

October 2, 2017

**Market Commentary:** The SGD swap curve traded downwards yesterday, with swap rates trading 3-9bps lower across most tenors. Flows in SGD corporates were heavy, with better buying seen in BAERVX 5.75%-PERPs, and mixed interest seen in HSBC 4.7%-PERPs. In the broader dollar space, the spread on JACI IG Corp rose 1bps to 186bps, while the yield on JACI HY Corp traded little changed at 6.87%. 10Y USTs rose by 3% to 2.33%, as the treasuries curve bear flattened after a WSJ report stated that Kevin Warsh was interviewed for Fed chair.

**New Issues:** 21 Vianet Group Inc has priced a USD100mn re-tap of its VNET 7%'20s at 100.04. Kia Motors Corporation has scheduled investor meetings for potential USD bond issuance from 9 Oct. The Bank of Nova Scotia has scheduled investor meetings for potential USD Perp NC5 AT1 issuance from 2 Oct. The expected issue ratings are 'BBB-/Baa3/NR'.

**Rating Changes:** Moody's has upgraded Geely Automobile Holdings Limited's (Geely) corporate family and senior unsecured ratings to 'Ba1' from 'Ba2'. The outlook is stable. The rating action reflects Geely's strengthening business profile, as seen by gains in market share and improvements in profitability, and its track record of consistent low debt leverage and strong liquidity positions. However, the ratings are constrained by the strong competition in China's auto market and Geely's narrow albeit expanding product range. Moody's has downgraded Dalian Wanda Commercial Properties Co Ltd (DWCP) issuer rating to 'Ba1' from Baa3'. The rating has been withdrawn, and the company has been assigned a corporate family rating of 'Ba1'. At the same time, Moody's has downgraded Wanda Commercial Properties (HK) Co Limited's (Wanda HK) corporate family rating to 'Ba3' from 'Ba1', while downgrading the senior unsecured ratings on the bonds issued by Wanda HK's wholly owned subsidiaries to 'Ba3' from 'Ba1'. The outlook on all ratings are negative. The rating action reflects Moody's concerns over DWCP's weakened liquidity position due to inadequate offshore cash to meet the repayment of its offshore bank loans.

Table 1: Key Financial Indicators

	2-Oct	1W chg (bps)	1M chg (bps)		2-Oct	1W chg	1M chg
iTraxx Asiax IG	81	-1	4	Brent Crude Spot (\$/bbl)	56.74	-3.86%	7.56%
iTraxx SovX APAC	19	3	1	Gold Spot (\$/oz)	1,275.91	-2.66%	-4.35%
iTraxx Japan	46	0	2	CRB	183.09	-0.26%	1.18%
iTraxx Australia	72	-1	2	GSCI	399.31	0.32%	3.35%
CDX NA IG	56	-4	-2	VIX	9.51	-0.83%	-6.12%
CDX NA HY	108	1	0	CT10 (bp)	2.359%	13.89	19.30
iTraxx Eur Main	57	-2	2	USD Swap Spread 10Y (bp)	-5	-2	2
iTraxx Eur XO	253	-6	16	USD Swap Spread 30Y (bp)	-34	-3	3
iTraxx Eur Snr Fin	60	0	7	TED Spread (bp)	29	-2	0
iTraxx Sovx WE	5	0	-1	US Libor-OIS Spread (bp)	14	-1	-1
iTraxx Sovx CEEMEA	41	-1	1	Euro Libor-OIS Spread (bp)	2	0	-1
					<b>2-Oct</b>	<b>1W chg</b>	<b>1M chg</b>
				AUD/USD	0.784	-1.26%	-1.35%
				USD/CHF	0.970	-0.31%	-1.18%
				EUR/USD	1.179	-0.51%	-0.92%
				USD/SGD	1.360	-0.68%	-0.23%
Korea 5Y CDS	74	0	8	DJIA	22,405	0.25%	1.90%
China 5Y CDS	62	0	4	SPX	2,519	0.68%	1.73%
Malaysia 5Y CDS	69	-2	-2	MSCI Asiax	661	-0.31%	-0.43%
Philippines 5Y CDS	66	0	4	HSI	27,554	-1.17%	-1.43%
Indonesia 5Y CDS	104	0	2	STI	3,220	0.12%	-1.75%
Thailand 5Y CDS	52	2	-1	KLCI	1,756	-0.77%	-0.99%
				JCI	5,901	-0.18%	0.63%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
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
28-Sep-17	Industrial and Commercial Bank of China Ltd	'NR/A1/NR'	USD450mn	3-year	3mL+77bps
28-Sep-17	Industrial and Commercial Bank of China Ltd	'NR/A1/NR'	USD400mn	5-year	CT5+99bps
28-Sep-17	Industrial and Commercial Bank of China Ltd	'NR/A1/NR'	EUR1.1bn	3-year	3mE+55bps
28-Sep-17	New Lion Bridge Co Ltd	'NR/B2/B'	USD160mn	3NC2	9.75%
28-Sep-17	Overseas Chinese Town (Asia) Holdings Ltd	Not Rated	USD800mn	Perp NC3	4.35%
28-Sep-17	Yinson Juniper Ltd	Not Rated	USD100mn	Perp NC5	7.875%
27-Sep-17	Geo Coal International Pte Ltd	'B/B2/B'	USD300mn	5NC3	8.35%
26-Sep-17	CK Hutchison International (17) (II) Ltd	'A-/A3/A-'	USD1bn	3-year	CT3+77.5bps

Source: OCBC, Bloomberg

**Rating Changes (Cont'd):** S&P has affirmed Shanghai Huayi (Group) Co's (Shanghai Huayi) 'BBB-' corporate credit rating, while revising the outlook to stable from negative. The rating action reflects S&P's expectation that Shanghai Huayi's financial leverage will improve as the chemical industry recovers.

**Andrew Wong**

Treasury Research & Strategy  
Global Treasury, OCBC Bank  
(65) 6530 4736  
[wongVKAM@ocbc.com](mailto:wongVKAM@ocbc.com)

**Nick Wong Liang Mian, CFA**

Treasury Research & Strategy  
Global Treasury, OCBC Bank  
(65) 6530 7348  
[NickWong@ocbc.com](mailto:NickWong@ocbc.com)

**Ezien Hoo, CFA**

Treasury Research & Strategy  
Global Treasury, OCBC Bank  
(65) 6722 2215  
[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)

**Wong Hong Wei**

Treasury Research & Strategy  
Global Treasury, OCBC Bank  
(65) 6722 2533  
[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W