

March 28, 2017

Credit Headlines (Page 2 onwards): CMA CGM SA, Ezra Holdings Ltd, Swissco Holdings Ltd/Ezion Holdings Ltd.

Market Commentary: The SGD swap curve bull flattened yesterday, with swap rates trading 4-6bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in BNP 3.65%'24s, FCLSP 4.15%'27s, better selling seen in ABNANV 4.7%'22s, and mixed interest in PILLSP 5.9%'17s, BAERVX 5.75%'49s, UOBSP 3.5%'29s. In the broader dollar space, the spread on JACI IG corporates rose 1bps to 196bps while the yield on JACI HY fell 2bps to 6.64%. 10y UST yields fell by 3bps to 2.38%, amid waning expectations for fiscal stimulus by the Trump administration. In an interview, Federal Reserve Bank of Chicago President Charles Evans mentioned that two interest-rate increases may be the right amount of tightening for the U.S. economy this year given uncertainty surrounding the outlook for inflation and government spending.

New Issues: Huantaihu International Investment Co. Ltd. priced a USD150mn 3-year bond (guaranteed by Zhejiang Huzhou Huantaihu Group Co. Ltd., largest state owned enterprise in Huzhou and infrastructure developer) at 5.75%, tightening from initial guidance of 6%. KEB Hana Bank priced a USD500mn 3-year bond at 3mL+72.5bps, tightening from initial guidance of 3mL+90bps. The expected issue ratings are 'A+/A1/NR'. Tewoo Group Co. scheduled an investor roadshow from 28-29 March for potential USD bond issuance. The expected issue ratings are 'NR/NR/BBB-'. Fullerton Healthcare Corporation Ltd. scheduled an investor roadshow from 28 March for potential USD perp issuance. Indika Energy Tbk PT scheduled an investor roadshow from 29 March for potential USD 5NC3 bond issuance. The expected issue ratings are 'NR/Caa1/B-'. .

Rating Changes: S&P assigned Industrial and Commercial Bank of China (Asia) Ltd. (ICBC Asia) an issuer credit rating of 'A', with a stable outlook. The rating reflects the bank's core status to its sole shareholder and parent, Industrial and Commercial Bank of China Ltd. (ICBC), and S&P's expectation that ICBC Asia will be an indirect beneficiary of support from the Chinese government, if needed.

Table 1: Key Financial Indicators

	28-Mar	1W chg (bps)	1M chg (bps)		28-Mar	1W chg	1M chg
iTraxx Asiax IG	96	0	0	Brent Crude Spot (\$/bbl)	50.92	-0.08%	-8.40%
iTraxx SovX APAC	21	1	-5	Gold Spot (\$/oz)	1,253.61	0.71%	0.41%
iTraxx Japan	45	0	-7	CRB	183.10	-0.91%	-3.95%
iTraxx Australia	88	-2	4	GSCI	376.71	-0.71%	-6.34%
CDX NA IG	68	-2	6	VIX	12.5	10.23%	-3.25%
CDX NA HY	106	0	-1	CT10 (bp)	2.373%	-4.47	-1.71
iTraxx Eur Main	75	-2	2	USD Swap Spread 10Y (bp)	-3	1	-1
iTraxx Eur XO	294	0	3	USD Swap Spread 30Y (bp)	-39	0	-2
iTraxx Eur Snr Fin	88	-2	-4	TED Spread (bp)	41	0	-15
iTraxx Sovx WE	12	-1	-9	US Libor-OIS Spread (bp)	23	-1	-2
iTraxx Sovx CEEMEA	51	5	-14	Euro Libor-OIS Spread (bp)	2	0	0
					28-Mar	1W chg	1M chg
				AUD/USD	0.763	-0.82%	-0.38%
				USD/CHF	0.986	0.83%	2.04%
				EUR/USD	1.086	0.46%	2.69%
				USD/SGD	1.394	0.38%	0.65%
Korea 5Y CDS	51	2	5	DJIA	20,551	-1.70%	-1.26%
China 5Y CDS	84	-1	-7	SPX	2,342	-1.34%	-0.93%
Malaysia 5Y CDS	108	2	-1	MSCI Asiax	583	-0.85%	3.31%
Philippines 5Y CDS	85	0	-1	HSI	24,316	-1.13%	2.42%
Indonesia 5Y CDS	130	0	0	STI	3,142	-0.54%	1.45%
Thailand 5Y CDS	55	-2	0	KLCI	1,752	-0.16%	3.43%
				JCI	5,541	0.13%	2.87%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
27-Mar-17	Huantaihu International Investment Co. Ltd.	Not Rated	USD150mn	3-year	5.75%
27-Mar-17	KEB Hana Bank	"A+/A1/NR"	USD500mn	3-year	3mL+72.5bps
24-Mar-17	FCT MTN Pte. Ltd.	"BBB+/NR/NR"	SGD90mn	3-year	2.365%
24-Mar-17	China Evergrande Group	"NR/B3/B-"	USD1bn	7NC4	9.5%
23-Mar-17	PT Japfa Comfeed Indonesia Tbk	"BB-/NR/BB-"	USD150mn	5NC3	5.625%
23-Mar-17	Emperor International Holdings Ltd.	Not Rated	USD200mn	5-year	5%
22-Mar-17	The Republic of Indonesia	"NR/Baa3/BBB-"	USD2bn	5-year	3.40%
22-Mar-17	The Republic of Indonesia	"NR/Baa3/BBB-"	USD1bn	10-year	4.15%
22-Mar-17	China Zheshang Bank Co. Ltd..	"NR/Ba1/NR"	USD2.175bn	Perp NC5	5.45%

