

November 20, 2017

**Credit Headlines:** Oxley Holdings Ltd, Heeton Holdings Ltd

**Market Commentary:** The SGD swap curve traded lower yesterday, with swap rates trading 1-3bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in the BACR 3.75%'30s, FRAG 4.75%'21s, and mixed interest seen in the HSBC 4.7%-PERPs. In the broader dollar space, the spread on JACI IG Corp traded little changed at 179bps, while the yield on JACI HY Corp fell 2bps to 6.95%. 10Y UST yields fell 3bps to 2.34%, as the UST yield curve continued to flattened, following a large block trade in 10Y UST futures in the morning session.

**New Issues:** Chiyu Banking Corporation Ltd has scheduled investor meetings for potential USD AT1 bond issuance on 20 Nov. Tewoo Group No 4 Ltd has scheduled investor meetings for potential USD 3-year bond issuance (supported with a keepwell deed by Tewoo Group Co and standby letter of credit by ICBC Tianjin Branch) from 20 Nov. The expected issue ratings are 'NR/A1/NR'. Binhai Investment Co Ltd has scheduled investor meetings for potential USD bond issuance (with a letter of support provided by Tianjin TEDA Investment Holding Co Ltd) from 20 Nov. Orient HuiZhi Ltd has scheduled investor meetings for potential USD bond issuance (guaranteed by Orient Securities Co Ltd) from 20 Nov. The expected issue ratings are 'NR/Baa3/NR'.

**Rating Changes:** Moody's has upgraded CK Hutchison Holdings Limited's (CKHH) issuer rating and the ratings on the senior unsecured bonds that CKHH guarantees, to 'A2' from 'A3' with a stable outlook. Moody's has also upgraded the ratings on CKHH's subsidiaries. At the same time, Moody's has upgraded Jardine Strategic Holdings Limited's (Jardine) issuer rating to 'A1' from 'A2' with a stable outlook. The rating action concludes the ratings review initiated following Moody's publication of its updated cross-sector methodology regarding priority of claim and structural subordination at the operating subsidiary level. Moody's views that CKHH and Jardine's diversified business profiles with cash flow generation across a large number of operating subsidiaries mitigates structural subordination risks.

**Table 1: Key Financial Indicators**

	20-Nov	1W chg (bps)	1M chg (bps)		20-Nov	1W chg	1M chg
iTraxx Asiax IG	16	0	0	Brent Crude Spot (\$/bbl)	62.60	-0.89%	8.40%
iTraxx SovX APAC	48	0	-1	Gold Spot (\$/oz)	1,292.07	1.08%	0.91%
iTraxx Japan	68	-1	2	CRB	190.39	-0.66%	3.41%
iTraxx Australia	55	-1	3	GSCI	425.35	-0.76%	5.71%
CDX NA IG	108	0	-1	VIX	11.43	1.24%	14.64%
CDX NA HY	52	0	-3	CT10 (bp)	2.331%	-7.44	-5.34
iTraxx Eur Main	246	1	3	USD Swap Spread 10Y (bp)	-1	1	2
iTraxx Eur XO	51	-1	-8	USD Swap Spread 30Y (bp)	-23	2	7
iTraxx Eur Shr Fin	4	0	-1	TED Spread (bp)	18	-1	-9
iTraxx Sovx WE	49	-5	9	US Libor-OIS Spread (bp)	10	0	-1
iTraxx Sovx CEEMEA	66	-5	-3	Euro Libor-OIS Spread (bp)	3	0	0
					20-Nov	1W chg	1M chg
				AUD/USD	0.756	-0.85%	-3.31%
				USD/CHF	0.989	0.71%	-0.52%
				EUR/USD	1.174	0.65%	-0.35%
				USD/SGD	1.357	0.36%	0.32%
Korea 5Y CDS	60	-2	7	DJIA	23,358	-0.27%	0.13%
China 5Y CDS	68	-2	5	SPX	2,579	-0.13%	0.14%
Malaysia 5Y CDS	67	-2	5	MSCI Asiax	704	0.47%	2.40%
Philippines 5Y CDS	99	-3	4	HSI	29,227	0.15%	2.60%
Indonesia 5Y CDS	49	-1	2	STI	3,384	-1.03%	1.29%
Thailand 5Y CDS	0	0	0	KLCI	1,723	-0.86%	-1.04%
				JCI	6,073	0.86%	2.42%

