

Apr 11, 2018

Market Commentary

- The SGD swap curve steepened yesterday, with the swap rates for the shorter tenors trading flat to 1bps lower while the longer tenors traded 1-2bps higher.
- Flows in SGD corporates were moderate yesterday.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 127bps while the Bloomberg Barclays Asia USD HY Bond Index average tightened 3bps to 345bps.
- 10Y UST yields rose 2bps to 2.80% after Xi Jinping alleviated some trade war fears coupled with the release of the producer price data which came in stronger-than-expected.

Credit Headlines

Aspial Corp Ltd (“ACL”) | Issuer Profile: Negative (6)

- ACL announced that SGD26mn (out of SGD100mn) of ASPSP 5.5% '18s have been offered for exchange, following the offer to exchange the existing ASPSP '18s for a SGD denominated 5.9% note due in 2021.
- As mentioned previously, we prefer to hold the ASPSP 5.5% '18s and we do not find the proposed '21s to be attractive given its high net gearing (4Q2017: 3.35x). For investors looking for 3Y SGD high yield paper issued by property companies, we prefer developers with lower net gearing that offer higher yields. This includes HTONSP 6.08% '21s (YTM: 5.94%). (Company, OCBC)

Table 1: Key Financial Indicators

	11-Apr	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	76	-2	11
iTraxx SovX APAC	12	-1	1
iTraxx Japan	50	-1	12
iTraxx Australia	68	-3	12
CDX NA IG	63	-4	9
CDX NA HY	107	1	0
iTraxx Eur Main	57	-4	9
iTraxx Eur XO	281	-8	33
iTraxx Eur Snr Fin	60	-5	11
iTraxx Sovx WE	18	0	-1
AUD/USD	0.776	0.60%	-1.41%
EUR/USD	1.236	0.67%	0.21%
USD/SGD	1.310	0.20%	0.25%
China 5Y CDS	61	-2	7
Malaysia 5Y CDS	71	-1	10
Indonesia 5Y CDS	99	-3	12
Thailand 5Y CDS	44	-2	6

	11-Apr	1W chg	1M chg
Brent Crude Spot (\$/bbl)	71.10	4.53%	8.57%
Gold Spot (\$/oz)	1,340.91	0.58%	1.35%
CRB	197.11	2.02%	1.01%
GSCI	461.15	3.19%	3.77%
VIX	20.47	-2.99%	39.82%
CT10 (bp)	2.799%	-0.36	-9.47
USD Swap Spread 10Y (bp)	3	0	-1
USD Swap Spread 30Y (bp)	-14	1	1
TED Spread (bp)	62	4	19
US Libor-OIS Spread (bp)	58	-1	14
Euro Libor-OIS Spread (bp)	2	-1	-1
DJIA	24,408	1.56%	-3.66%
SPX	2,657	1.62%	-4.65%
MSCI Asiax	725	2.77%	-1.20%
HSI	30,729	1.82%	-0.86%
STI	3,480	4.21%	-0.15%
KLCI	1,865	2.68%	1.12%
JCI	6,326	1.55%	-1.67%

Source: OCBC, Bloomberg

New issues

- Logan Property Holdings Co Ltd has priced a SGD200mn 3NC2 bond (guaranteed by Certain Offshore Subsidiaries of the Issuer) at 6.125%, tightening from its initial price guidance of 6.375%.
- Bank of China Ltd/Singapore Branch (BCHINA) has priced a USD800mn 3-year FRN at 3mL+75bps and USD700mn 5-year bond at 3mL+85bps, tightening from its initial guidance of 3mL+100bps and 3mL+110bps respectively.
- Bank of China Ltd, Luxembourg Branch has priced a EUR700mn 3-year FRN at 3mE+50bps, tightening from its initial guidance of 3mE+65bps area.
- Korea Resources Corp (KORESC) has priced a USD500mn 5-year bond at CT5+150bps, tightening from its initial guidance of CT5+175bps area.
- Marubeni Corp (MARUB) has priced a USD500mn 5-year bond at CT5+122.5bps, tightening from its initial guidance of CT5+145bps area.
- China SCE Property Holdings Ltd (CHINSC) has priced a USD600mn 3NC2 bond at 7.45%, tightening from its initial guidance of 7.8%.
- Powerlong Real Estate Holdings Ltd has priced a USD350mn 3-year bond (guaranteed by certain non-PRC subsidiaries of the issuer) at 7.25%, tightening from its initial guidance of 7.5%.
- Thailoil Treasury Centre Company Ltd has priced a USD283.6mn 5-year bond (guaranteed by Thai Oil Public Company Ltd) at 3.625% and a USD327.6mn 25-year bond at 4.875%.
- Southwest Securities Co Ltd has scheduled for investor meetings from 11 Apr for its potential bond issuance.
- Oversea-Chinese Banking Corp Ltd (OCBC) has hired banks for its potential EUR Benchmark 7-year covered bonds.

Table 2: Recent Asian New Issues

Date	Issuer	Size	Tenor	Pricing
10-Apr-18	Thailoil Treasury Centre Company Ltd	USD327.6mn	25-year	4.875%
10-Apr-18	Thailoil Treasury Centre Company Ltd	USD283.6mn	5-year	3.625%
10-Apr-18	Powerlong Real Estate Holdings Ltd	USD350mn	3-year	7.25
10-Apr-18	China SCE Property Holdings Ltd	USD600mn	3NC2	7.45%
10-Apr-18	Marubeni Corp	USD500mn	5-year	CT5+122.5bps
10-Apr-18	Korea Resources Corp	USD500mn	5-year	CT5+150bps
10-Apr-18	Bank of China Ltd, Luxembourg Branch	EUR700mn	3-year	3mE+50bps
10-Apr-18	Bank of China Ltd/Singapore Branch	USD700mn	5-year	3mL+85bps
10-Apr-18	Bank of China Ltd/Singapore Branch	USD800mn	3-year	3mL+75bps
10-Apr-18	Logan Property Holdings Co Ltd	SGD200mn	3NC2	6.125%

Source: OCBC, Bloomberg

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