

December 7, 2016

**Credit Headlines (Page 2 onwards):** Keppel Corp Ltd, Kris Energy Ltd, Swissco Holdings Ltd, Nam Cheong

**Market Commentary:** The SGD swap curve bull-flattened yesterday with swap rates down 2-5bps across the curve. In the broader dollar space, the spread on JACI IG corporates increased marginally but remained in the 200bps area while the yield on JACI HY corporates decreased 1bps to 6.91%. 10y UST yield decreased 1bps to 2.39%.

**New Issues:** Yunnan Energy Investment (HK) Co., through a subsidiary, priced a two tranche deal - a USD310mn 3-year tranche at CT3+245bps (against initial guidance in the CT3+250bps area) and a USD130mn 5-year bond priced at CT5+265bps against initial guidance in the CT5+270bps area. Both issues have expected ratings of "NR/NR/BBB". Olam International Ltd priced a 5-year USD175mn private placement at CT5+199bps, translating to fixed coupon of 3.90% for 5 years. Fujian Zhanglong Group Co Ltd has scheduled investor meetings in Hong Kong on December 7 for a potential USD bond issue with expected ratings of "NR/NR/BB+".

**Rating Changes:** S&P withdrew its ratings on Viva Industrial Trust at the company's request. The issuer and program ratings prior to withdrawal were "BB" and "BB+" respectively. S&P raised its issuer credit ratings on Tasmania-based MyState Bank Ltd to "BBB+" from "BBB" to reflect the bank's improved risk profile from a strengthened risk management framework that's been reflected in better asset quality metrics in recent years. The rating outlook is negative to reflect general economic risks facing Australian banks from high private sector debt and residential property prices.

**Table 1: Key Financial Indicators**

	7-Dec	1W chg (bps)	1M chg (bps)		7-Dec	1W chg	1M chg
iTraxx Asiax IG	122	-2	7	Brent Crude Spot (\$/bbl)	53.70	6.40%	16.36%
iTraxx SovX APAC	40	-2	4	Gold Spot (\$/oz)	1,168.78	-0.38%	-8.81%
iTraxx Japan	55	-1	-2	CRB	192.53	4.65%	4.92%
iTraxx Australia	105	-3	1	GSCI	387.12	7.53%	9.69%
CDX NA IG	70	-3	-7	VIX	11.79	-8.60%	-36.99%
CDX NA HY	105	1	2	CT10 (bp)	2.392%	1.15	56.63
iTraxx Eur Main	74	-5	1	USD Swap Spread 10Y (bp)	-15	2	-1
iTraxx Eur XO	315	-23	-12	USD Swap Spread 30Y (bp)	-54	0	1
iTraxx Eur Snr Fin	101	-6	4	TED Spread (bp)	47	1	-5
iTraxx Sovx WE	23	0	4	US Libor-OIS Spread (bp)	32	-1	-6
iTraxx Sovx CEEMEA	95	-4	4	Euro Libor-OIS Spread (bp)	4	1	0
					7-Dec	1W chg	1M chg
				AUD/USD	0.743	0.61%	-3.86%
				USD/CHF	1.010	0.75%	-3.51%
				EUR/USD	1.072	1.25%	-2.90%
				USD/SGD	1.422	0.83%	-2.26%
Korea 5Y CDS	45	-3	1	DJIA	19,252	0.68%	5.43%
China 5Y CDS	114	-3	7	SPX	2,212	0.34%	3.79%
Malaysia 5Y CDS	148	-11	26	MSCI Asiax	525	-0.35%	-2.36%
Philippines 5Y CDS	113	-6	1	HSI	22,506	-1.42%	-0.61%
Indonesia 5Y CDS	166	-2	14	STI	2,943	2.38%	5.53%
Thailand 5Y CDS	88	-3	-4	KLCI	1,625	-0.23%	-1.41%
				JCI	5,268	3.01%	-1.76%

Source: OCBC, Bloomberg

**Table 2: Recent Asian New Issues**

Date	Issuer	Ratings	Size	Tenor	Pricing
6-Dec-16	Yunnan Energy Investment (HK) Co	"NR/NR/BBB"	USD310mn	3-year	CT3+245bps
6-Dec-16	Yunnan Energy Investment (HK) Co	"NR/NR/BBB"	USD130mn	5-year	CT5+265bps
6-Dec-16	Olam International Ltd	"NR/NR/NR"	USD175mn	5-year	CT5+199bps
5-Dec-16	Zhenjiang Transportation Industry	"BB/NR/NR"	USD160mn	3-year	5.5%
1-Dec-16	Ronshine China Holdings Ltd.	"B-/B3/B+"	USD175mn	3put2	7.5%
30-Nov-16	Guangzhou Industrial Inv. Fund	"BBB+/NR/A-"	USD200mn	5-year	CT5+205bps
30-Nov-16	Shinhan Bank.	"BBB+/Baa1/BBB+"	USD500mn	10NC5	CT5+215bps
30-Nov-16	Shougang Corp.	"NR/NR/A-"	USD400mn	3-year	CT3+215bps
29-Nov-16	State Power Investment Corp.	"NR/A2/A"	USD900mn	5-year	CT5+130bps

Source: OCBC, Bloomberg

## Credit Headlines:

**Keppel Corp Ltd. ("KEP"), Kris Energy Ltd. ("KRIS", 40% owned by KEP):** KRIS announced that as of the new early bird consent deadline, 80.2% notional amount of the KRISSP'17 noteholders and 78.4% notional amount of KRISSP'18 noteholders have submitted voting instructions supporting the consent solicitation exercise ("CSE") proposal. As such, the Extraordinary Resolution is expected to be passed during the day of the vote (09/12/16). OCBC credit research does not currently cover KRIS. (Company)

**Swissco Holdings Limited ("SWCH"):** The interim judicial managers have announced that following the pre-trial conference on 01/12/16, the interim judicial managers were directed to file a report on 05/01/17 updating the court and creditors of the status of SWCH as well as the prospects of achieving one or more of the statutory objectives of the judicial management, as well as a schedule of the estimated costs. The interim judicial managers have also disclosed that the court has authorized them to make payment of wages to crew of certain vessels and service assets, in order for the assets to continue to generate revenue and to preserve their value. (Company)

**Nam Cheong ("NCL"):** NCL has received a notice of termination / cancellation from Petra Offshore Limited, a wholly-owned subsidiary of Perdana Petroleum Berhad ("Perdana"). This is related to the sale of the other Accommodation Work Barge ("AWB") ordered by Perdana from NCL during June 2014. Perdana had already cancelled the first AWB earlier this year on 29/03/16, with NCL pursuing damages for breach of contract. As per the previous cancellation, NCL's position is that the notice of termination / cancellation is not valid, and is tantamount to the repudiation of the contract by Perdana, which entitles NCL to compensation. The AWB is already completed, with NCL sending the first Notice of Readiness on 26/10/16. The original contract was for two AWB for USD84mn in aggregate. As such, we estimate that the AWB cancellation would impact USD42mn (~MYR186mn) worth of the existing order book of MYR1.05bn. Due to the order cancellation, it is likely that NCL would have to reverse the revenue recognized on the second AWB. As a reminder, NCL reported negative MYR93.1mn in revenue during 1Q2016 due to the order cancellation. We will continue to hold our Negative Issuer Profile rating (Company, OCBC).

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