Source: OCBC, Bloomberg

Rating Changes (cont'd): S&P downgraded China-based department store operator Parkson Retail Group Ltd.'s (Parkson) corporate credit rating to 'B-' from 'B'. The rating outlook is stable. The rating action reflects S&P's expectation for Parkson's profitability to remain weak and its leverage to stay high over the next 12 months amid the challenging retail market in China and the company's slow turnaround of its lossmaking stores. Moody's upgraded AIA Group Limited (AIA) and its subsidiaries' issuer rating and senior unsecured debt ratings to 'A2' from 'A3'. The ratings outlook is stable. The rating action reflects the Group's strong financial profile, including its financial flexibility, earnings track record, and capitalization, which have been achieved through adhering to a prudent financial policy. Moody's placed Indika Energy Tbk P.T's (Indika) 'Caa1' corporate family rating on review for upgrade. Moody's also placed the 'Caa1' ratings on the USD171mn senior secured notes (issued by Indo Energy Finance B.V.) and USD500mn senior secured notes (issued by Indo Energy Finance II B.V) on review for upgrade. Lastly, Moody's has also assigned and placed on review for upgrade a 'Caa1' rating to the proposed USD225 million senior secured notes to be issued by Indika's wholly-owned subsidiary, Indika Energy Capital II Pte. Ltd, and guaranteed by Indika. The rating action follows the announcement of Indika's refinancing plan, with the review dependent on the company's capital structure, credit profile and interest burden following the completion of the proposed transaction. Fitch has also placed Indika's Foreign- and Local-Currency Issuer Default Ratings (IDR) of 'CCC' on Rating Watch Positive.

Credit Headlines:

CMA CGM (acquired Neptune Orient Lines, "NOL"): CMA CGM announced that it is doubling the capacity of its Singapore operations at Pasir Panjang to 4 million 20-foot equivalent units (TEUs) through Phase 2 of the CMA CGM PSA Lion Terminal (a joint venture between CMA CGM and PSA Singapore Terminals). CMA CGM will divert transshipment traffic from Port Klang to the enlarged capacity in line with CMA-CGM's strategy to make Singapore a transshipment hub in South East Asia and grow container volumes through Singapore. The move is in addition to CMA-CGM transferring its regional office to Singapore from Hong Kong in January and comes ahead of the commencement of operations for CMA-CGM's Ocean Alliance with China Cosco Shipping, Evergreen Line and Orient Overseas Container Line. The moves reaffirms CMA-CGM's belief in the strong growth potential for transshipment volumes in South East Asia and reinforces our view that although CMA CGM has not provided a corporate guarantee on NOL's outstanding bonds, NOL would likely receive support from CMA CGM as a material wholly-owned subsidiary to CMA CGM. (Company, OCBC)

Ezra Holdings Ltd ("EZRA"): Following on from EZRA's Chapter 11 bankruptcy filing (refer [OCBC Asian Credit Daily - 20 Mar 2017](#)), EZRA announced yesterday the resignation of its interim Chief Financial Officer (CFO) Mr Chan Eng Yew. Mr Chan had been interim CFO since 27 January 2017 following the resignation of EZRA's group CFO (Eugene Cheng). There is no news of any change to Mr Chan's current role as CEO/Executive Director of Triyards Holdings Ltd. Separately, a US Bankruptcy Court approved first day motions in EZRA's filing for Chapter 11 protection. We continue to monitor the situation, and will update accordingly. (Company, OCBC)

Swissco Holdings Ltd ("SWCH") / Ezion Holdings Ltd. ("EZI"): SWCH's interim judicial managers ("IJM") have announced the proposed disposal of the 50% stakes owned by SWCH's subsidiary Scott & English Energy Pte Ltd ("S&E") in Strategic Offshore Ltd ("SOL") and Strategic Excellence Ltd, to its JV partner, Ezion Holdings for USD3.5m and SGD 1.5m respectively. Strategic Offshore Ltd owns 3 rigs (GSP Atlas, GSP Orizont, GSP Fortuna) while Strategic Excellence Ltd owns a further vessel (Strategic Excellence). As part of the sale of Strategic Excellence Ltd, S&E may also receive USD5.75mn in proceeds related to outstanding unpaid charterhire fees. As we previously highlighted, EZI was potentially need to review the value of its stake in SOL. (Company, OCBC)

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