

November 23, 2017

Market Commentary: The SGD swap curve bull-flattened yesterday, with swap rates trading mixed across the 1-year to 3-year tenors, while trading 1-3bps lower across the longer tenors. However, the 12-year tenor fell by 14bps, correcting the sharp increase in yield yesterday. Flows in SGD corporates were heavy, with better buying seen in BACR 3.75% '30s, and better selling seen in BAERVX 5.75%-PERPs. In the broader dollar space, the spread on JACI IG Corp rose 1bps to 178bps, while the yield on JACI HY Corp traded little changed at 6.93%. 10Y UST yields fell 4bps to 2.32bps, after Nov 1 FOMC meeting minutes highlighted that the FOMC participants are ready to raise rates in the near-term, but are still concerned by low inflation readings.

New Issues: Binhai Investment Company Ltd has priced a USD300m 3-year bond (provided with a letter of support by Tianjin TEDA Investment Holding Co Ltd) at 4.45%, tightening from initial guidance of 4.7%. The expected issue ratings are 'NR/NR/BBB-'. Hongkong International (Qingdao) Company Ltd has priced a two-tranche deal (provided with keepwell deed, equity interest purchase undertaking deed and a standby facility by Qingdao City Construction Investment (Group) Ltd), with the USD300mn 3-year bond priced at CT3+195bps, tightening from initial guidance of CT3+215bps; and the USD500mn 5-year bond priced at CT5+220bps, tightening from initial guidance of CT5+240bps. The expected issue ratings are 'NR/NR/BBB+'. Orient HuiZhi Ltd has priced a USD500mn 5-year bond (guaranteed by Orient Securities Co Ltd) at CT5+170bps, tightening from initial guidance of CT5+190bps area. The expected issue ratings are 'NR/Baa3/NR'. Times Property Holdings Ltd has priced a USD300mn 5NC3 bond (guaranteed by certain of its restricted subsidiaries) at 6.625%, tightening from initial guidance of 6.875% area. The expected issue ratings are 'B/B2/B+'.

Table 1: Key Financial Indicators

	23-Nov	1W chg (bps)	1M chg (bps)		23-Nov	1W chg	1M chg
iTraxx Asiax IG	77	-2	2	Brent Crude Spot (\$/bbl)	63.18	2.97%	10.13%
iTraxx SovX APAC	15	-1	0	Gold Spot (\$/oz)	1,290.18	0.91%	0.62%
iTraxx Japan	47	-2	-2	CRB	191.60	1.57%	3.73%
iTraxx Australia	66	-1	1	GSCI	429.02	2.00%	6.47%
CDX NA IG	53	-3	0	VIX	9.88	-24.75%	-10.75%
CDX NA HY	108	0	-1	CT10 (bp)	2.319%	-5.66	-4.77
iTraxx Eur Main	49	-3	-6	USD Swap Spread 10Y (bp)	1	2	4
iTraxx Eur XO	237	-6	-2	USD Swap Spread 30Y (bp)	-22	2	8
iTraxx Eur Snr Fin	48	-4	-10	TED Spread (bp)	20	2	-7
iTraxx Sovx WE	4	0	-1	US Libor-OIS Spread (bp)	10	0	-1
iTraxx Sovx CEEMEA	49	0	8	Euro Libor-OIS Spread (bp)	3	0	0
					23-Nov	1W chg	1M chg
				AUD/USD	0.761	0.30%	-2.51%
				USD/CHF	0.982	1.27%	0.35%
				EUR/USD	1.182	0.45%	0.63%
				USD/SGD	1.348	0.65%	1.04%
Korea 5Y CDS	64	-2	-6	DJIA	23,526	1.10%	1.08%
China 5Y CDS	59	-3	7	SPX	2,597	1.27%	1.25%
Malaysia 5Y CDS	67	-1	5	MSCI Asiax	719	2.55%	4.68%
Philippines 5Y CDS	67	0	5	HSI	30,041	3.52%	6.13%
Indonesia 5Y CDS	98	0	5	STI	3,434	2.78%	2.52%
Thailand 5Y CDS	49	-1	2	KLCI	1,725	0.41%	-0.94%
				JCI	6,081	0.72%	2.21%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
22-Nov-17	Binhai Investment Company Ltd	'NR/NR/BBB-'	USD300m	3-year	4.45%
22-Nov-17	Hongkong International (Qingdao) Company Ltd	'NR/NR/BBB+'	USD300mn	3-year	CT3+195bps
22-Nov-17	Hongkong International (Qingdao) Company Ltd	'NR/NR/BBB+'	USD500mn	5-year	CT5+220bps
22-Nov-17	Orient HuiZhi Ltd	'NR/Baa3/NR'	USD500mn	5-year	CT5+170bps
22-Nov-17	Times Property Holdings Ltd	'B/B2/B+'	USD300mn	5NC3	6.625%
21-Nov-17	Singapore Management University	'NR/Aaa/NR'	SGD150mn	5-year	1.945%
21-Nov-17	Export-Import Bank of China	'A+/A1/NR'	USD750mn	5-year	CT5+80bps
21-Nov-17	Export-Import Bank of China	'A+/A1/NR'	USD600mn	10-year	CT10+100bps
21-Nov-17	Export-Import Bank of China	'A+/A1/NR'	USD750mn	30-year	4%
21-Nov-17	Export-Import Bank of China	'A+/A1/NR'	EUR1bn	5.5-year	MS+60bps

Source: OCBC, Bloomberg

Rating Changes: S&P has affirmed China Hongqiao Group Ltd's (Hongqiao) 'B' long-term corporate credit rating and long term issue rating on its senior unsecured notes. The outlook is stable. S&P has also removed the ratings from CreditWatch, where they were placed with negative implications. The rating action follows Hongqiao's publication of its 2016 annual report with an unqualified auditor's opinion, as well as a report refuting allegations of accounting irregularities. S&P expects Hongqiao's financial position to improve due to favorable aluminum prices and lower capital spending. Moody's has assigned Jasa Marga (Persero) Tbk (PT) (Jasa Marga) an issuer rating of 'Baa3'. The same rating was assigned to its unsecured bonds. The outlook is positive. The rating action reflects Jassa Marga's baseline credit assessment (BCA) of 'Ba2', and benefits from a two-notch uplift as Moody's expects a high level of support from the Indonesian sovereign in times of need, as Jasa Marga plays a critical role in Indonesia's plan to develop transport infrastructure. Jasa Marga's 'Ba2' BCA reflects its leading position in Indonesia's toll roads sector, but is constrained by its significant capex requirements. Fitch has assigned Sime Darby Plantation Berhad (SDP) an Issuer Default Rating and a senior unsecured rating of 'BBB+' with a stable outlook. Fitch has also removed the Rating Watch Negative on the sukuk programme and outstanding issuance under the programme, which were transferred to SDP from Sime Darby Berhad (Sime Darby), and then affirmed them at 'BBB+'. SDP is targeting to be listed as a standalone entity following its demerger with Sime Darby. The rating on SDP reflects its position as the world's largest palm oil company by planted area, average fresh fruit bunches yield and extraction rate, healthy CPO price outlook, moderate leverage and positive free cash flow. At the same time, Fitch has downgraded Sime Darby's Issuer Default Ratings to 'BB+' from 'BBB+', while removing the ratings from Rating Watch Negative. The rating action follows shareholder and regulatory approval for the separation of its plantation and property business, which were the key driver of Sime Darby's cash flow and earnings.

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