

October 11, 2017

**Credit Headlines (Page 2 onwards):** CMA CGM S.A., Croesus Retail Trust

**Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 2-3bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in CAPLSP 3.08%27s, and mixed interest seen in GSHSP 5.15%20s. In the broader dollar space, the spread on JACI IG Corp traded little changed at 183bps, while the yield on JACI HY Corp fell 1bps to 6.87%. 10Y UST yields traded little changed at 2.36%, despite a sell-off in bund futures after Catalonia's President Carles Puigdemont opted to seek talks with the Spanish government instead of declaring Catalonia's independence from Spain.

**New Issues:** Mizuho Financial Group Inc has priced a EUR500mn 7-year green bond at MS7+44bps, tightening from an initial guidance of MS7+55-60bps. The expected issue ratings are 'NR/A1/NR'. Korea Housing Finance Corp has scheduled investor meetings for potential USD covered bond issuance from 16 Oct. The expected issue ratings are 'NR/A1/NR'.

**Rating Changes:** S&P has affirmed Sunshine 100 China Holdings Ltd's (Sunshine) 'CCC+' long-term corporate credit rating, while removing the rating from CreditWatch, where it was placed with negative implications. The outlook is negative. The rating action follows Sunshine's repayment of its outstanding notes as well as the issuance of new senior unsecured notes. However, S&P believes that Sunshine will continue to face liquidity pressure and its fundamentals have not changed materially after the debt refinancing. Fitch has assigned Yiwu State-Owned Capital Operation Co Ltd (YWSCOC) an Issuer Default Rating (IDRs) of 'BBB'. The outlook is stable. YWSCOC's ratings are credit linked to those of the Yiwu municipality due to strong government oversight, strategic importance of its operations and integration with the municipal budget. YWSCOC's standalone credit profile is underpinned by its healthy leverage and adequate coverage.

**Table 1: Key Financial Indicators**

	11-Oct	1W chg (bps)	1M chg (bps)		11-Oct	1W chg	1M chg
iTraxx Asiax IG	78	0	2	Brent Crude Spot (\$/bbl)	56.70	1.61%	5.31%
iTraxx SovX APAC	17	-2	-2	Gold Spot (\$/oz)	1,287.13	0.96%	-3.04%
iTraxx Japan	48	2	4	CRB	183.20	1.26%	0.85%
iTraxx Australia	69	0	2	GSCI	398.51	1.21%	2.67%
CDX NA IG	54	0	-3	VIX	10.08	6.67%	-6.06%
CDX NA HY	108	0	1	CT10 (bp)	2.361%	3.78	23.01
iTraxx Eur Main	57	0	5	USD Swap Spread 10Y (bp)	-5	0	0
iTraxx Eur XO	247	-2	18	USD Swap Spread 30Y (bp)	-33	-1	3
iTraxx Eur Snr Fin	60	-1	9	TED Spread (bp)	28	-1	1
iTraxx Sovx WE	5	0	0	US Libor-OIS Spread (bp)	13	-1	-3
iTraxx Sovx CEEEMEA	40	1	-3	Euro Libor-OIS Spread (bp)	3	0	0
					11-Oct	1W chg	1M chg
				AUD/USD	0.778	-1.07%	-3.09%
				USD/CHF	0.976	-0.06%	-2.01%
				EUR/USD	1.180	0.37%	-1.26%
				USD/SGD	1.358	0.27%	-0.80%
Korea 5Y CDS	71	0	3	DJIA	22,831	0.83%	3.51%
China 5Y CDS	59	0	1	SPX	2,551	0.63%	2.51%
Malaysia 5Y CDS	66	0	-2	MSCI Asiax	682	1.29%	2.06%
Philippines 5Y CDS	65	1	4	HSI	28,573	1.42%	2.21%
Indonesia 5Y CDS	101	0	3	STI	3,295	1.80%	2.06%
Thailand 5Y CDS	49	-1	-3	KLCI	1,759	-0.15%	-1.32%
				JCI	5,888	-1.06%	0.28%

Source: OCBC, Bloomberg

**Table 2: Recent Asian New Issues**

Date	Issuer	Ratings	Size	Tenor	Pricing
10-Oct-17	Mizuho Financial Group Inc	'NR/A1/NR'	EUR500mn	7-year	MS7+44bps
9-Oct-17	CapitaLand Treasury Ltd	Not Rated	SGD500mn	10-year	3.08%
6-Oct-17	Singapore Airlines Ltd (re-tap)	Not Rated	SGD200mn	SIASP 3.13%26	101.5
6-Oct-17	FCL Treasury Pte Ltd (re-tap)	Not Rated	SGD30mn	FCLSP 4.25%26	103.435
6-Oct-17	ICICI Bank Ltd of Dubai (re-tap)	'BBB-/Baa3/NR'	USD200mn	ICICI 3.25%22	-
5-Oct-17	GSH Corporation Limited	Not Rated	SGD70mn	3-year	5.15%
4-Oct-17	The Bank of Nova Scotia	'NR/Baa3/NR'	USD1.25bn	Perp NC5	4.65%
3-Oct-17	Puma International Financing SA	'NR/Ba2/BB'	USD600mn	7-year	5.125%
29-Sep-17	21 Vianet Group Inc (re-tap)	Not Rated	USD100mn	VNET 7%20s	100.04
28-Sep-17	FCL Treasury Pte Ltd (re-tap)	Not Rated	SGD42mn	FCLSP 3.95%-PERP	100.0

Source: OCBC, Bloomberg

## Credit Headlines:

**CMA CGM S.A. (acquired Neptune Orient Lines, “NOL”):** CMA CGM was upgraded by S&P, with its corporate credit rating upgraded to B+ from B, while its unsecured debt rating was upgraded to B- from CCC+. Reasons given include realized cost savings and synergies from the NOL acquisition, combined with the rebound in freight rates and decent near-term industry prospects. This is consistent with our own analysis of CMA CGM's 2Q2017 results (refer to [OCBC Asian Credit Daily – 18 Sep 2017](#)), though we remain mindful that the improving environment has spurred a return to capacity expansion, which would decelerate the pace in which CMA CGM would deleverage going forward. In our view, the upgrade for CMA CGM's unsecured debt rating from CCC+ to B- is a positive technical factor for CMA CGM's bonds given that there are likely institutional investors who are not able to hold bonds rated below B-. The lift to CMA CGM's bonds would likely also cause the legacy NOL curve to rally in conjunction. We remain constructive across the whole NOL curve and we are Overweight the bonds. (Company, OCBC)

**Croesus Retail Trust (“CRT”):** As mentioned previously, there is a delisting put for CROESP '20s, which gives the option to bondholders to put the bonds back to the issuer at par plus accrued interest. CRT has requested for suspension of the units from today. As such, we will cease coverage on CRT. (Company, OCBC)

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