitomo Mitsui FG	A-/A1/A	USD1.5bn	10-year	CT10+195bps
02-Mar-16	UOB Ltd	AAA/Aaa/NR	EUR500mn	5-year	0.25%
01-Mar-16	Ausnet Services	NR/Baa2/NR	SGD200mn	60.5NC5.5	5.50%
29-Feb-16	Singapore Telecommunications Limited	A+/Aa3/A+	SGD250mn	7-year	2.895%
25-Feb-16	CapitalLand Mall Trust	NR/A2/NR	SGD100mn	10-year	3.50%
25-Feb-16	Mapletree Industrial Trust	NR/NR/BBB+	SGD60mn	10-year	3.79%

Source: OCBC, Bloomberg

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