

Jun 2, 2017

Market Commentary: The SGD swap curve lacked a clear direction yesterday, with the shorter tenors trading higher by 1bps while the longer tenors were relatively flattish. Flows in SGD corporates were heavy, with better buying seen in TSHSP 6%'20s, GUOLSP 3.62%'21s. In the broader dollar space, the spread on JACI IG corporates rose 1bps to 197bps, while the yield on JACI HY corporates fell 1bps to 6.82%. 10y UST yields rose 1bps yesterday to 2.21%, on the back of healthy US economic numbers; ADP Employment Change numbers beat expectations. Odds of a US Federal Reserve June rate hike rose to 88% compared to 84% prior.

New Issues: HSBC Holdings Plc priced a SGD1bn AT1 NC5 perp at 4.7%, tightening from initial guidance of 5%. The expected ratings are 'NR/Baa3/BBB'. Lendlease Retail Investments priced a SGD50mn bond at 3.35%. DBS Group Holdings Ltd priced a USD750mn 3-year bond at 3mL+49bps. The expected issue ratings are 'NR/Aa2/AA-'. The Export-Import Bank of China set final guidance for its EUR550mn 5-year bonds at MS+60-65bps. The initial price guidance is MS+75bps area. Kaisa Group Holdings Ltd is planning to issue USD bonds to replace notes issued in 2016 as part of its debt restructuring.

Rating Changes: S&P upgraded Cheung Kong Property Holdings Ltd.'s (CKP) corporate credit rating and the long-term issue rating on the senior unsecured debt that the company guarantees to 'A' from 'A-'. The outlook is stable. The rating action reflects S&P's view that the company has sufficient capacity to absorb active investments to diversify its revenue stream. S&P noted that CKP has a strong cash balance of HKD62.6 billion at the end of 2016, and S&P expects the company will continue to have strong cash flows from property sales and increasing recurring income. Moody's affirmed Nippon Accommodations Fund Inc.'s (NAF) 'A3' issuer rating and revised its rating outlook to stable from positive. The rating action reflects NAF's stable cash flow generated from a large, well-diversified portfolio consisting of 118 residential properties with 11,709 units, at end-February 2017.

Table 1: Key Financial Indicators

	2-Jun	1W chg (bps)	1M chg (bps)		2-Jun	1W chg	1M chg
iTraxx Asiax IG	89	-2	-4	Brent Crude Spot (\$/bbl)	50.41	-3.34%	-0.10%
iTraxx Sovx APAC	19	0	-3	Gold Spot (\$/oz)	1,263.10	-0.29%	0.50%
iTraxx Japan	41	-1	-2	CRB	179.09	-2.63%	-0.69%
iTraxx Australia	87	1	5	GSCI	377.36	-3.72%	-0.21%
CDX NA IG	61	-2	-2	VIX	9.89	-1.30%	-6.61%
CDX NA HY	108	0	0	CT10 (bp)	2.218%	-2.81	-6.19
iTraxx Eur Main	62	1	-3	USD Swap Spread 10Y (bp)	-6	-1	-2
iTraxx Eur XO	251	0	-10	USD Swap Spread 30Y (bp)	-44	-1	2
iTraxx Eur Snr Fin	71	4	-1	TED Spread (bp)	24	-5	-10
iTraxx Sovx WE	8	0	-1	US Libor-OIS Spread (bp)	10	-2	-8
iTraxx Sovx CEEMEA	44	2	1	Euro Libor-OIS Spread (bp)	3	0	0
					2-Jun	1W chg	1M chg
				AUD/USD	0.739	-0.82%	-1.98%
				USD/CHF	0.971	0.32%	2.12%
				EUR/USD	1.122	0.32%	2.64%
				USD/SGD	1.386	-0.27%	0.60%
Korea 5Y CDS	55	-1	-2	DJIA	21,144	0.63%	0.93%
China 5Y CDS	76	-1	-4	SPX	2,430	1.07%	1.63%
Malaysia 5Y CDS	97	-3	-10	MSCI Asiax	621	-0.07%	3.59%
Philippines 5Y CDS	79	-2	--	HSI	25,926	1.15%	4.98%
Indonesia 5Y CDS	122	-2	-2	STI	3,245	0.78%	1.04%
Thailand 5Y CDS	56	-2	-1	KLCI	1,769	-0.17%	-0.52%
				JCI	5,738	0.13%	0.93%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
1-Jun-17	HSBC Holdings Plc	"NRBaa3/BBB"	SGD1bn	4-year	4.7%
1-Jun-17	Lendlease Retail Investments	Not Rated	SGD50mn	7-year	3.35%
1-Jun-17	DBS Group Holdings Ltd	"NR/Aa2/AA-"	USD750mn	3-year	3mL+49bps
31-May-17	Asian Development Bank	"AAA/Aaa/AAA"	USD1.75bn	4-year	MS+7bps
31-May-17	The Republic of Maldives	"NR/B2/B+"	USD200mn	5-year	7%
31-May-17	ESR Cayman Ltd.	Not Rated	USD100mn	Perp NC3	8.25%
31-May-17	Singapore Labour Foundation	Not Rated	SGD30mn	5-year	1.81%
30-May-17	FCL Treasury Pte Ltd (re-tap)	"BBB+/NR/NR"	SGD50mn	FCL 4.15%'27s	100.50
29-May-17	Fraser Centrepoint Trust	"BBB+/NR/NR"	SGD30mn	5-year	2.645%

Source: OCBC, Bloomberg

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