

Jan 08, 2016

Market Commentary: SGD swap rates bull-flattened with the short-end rates trading 5bps lower while the belly-to-long-end rates traded 10bps lower yesterday, in view of the capital flight to safer alternatives after pulling out of China. Meanwhile, flows in the SGD corporate space was active and we saw better buyers of FRESHK 4.25%'17, better sellers of BNP 4.3%'25 and mixed interest in NOL 4.25%'17. In the broader Asia dollar space, JACI IG corporate spreads widened by 2.78bps while the yield on JACI HY corporates increased by 6.2bps to 7.93%. 10y UST yield fell by 2.47bps to 2.1455%.

New Issues: KEB Hana Bank has scheduled investor meetings from Jan 13 for a possible issue. Hsin Chong Construction Group Ltd has scheduled investor meetings from Jan 8 for a possible unrated USD bond issues. No further details are available as yet.

Rating Changes: S&P downgraded Noble Group Ltd issuer credit rating to BB+ from BBB- and retained it on negative credit watch. Reasons cited include poor earnings visibility amidst a prolonged commodity downturn.

Credit Headlines:

Starhill Global REIT ("SGREIT"): SGREIT announced that it will be selling its Roppongi Terzo property in Tokyo for SGD29.9mn, at a slight gain over its most recent valuation of ~SGD29.2mn. This transaction was done as part of SGREIT's rebalancing of its portfolio, and is SGREIT's third divestment in Japan. SGREIT's Japan exposure would fall from 2.9% to 2% by portfolio asset value post the transaction. SGREIT guided that sale proceeds will be used to pay down JPY denominated loans, as well as retained as working capital. Aggregate leverage is expected to fall from 35.7% to 35.1%. The impact on SGREIT's credit profile is modest. As such, we will be retaining our Neutral rating for SGREIT's Issuer Profile. (SGX, OCBC)

Table 1: Key Financial Indicators

	8-Jan	1W chg (bps)	1M chg (bps)		8-Jan	1W chg	1M chg
iTraxx Asiax IG	148	13	11	Brent Crude Spot (\$/bbl)	33.75	-7.43%	-17.14%
iTraxx Sovx APAC	79	7	7	Gold Spot (\$/oz)	1,108.72	4.49%	3.42%
iTraxx Japan	80	5	6	CRB	168.54	-3.63%	-4.99%
iTraxx Australia	133	7	7	GSCI	295.71	-4.34%	-7.30%
CDX NA IG	96	8	10	VIX	24.99	44.53%	41.99%
CDX NA HY	99	-2	-2	CT10 (bp)	2.165%	-10.45	-5.33
iTraxx Eur Main	83	5	10	USD Swap Spread 10Y (bp)	#N/A N/A	11	11
iTraxx Eur XO	343	28	41	USD Swap Spread 30Y (bp)	-41	-2	-2
iTraxx Eur Snr Fin	79	2	8	TED Spread (bp)	42	-3	17
iTraxx Sovx WE	17	1	1	US Libor-OIS Spread (bp)	24	2	8
iTraxx Sovx CEEMEA	193	9	21	Euro Libor-OIS Spread (bp)	12	4	2
					8-Jan	1W chg	1M chg
				AUD/USD	0.702	-3.85%	-2.73%
				USD/CHF	0.995	0.67%	0.33%
				EUR/USD	1.092	0.54%	0.65%
				USD/SGD	1.433	-1.44%	-1.53%
Korea 5Y CDS	65	9	10	DJIA	16,514	-6.19%	-6.00%
China 5Y CDS	121	13	15	SPX	1,943	-5.83%	-5.84%
Malaysia 5Y CDS	202	20	17	MSCI Asiax	466	-6.76%	-6.40%
Philippines 5Y CDS	121	12	15	HSI	20,333	-7.08%	-7.18%
Indonesia 5Y CDS	252	19	17	STI	2,730	-5.39%	-5.08%
Thailand 5Y CDS	151	10	14	KLCI	1,655	-2.24%	-0.85%
				JCI	4,530	-0.85%	1.48%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
07-Jan-16	Hsin Chong Construction Group Ltd	NR/NR/NR	-	-	-
07-Jan-16	KEB Hana Bank	A/A1/A-	-	-	-
06-Jan-16	Jiangsu NewHeadline Development Group Co	BB+/NR/BB+	USD200mn	3yr	6.20%
06-Jan-16	Korea Development Bank	AA-/Aa2/AA-	USD500mn	5yr	CT5+82.5bps
06-Jan-16	Korea Development Bank	AA-/Aa2/AA-	USD1bn	10yr	CT10+87.5bps
06-Jan-16	Swire Properties	A-/A2/A	USD500mn	10yr	CT10+147.5bps
06-Jan-16	AirAsia Berhad	NR/NR/NR	\$1bn	-	-

Source: OCBC, Bloomberg

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