

Jul 11, 2017

Market Commentary: The SGD swap curve traded downwards yesterday, with swap rates trading 1-3bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in OLAMSP 5.5%-PERPs, HSBC 4.7%-PERPs, and better selling seen in HRAM 3.2%'21s. In the broader dollar space, the spread on JACI IG Corporates changed little at 186bps, while the yield on JACI HY Corporates fell 1bps to 6.87%. 10y UST yields fell 1bps to 2.37%, as treasuries lacked direction in a relatively uneventful day.

New Issues: Straits Trading Co Ltd has priced a SGD150mn 4-year bond at 3.73%. MCC Holding (Hong Kong) Corporation Ltd has priced a USD500mn re-tap of its 2.95%'20s (guaranteed by Metallurgical Corporation of China Ltd) at CT3+155bps, tightening from initial guidance of CT3+175bps. The expected issue ratings are 'NR/Baa2/NR'. NongHyup Bank has priced a USD500mn 5-year bond at CT5+105bps. The expected issue ratings are 'NR/A1'NR'. Nissan Motor Acceptance Corp has priced a four-tranche deal; with the USD650mn 3-year fixed rate bond priced at CT3+60bps, tightening from initial guidance of CT3+75bps; the USD350mn 3-year floating rate bond priced at 3mL+39bps; the USD450mn 5-year fixed rate bond priced at CT5+72bps, tightening from initial guidance of CT5+85bps; and the USD300mn 5-year floating rate bond priced at 3mL+65bps. Orix Corporation has priced a two-tranche deal, with the USD750mn 5-year bond priced at CT5+100bps, tightening from initial guidance of CT5+120-125bps area; and the USD500mn 10-year bond priced at CT10+135bps, tightening from initial guidance of CT10+145-150bps area. The expected issue ratings are 'A-/NR/A-'. Castle Peak Power Finance Company Ltd has scheduled investor meetings for potential USD bond issuance (guaranteed by Castle Peak Power Company Ltd) from 11 July. The expected issue ratings are 'AA-/A1/NR'. Greenko Investment Co has scheduled investor meetings for potential USD Green Bond issuance from 11 Jul. The expected issue ratings are 'NR/Ba2/BB-'. Mitsui Fudosan Co Ltd has scheduled investor meetings for potential USD bond issuance from 11 Jul. The expected issue ratings are 'A/A2/NR'.

Table 1: Key Financial Indicators

	11-Jul	1W chg (bps)	1M chg (bps)		11-Jul	1W chg	1M chg
iTraxx Asiax IG	87	-1	2	Brent Crude Spot (\$/bbl)	47.02	-5.22%	-2.35%
iTraxx SovX APAC	22	0	5	Gold Spot (\$/oz)	1,211.71	-0.96%	-4.30%
iTraxx Japan	41	1	1	CRB	172.74	-1.16%	-2.28%
iTraxx Australia	85	1	1	GSCI	366.92	-2.86%	-0.78%
CDX NA IG	62	1	1	VIX	11.11	-0.63%	3.83%
CDX NA HY	107	0	-1	CT10 (bp)	2.380%	3.03	17.97
iTraxx Eur Main	56	2	-2	USD Swap Spread 10Y (bp)	-4	-1	2
iTraxx Eur XO	254	8	14	USD Swap Spread 30Y (bp)	-33	-4	11
iTraxx Eur Snr Fin	54	1	-10	TED Spread (bp)	27	0	4
iTraxx Sovx WE	7	0	-1	US Libor-OIS Spread (bp)	14	0	4
iTraxx Sovx CEEMEA	59	4	12	Euro Libor-OIS Spread (bp)	3	0	0
					11-Jul	1W chg	1M chg
				AUD/USD	0.761	0.01%	0.88%
				USD/CHF	0.967	-0.10%	0.24%
				EUR/USD	1.139	0.41%	1.70%
				USD/SGD	1.384	-0.09%	0.01%
Korea 5Y CDS	59	2	7	DJIA	21,409	0.28%	0.64%
China 5Y CDS	69	-1	0	SPX	2,427	0.17%	-0.18%
Malaysia 5Y CDS	86	-1	-4	MSCI Asia	623	0.44%	-1.01%
Philippines 5Y CDS	77	-1	1	HSI	25,750	1.42%	-1.08%
Indonesia 5Y CDS	120	2	3	STI	3,235	0.74%	-0.59%
Thailand 5Y CDS	63	0	7	KLCI	1,756	-0.34%	-1.83%
				JCI	5,768	-1.66%	1.63%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
10-Jul-17	Straits Trading Co Ltd	Not Rated	SGD150mn	4-year	3.73%
10-Jul-17	MCC Holding (Hong Kong) Corporation Ltd (re-tap)	'NR/Baa2/NR'	USD500mn	2.95%'20s	CT3+155bps
10-Jul-17	NongHyup Bank	'NR/A1'NR'	USD500mn	5-year	CT5+105bps
10-Jul-17	Nissan Motor Acceptance Corp	Not Rated	USD650mn	3-year	CT3+60bps
10-Jul-17	Nissan Motor Acceptance Corp	Not Rated	USD350mn	3-year	3mL+39bps
10-Jul-17	Nissan Motor Acceptance Corp	Not Rated	USD450mn	5-year	CT5+72bps
10-Jul-17	Nissan Motor Acceptance Corp	Not Rated	USD300mn	5-year	3mL+65bps
10-Jul-17	Orix Corporation	'BBB/NR/NR'	USD750mn	5-year	CT5+100bps
10-Jul-17	Orix Corporation	'A-/NR/A-'	USD500mn	10-year	CT10+135bps