Source: OCBC, Bloomberg

**Table 2: Recent Asian New Issues**

Date	Issuer	Ratings	Size	Tenor	Pricing
16-Nov-17	Fragrance Group Ltd	Not Rated	SGD100mn	4-year	4.75%
16-Nov-17	Barclays Plc	'NR/Baa3/A-'	SGD200mn	12NC7	3.75%
16-Nov-17	JIC Zhixin Ltd	'A/A2/A+'	USD500mn	5-year	CT5+97.5bps
16-Nov-17	JIC Zhixin Ltd	'A/A2/A+'	USD400mn	10-year	CT10+125bps
16-Nov-17	JIC Zhixin Ltd	'A/A2/A+'	EUR500mn	3-year	MS+60bps
15-Nov-17	Housing and Development Board	'NR/Aaa/NR'	SGD680mn	7-year	2.25%
15-Nov-17	Bank of China Ltd, Paris Branch	'NR/A1/A'	EUR700mn	3-year	3mE+47bps
15-Nov-17	Xinyuan Real Estate Co	'B-/NR/B'	USD200mn	3-year	9.125%
15-Nov-17	Hong Seng Ltd	Not Rated	USD250mn	363-day	8.5%

Source: OCBC, Bloomberg

**Rating Changes (Cont'd):** S&P has affirmed PT Bank Rakyat Indonesia (Persero) Tbk's (BRI)'BB+' long-term issuer credit ratings and senior unsecured notes rating. The outlook has been revised to positive from stable. The rating action reflects S&P's expectation that BRI's asset quality will remain better than industry average and that its credit costs will gradually decline as it has built sufficient buffers against stressed loans. S&P has downgraded MyState Bank's issuer rating to 'BBB-' from 'BBB' with a stable outlook. S&P then withdrew the ratings at MyState Bank's request. Moody's has upgraded Export-Import Bank of India (EXIM India), HDFC Bank Limited (HDFC Bank), Indian Railway Finance Corporation Limited (IFRC) and State Bank of India's (SBI) long-term ratings to 'Baa2' from 'Baa3'. At the same time, Moody's has upgraded the foreign-currency issuer ratings of Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Ltd (HPCL), Indian Oil Corporation Ltd (IOCL), and Petronet LNG Limited (PLL) to 'Baa2' from 'Baa3', while upgrading the issuer rating of Oil and Natural Gas Corporation Ltd (ONGC) to 'Baa1' from 'Baa2'. The outlook for the ratings are stable. The rating action follows Moody's upgrade of the Government of India's issuer ratings to 'Baa2' from 'Baa3'. The upgrade on ONGC, which is rated above the sovereign rating, reflects the raising of the ceiling for foreign currency bonds, as well as ONGC's baseline credit assessment and issuer rating of 'Baa1'. Moody's has affirmed Citibank Korea Inc's (Citibank Korea) 'A2' long-term deposit ratings, 'A1' Counterparty Risk Assessment and 'Baa2' baseline credit assessment and adjusted baseline credit assessment. The outlook has been revised to positive from stable. The rating action follows the change outlook of Citibank Korea's parent, Citibank NA, to positive from stable following its reengineering that has resulted in a more solvent institution. Moody's has affirmed Yida China Holdings Limited's (Yida) 'B2' corporate family rating and 'B3' senior unsecured rating. The outlook has been revised to negative from stable. The rating action follows Yida's announcement that it has entered into agreements to acquire a 70% ownership in the Dalian Tiandi project, which will weaken its liquidity position and increase debt leverage.

## Credit Headlines:

**Oxley Holdings Ltd ("OHL"):** OHL released several announcements.

1. Mayfair Gardens was sold en bloc to OHL for SGD311mn. With another SGD52mn to top up the lease, this translates to a land price of SGD1,244 psf ppr. According to Knight Frank, the breakeven price is SGD1,780 psf. Despite the significant upcoming progress billings, we expect net gearing levels to remain elevated at around 2.0x due to the en bloc acquisitions. In addition to Mayfair Gardens, OHL's recent en blocs include Rio Casa, Pasir Panjang and Serangoon Ville (for details on purchase price and stake, refer to [OCBC Asian Credit Daily – 2 Nov 2017](#)).

2. In relation to the requirement for developers to conduct a Pre-Application Feasibility Study ("PAFS"), OHL has received in-principle approvals from the LTA for Rio Casa and Serangoon Ville. PAFS requires developers to assess traffic impact on the area and propose car-lite measures/initiatives, traffic demand management and/or feasible transport improvement plans to support the redevelopment proposal.

3. OHL will be leasing an additional 5,695 sqm in GFA at Dublin Landings to the National Treasury Management Agency ("NTMA"). This follows 7,700 sqm in GFA that NTMA agreed to lease in Jan 2017.

While OHL's projects overall have progressed well, in view of the high gearing levels, we continue to hold OHL at a Negative Issuer Profile. (Company, OCBC, Knight Frank)

**Heeton Holdings Ltd ("HHL"):** HHL holds a 5% effective stake in Serangoon Ville, which has received in-principle approvals for the PAFS (refer to section on Oxley Holdings Ltd). (Company)

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