

January 5, 2017

Market Commentary: The SGD swap curve bull-flattened, with swap rates decreasing roughly 1-5bps across tenors. Flows in the SGD corporates were muted. In the broader dollar space, the spread on JACI IG corporates fell roughly 1bps to 196bps while the yield on JACI HY corporates fell 5bps to 6.92%. 10y UST yields changed little at 2.44%, and whipsawed between gains and losses after minutes from the Fed's December meeting showed officials acknowledging inflation risks stemming from potential fiscal policy under the Trump administration.

New Issues: National Australia Bank Ltd. (NAB) priced a USD3.5bn five-tranche deal with a USD1bn 3-year bond priced at CT3+78bps; a USD1bn 5-year bond priced at CT5+90bps; a USD250mn 3-year bond priced at 3mL+59bps; a USD500mn 5-year bond priced at 3mL+89bps; and a USD750mn 10-year bond priced at CT10+108bps. The expected issue ratings are "AA-/Aa2/NR". China Aoyuan Property Group Ltd. launched a USD 3-year bond with final guidance at 6.35%, tightening from the initial guidance of 6.75%. The expected issue ratings are "B-/B3/BB-". BPRL International Singapore Pte., which is guaranteed by Bharat Petroleum Corporation Ltd., scheduled investor meetings from 5 January for a potential USD bond issuance.

Rating Changes: Moody's placed under review for downgrade Hengdeli Holdings Limited's "Ba3" corporate family rating and the "Ba3" rating of its senior unsecured bonds. The action reflects Hengdeli's announcement that it would make a substantial asset disposal subject to regulatory and independent shareholder approvals and this would "materially change the company's business profile".

Table 1: Key Financial Indicators

	5-Jan	1W chg (bps)	1M chg (bps)		5-Jan	1W chg	1M chg
iTraxx Asiax IG	117	-6	-7	Brent Crude Spot (\$/bbl)	56.33	0.20%	2.53%
iTraxx SovX APAC	35	-3	-6	Gold Spot (\$/oz)	1,171.06	1.11%	0.06%
iTraxx Japan	55	3	-1	CRB	192.98	0.12%	-0.26%
iTraxx Australia	101	-3	-7	GSCI	396.14	-0.52%	1.53%
CDX NA IG	63	-5	-9	VIX	11.85	-1.17%	-2.39%
CDX NA HY	107	1	2	CT10 (bp)	2.435%	-3.96	4.13
iTraxx Eur Main	68	-5	-10	USD Swap Spread 10Y (bp)	-15	-5	0
iTraxx Eur XO	281	-10	-45	USD Swap Spread 30Y (bp)	-52	-6	2
iTraxx Eur Snr Fin	86	-9	-22	TED Spread (bp)	48	2	-1
iTraxx Sovx WE	20	0	-3	US Libor-OIS Spread (bp)	32	-1	0
iTraxx Sovx CEEMEA	76	-4	-21	Euro Libor-OIS Spread (bp)	3	0	-1
					5-Jan	1W chg	1M chg
				AUD/USD	0.728	0.90%	-2.52%
				USD/CHF	1.020	0.32%	-1.30%
				EUR/USD	1.051	0.23%	-2.32%
				USD/SGD	1.439	0.63%	-1.40%
Korea 5Y CDS	44	-2	-3	DJIA	19,942	-0.01%	3.78%
China 5Y CDS	116	-4	1	SPX	2,271	0.08%	3.00%
Malaysia 5Y CDS	135	-6	-18	MSCI Asiax	519	2.00%	-0.31%
Philippines 5Y CDS	107	-6	-9	HSI	22,134	1.75%	-1.65%
Indonesia 5Y CDS	154	-7	-18	STI	2,944	1.59%	0.05%
Thailand 5Y CDS	77	-2	-12	KLCI	1,650	1.23%	1.57%
				JCI	5,301	3.88%	0.62%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
04-Jan-17	National Australian Bank Ltd.	"AA-/Aa2/NR"	USD1bn	3-year	CT3+78bps
04-Jan-17	National Australian Bank Ltd.	"AA-/Aa2/NR"	USD1bn	5-year	CT5+90bps
04-Jan-17	National Australian Bank Ltd.	"AA-/Aa2/NR"	USD250mn	3-year	3mL+59bps
04-Jan-17	National Australian Bank Ltd.	"AA-/Aa2/NR"	USD500mn	5-year	3mL+89bps
04-Jan-17	National Australian Bank Ltd.	"AA-/Aa2/NR"	USD750mn	10-year	CT10+108bps
03-Jan-17	Westpac Banking Corporation	"AA-/Aa2/NR"	USD1.25bn	5-year	CT5+88bps
03-Jan-17	Westpac Banking Corporation	"AA-/Aa2/NR"	USD500mn	5-year	3mL+85bps
02-Jan-17	R&F Properties	"NR/NR/BB"	USD265mn	5NC3	5.95%
13-Dec-16	Shandong Ruyi Technology Group	"B-/B3/NR"	USD250mn	3-year	8.2%

Source: OCBC, Bloomberg

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