

December 15, 2017

Credit Headlines (Page 2 onwards): Oxley Holdings Ltd

Market Commentary: The SGD swap curve bull-flattened yesterday, with swap rates trading 2-3bps lower across all tenors. Flows in SGD corporates were light yesterday. In the broader dollar space, the spread on Itraxx Asia ex-Japan rose 1bps to 71bps. 10Y UST yields rose 1bps overall to 2.35%, as a rise in yields upon retail sales data that came in stronger-than-expected subsequently fell upon news that Senator Marco Rubio will oppose the tax bill in its current form.

New Issues: CFLD (Cayman) Investment Ltd has priced a USD500mn 3-year bond (guaranteed by China Fortune Land Development Co Ltd) at 6.5%, tightening from initial guidance of 6.625%. China Shandong International Economic & Technical Finance 1 Ltd has priced a USD400mn 3-year bond (with the keepwell and liquidity support deed provider being Shandong Hi-Speed Group Co Ltd) at 4%, tightening from initial guidance of 4.5% area. Luso International Banking Ltd has priced a USD250mn 10NC5.5 bond at 5.375%, tightening from initial guidance of 5.5%.

Rating changes (Cont'd): S&P has affirmed Insurance Australia Group Ltd's (IAG) 'A' issuer credit rating and 'AA-' financial strength rating. The outlook is stable. The rating action reflects S&P's view that IAG's agreements with reinsurers to provide unlimited cover for IAG's consolidated businesses in Australia, New Zealand and Thailand will lead to a material increase in IAG's reinsurance utilization, but will not result in a dilution of the insurer's earnings base or control over its business. S&P has assigned Norinchukin Australia Pty Ltd (Norinchukin Australia) issuer credit ratings of 'A'. The outlook is stable. The rating action reflects Moody's view that Norinchukin Australia is a core subsidiary of Norinchukin Bank, and therefore the rating is equalized to the group credit profile of the Norinchukin group.

Table 1: Key Financial Indicators

	15-Dec	1W chg (bps)	1M chg (bps)		15-Dec	1W chg	1M chg
iTraxx Asiax IG	71	-2	-10	Brent Crude Spot (\$/bbl)	63.31	1.78%	1.77%
iTraxx SovX APAC	14	0	-2	Gold Spot (\$/oz)	1,253.51	0.40%	-1.93%
iTraxx Japan	46	0	-3	CRB	184.22	-0.14%	-2.34%
iTraxx Australia	62	-1	-7	GSCI	418.76	0.50%	-0.44%
CDX NA IG	51	0	-6	VIX	10.49	3.25%	-20.11%
CDX NA HY	108	0	1	CT10 (bp)	2.355%	-2.13	3.25
iTraxx Eur Main	48	1	-5	USD Swap Spread 10Y (bp)	-1	-2	1
iTraxx Eur XO	236	4	-16	USD Swap Spread 30Y (bp)	-20	0	4
iTraxx Eur Shr Fin	47	1	-6	TED Spread (bp)	30	6	11
iTraxx Sovx WE	3	0	-1	US Libor-OIS Spread (bp)	18	3	8
iTraxx Sovx CEEMEA	40	-3	-12	Euro Libor-OIS Spread (bp)	1	2	-2
					15-Dec	1W chg	1M chg
				AUD/USD	0.767	2.12%	1.04%
				USD/CHF	0.988	0.44%	0.00%
				EUR/USD	1.179	0.11%	-0.04%
				USD/SGD	1.346	0.53%	0.80%
Korea 5Y CDS	55	-3	-15	DJIA	24,509	1.23%	5.32%
China 5Y CDS	53	-3	-9	SPX	2,652	0.57%	3.41%
Malaysia 5Y CDS	61	-2	-8	MSCI Asiax	697	0.93%	0.43%
Philippines 5Y CDS	61	-2	-8	HSI	29,166	3.05%	1.09%
Indonesia 5Y CDS	92	-3	-11	STI	3,436	0.33%	1.99%
Thailand 5Y CDS	47	-1	-3	KLCI	1,759	2.19%	2.09%
				JCI	6,114	1.78%	2.37%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
15-Dec-17	CFLD (Cayman) Investment Ltd	Not Rated	USD500mn	3-year	6.5%
15-Dec-17	China Shandong International Economic & Technical Finance 1 Ltd	Not Rated	USD400mn	3-year	4%
15-Dec-17	Luso International Banking Ltd	Not Rated	USD250mn	10NC5.5	5.375%
13-Dec-17	Charming Light Investments Ltd	'NR/Baa1/A-'	USD750mn	3-year	3mL+115bps
13-Dec-17	Charming Light Investments Ltd	'NR/Baa1/A-'	USD1bn	10-year	CT10+205bps
13-Dec-17	Charming Light Investments Ltd	'NR/Baa1/A-'	USD250mn	Perp NC5	4.25%
13-Dec-17	Bank of Chongqing Co Ltd	Not Rated	USD750mn	Perp NC5	5.4%
13-Dec-17	Huzhou City Investment Development Group Co Ltd	'NR/NR/BBB-'	USD300mn	3-year	CT3+295bps
12-Dec-17	Yangzhou Urban Construction State-owned Assets Holding (Group) Co Ltd	'BBB/NR/BBB'	USD300mn	3-year	CT3+245bps

Source: OCBC, Bloomberg

Rating changes (Cont'd): Moody's has downgraded Hydoo International Holding Limited's (Hydoo) corporate family rating (CFR) to 'B3' from 'B2', while downgrading the senior unsecured ratings to 'Caa1' from 'B3'. The outlook is negative. The rating action reflects Moody's concern that Hydoo's ability to refinance debt will be weak as contracted sales will unlikely improve materially. Moody's has downgraded Cromwell Property Securities Limited's (Cromwell) and CDPT Finance Pty Ltd's senior unsecured rating to 'Baa3' from 'Baa2', while downgrading the senior unsecured rating of Cromwell SPV Finance Pty Ltd to 'Ba1' from 'Baa3'. Moody's then withdrew Cromwell Property Group's 'Baa3' issuer rating. The outlook on the ratings are stable. The rating action reflects Cromwell's high level of financial leverage due to Cromwell's investment initiatives. Fitch has affirmed Sime Darby Berhad's (Sime Darby) Issuer Default Ratings (IDR) and senior unsecured ratings at 'BB+'. The outlook is stable. Fitch then withdrew all ratings of Sime Darby for commercial reasons. Fitch has upgraded Development Bank of the Philippines (DBP) and Land Bank of the Philippines' (LBP) IDRs to 'BBB-' from 'BB+'. The outlooks are stable. The rating action follows the upgrade of the sovereign rating of the Philippines to 'BBB' from 'BBB-'.

Credit Headlines:

Oxley Holdings Ltd ("OHL"): OHL has purchased Vista Park for SGD418mn (SGD1,096 psf ppr, including an estimated SGD72mn premium to the state for a fresh 99-year lease). In addition to the acquisitions of Rio Casa (refer to [OCBC Asian Credit Daily – 26 May 2017](#)), Serangoon Ville (refer to [OCBC Asian Credit Daily – 27 Jul 2017](#)), Mayfair Gardens (refer to [OCBC Asian Credit Daily – 20 Nov 2017](#)), Pasir Panjang (refer to [OCBC Asian Credit Daily – 13 Jul 2017](#)), Chevron House (refer to [OCBC Asian Credit Daily – 14 Dec 2017](#)), net gearing may increase to 2.9x (1QFY2018: 2.0x). We continue to hold OHL at a Negative Issuer Profile due to its slew of acquisitions which keeps net gearing at elevated levels. (Company, OCBC)

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