

Apr 13, 2018

Market Commentary

- The SGD swap curve flattened yesterday with swap rates for the shorter tenors flat while the longer tenors traded 1-3bps lower.
- Flows in SGD corporates were heavy yesterday, with better buying in HSBC 4.7%-PERP and better selling in HYFSP 6%-PERP.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 126bps while the Bloomberg Barclays Asia USD HY Bond Index average tightened 3bps to 342bps.
- 10Y UST yields rose 6bps to 2.83%, as President Trump dialled back his rhetoric on trade and Syria, and considered re-joining the Trans-Pacific Partnership.

Credit Headlines

CapitaLand Ltd (“CAPL”) | Issuer Profile: Neutral (3)

CapitaLand Commercial Trust (“CCT”) | Issuer Profile: Neutral (3)

- The 51-storey skyscraper that is being constructed at the former Golden Shoe Car Park site has been formally named CapitaSpring. The project is currently a joint venture, with CAPL and CCT each holding a 45% stake. The balance 10% is held by Mitsubishi Estate Co Ltd, who was CAPL / CCT's partner for their previous CapitaGreen JV. The project development for CapitaSpring has been estimated to be SGD1.82bn (based on CCT's AR2017).
- CapitaSpring is currently targeted to be completed in 1H2021. It was also announced that JP Morgan will be an anchor tenant to CapitaSpring, taking 155,000sqft of the expected 635,000sqft in NLA. JP Morgan could potentially be vacating their existing office in Capital Tower (another CCT asset, with JP Morgan currently generating 3.1% of rental income for the asset). Currently, there are no other major office schemes scheduled to be completed in 2021, though we note that the current Central Boulevard office site (owned by IOI Properties, 1.08mn sqft NLA) could potentially be delayed till 2021 or beyond. (Company, OCBC).

Table 1: Key Financial Indicators

	13-Apr	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	76	1	12
iTraxx SovX APAC	13	0	2
iTraxx Japan	51	1	11
iTraxx Australia	66	-3	11
CDX NA IG	62	-2	8
CDX NA HY	107	0	0
iTraxx Eur Main	56	-2	8
iTraxx Eur XO	280	-4	33
iTraxx Eur Snr Fin	59	-3	10
iTraxx Sovx WE	18	0	-1
AUD/USD	0.777	1.11%	-1.16%
EUR/USD	1.233	0.37%	-0.51%
USD/SGD	1.311	0.34%	0.05%
China 5Y CDS	61	0	7
Malaysia 5Y CDS	72	1	11
Indonesia 5Y CDS	101	1	14
Thailand 5Y CDS	45	0	6

	13-Apr	1W chg	1M chg
Brent Crude Spot (\$/bbl)	71.83	7.03%	11.12%
Gold Spot (\$/oz)	1,338.57	0.42%	0.91%
CRB	199.30	2.84%	2.59%
GSCI	466.87	4.10%	5.97%
VIX	18.49	-2.38%	13.09%
CT10 (bp)	2.817%	4.39	-2.52
USD Swap Spread 10Y (bp)	4	1	-1
USD Swap Spread 30Y (bp)	-13	3	1
TED Spread (bp)	63	0	20
US Libor-OIS Spread (bp)	58	-2	11
Euro Libor-OIS Spread (bp)	3	0	0
DJIA	24,483	-0.09%	-2.10%
SPX	2,664	0.04%	-3.66%
MSCI Asiax	724	1.94%	-3.09%
HSI	30,831	4.45%	-2.44%
STI	3,469	0.76%	-2.40%
KLCI	1,874	1.99%	0.51%
JCI	6,311	2.06%	-1.59%

Source: OCBC, Bloomberg

New issues

- CITIC Ltd has priced a USD200mn 30-year EMTN at 5.07%.
- Westpac Banking Corp has priced a AUD225mn re-tap of its WSTP 2.5%'22s at 3m BBSW+86bps.
- Transurban Queensland Finance Property Ltd (TQLAU) has priced a USD500mn 10-year bond (guaranteed by Transurban Queensland Holdings Pty Ltd) at CT10+185bps, tightening from its initial price guidance of CT10+200bps area.
- Kunzhi Ltd (PKFOUN) has priced a USD425mn 2-year bond (guaranteed by Founder Information Hong Kong Ltd, keepwell provider: Peking University Founder Group Company Ltd) at 6.25% .
- Westwood Group Holdings Ltd has priced a USD1.2bn deal across two tranches (guaranteed by Yuexiu Property Co Ltd), with the USD800mn 3-year bond priced at CT3+270bps and a USD400mn 5.5-year bond at CT5+310bps, both in line with its initial price guidance.
- CIFI Holdings Group Co Ltd (CIFHIG) has priced a USD500mn 3NC2 bond at 6.875%, tightening from its initial price guidance of 7.25% area.
- Yango (Cayman) Investment Ltd has priced a USD100mn 3NCNP2 bond (guaranteed by Fujian Yango Group Co Ltd) at 11%, tightening from its initial price guidance of low 11% area.
- Beijing Enterprises Water Capital Management Holdings Ltd has scheduled for investor meetings from 13 Apr for its potential USD bond issuance (guaranteed by Beijing Enterprises Water Group Ltd).
- Atria Power Corp Pvt Ltd has plans to sell 5-year dollar bonds worth USD300-500mn.

Table 2: Recent Asian New Issues

Date	Issuer	Size	Tenor	Pricing
12-Apr-18	Yango (Cayman) Investment Ltd	USD100mn	3NCNP2	11%
12-Apr-18	CIFI Holdings Group Co Ltd	USD500mn	3NC2	6.875%
12-Apr-18	Westwood Group Holdings Ltd	USD400mn	5.5-year	CT5+310bps
12-Apr-18	Westwood Group Holdings Ltd	USD800mn	3-year	CT3+270bps
12-Apr-18	Kunzhi Ltd	USD425mn	2-year	6.25%
12-Apr-18	Transurban Queensland Finance Property Ltd	USD500mn	10-year	CT10+185bps
12-Apr-18	Westpac Banking Corp	AUD225mn	WSTP 2.5%'22s	BBSW+86bps
11-Apr-18	CITIC Ltd	USD200mn	30-year MTN	5.07%
11-Apr-18	Industrial & Commercial Bank of China Ltd/ Dubai DIFC	USD100mn	3-year	3.09%
11-Apr-18	Oversea-Chinese Banking Corp Ltd	EUR500mn	7-year	MS+9bps

Source: OCBC, Bloomberg

Andrew Wong

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6530 4736
wongVKAM@ocbc.com

Nick Wong Liang Mian, CFA

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6530 7348
NickWong@ocbc.com

Ezien Hoo, CFA

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6722 2215
EzienHoo@ocbc.com

Wong Hong Wei

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6722 2533
WongHongWei@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "**Relevant Materials**") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "**Relevant Entity**") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("**MiFID**") and the EU's Markets in Financial Instruments Regulation (600/2014) ("**MiFIR**") (together referred to as "**MiFID II**"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).