Source: OCBC, Bloomberg

New Issues (Cont'd): Takeda Pharmaceutical Company Ltd has scheduled investor meetings for potential USD bond issuance from 10 Jul. The expected issue ratings are 'A-/A1/NR'. ENN Energy Holdings Ltd has scheduled investor meetings for potential USD bond issuance from 11 Jul. The expected issue ratings are 'BBB/Baa2/BBB'. Greentown China Holdings Ltd has scheduled investor meetings for potential USD perp issuance from 10 Jul.

Rating Changes: S&P has downgraded The Bank of East Asia Ltd (BEA) and its subsidiary, The Bank of East Asia (China) Limited's (BEA China) counterparty credit rating to 'A-' from 'A' with a stable outlook; and their senior unsecured rating to 'A-' from 'A'. S&P has removed all ratings from CreditWatch, where they were placed with negative implications. The rating action reflects a reduced level of potential extraordinary support from the Hong Kong government in times of distress, with the Financial Institutions (Resolution) Ordinance (FIRO) becoming effective on 7 Jul. Despite recognizing that the BEA group is of moderate systemic importance in Hong Kong, S&P now considers the Hong Kong government to be supportive rather than highly supportive in terms of its tendency to provide extraordinary support to private-sector commercial banks in event of distress. Moody's has assigned Alinta Energy Limited (Alinta) a corporate family rating of 'Ba1' with a stable outlook. The rating action reflects the absence of a track record under the new owner, Chow Tai Fook Enterprises Ltd (CTFE), as well as the possibility of future material acquisitions, which could increase financial leverage and/or the company's business risk. Moody's has assigned Castle Peak Power Finance Company Limited's (CAPCO) proposed backed senior unsecured medium term notes (guaranteed by Castle Peak Power Company Limited (CAPCO)) an 'A1' rating with a stable outlook. The rating action reflects CAPCO's predictable cash flow and low-risk business profile, which is underpinned by its robust power purchase agreement and the stable regulatory environment in Hong Kong. Moody's has assigned RWH Finance Pty Ltd's (RWH) bonds a 'Baa2' senior secured rating. The rating action reflects Moody's expectation of a material strengthening in RWH's financial flexibility after refinancing. Fitch has assigned Guangdong Hengjian Investment Holding Co Ltd's (GHIH) senior unsecured notes a rating of 'A+'. The rating action reflects GHIH's 100% state ownership, strong provincial financial oversight and its strategic importance to the province, which results in a high likelihood of extraordinary support if needed.

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