

January 4, 2018

**Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap curves trading 1 to 4bps higher across all tenors. Flows in SGD corporates were heavy, with better buying seen in LMRTSP 6.6%-PERPs. In the broader dollar space, the spread on the Itraxx Asia ex-Japan traded little changed at 66bps. 10y UST yields fell 2bps to 2.44%, despite (1) ISM Manufacturing and Prices Paid data that came in stronger than expected earlier in the morning; and (2) the release of the FOMC's December meeting minutes, which showed that most participants favoured tightening and saw inflation gradually rising to 2%, while generally agreeing that the flatness of the yield curve was not unusual by historical standards.

**New Issues:** Commonwealth Bank Of Australia has priced a USD1.25bn Subordinated Tier 2 30-year bond at CT30+153bps, tightening from initial guidance of CT30+175bps area. The expected issue ratings are 'BBB/Baa1/A+'. Swire Properties MTN Financing Ltd has priced a USD500mn 10-year bond (guaranteed by Swire Properties Ltd) at CT10+110bps, tightening from initial guidance of CT10+130bps area. The expected issue ratings are 'NR/A2/A'. Citic Ltd has hired banks for a proposed USD senior unsecured bond issue.

**Rating changes:** Fitch has affirmed PT Wijaya Karya (Persero) Tbk's (WIKa)'s 'BB' Issuer Default Rating. The outlook is stable. The rating action reflects WIKa's continued position as one of the largest state-owned construction companies in Indonesia with solid order-book growth to support its profitability in the medium term. Fitch has downgraded Dalian Wanda Group Co Ltd's commercial debt rating to 'BB+' from 'BBB', while maintaining the rating on watch negative. The rating action reflects Wanda's inability to access offshore funding channels to boost its offshore liquidity in a timely manner, thereby heightening its offshore liquidity risk. Fitch has assigned Shangrao City Construction Investment Development Group Co Ltd (SCID) an Issuer Default Rating at 'BB+'. The outlook is stable. SCID's rating is credit-linked to its sponsor, Shangrao municipality. In light of the municipality's stable ownership of SCID, there is a high likelihood that SCID would receive extraordinary support if needed.

**Table 1: Key Financial Indicators**

	4-Jan	1W chg (bps)	1M chg (bps)		4-Jan	1W chg	1M chg
iTraxx Asiax IG	66	0	-6	Brent Crude Spot (\$/bbl)	67.84	1.22%	6.45%
iTraxx SovX APAC	13	-1	-1	Gold Spot (\$/oz)	1,308.45	1.04%	2.53%
iTraxx Japan	45	0	-1	CRB	195.35	2.56%	3.53%
iTraxx Australia	57	-1	-6	GSCI	447.14	2.26%	5.57%
CDX NA IG	47	-2	-4	VIX	9.15	-10.73%	-21.66%
CDX NA HY	109	0	1	CT10 (bp)	2.456%	2.56	8.38
iTraxx Eur Main	45	0	-3	USD Swap Spread 10Y (bp)	-2	0	-3
iTraxx Eur XO	231	1	4	USD Swap Spread 30Y (bp)	-21	0	0
iTraxx Eur Snr Fin	43	0	-3	TED Spread (bp)	31	6	7
iTraxx Sovx WE	0			US Libor-OIS Spread (bp)	25	-2	12
iTraxx Sovx CEEMEA	32	-2	-12	Euro Libor-OIS Spread (bp)	2	0	0
					4-Jan	1W chg	1M chg
				AUD/USD	0.782	0.33%	2.92%
				USD/CHF	0.977	0.12%	0.78%
				EUR/USD	1.201	0.54%	1.20%
				USD/SGD	1.331	0.53%	1.26%
Korea 5Y CDS	52	-2	-7	DJIA	24,923	0.71%	2.60%
China 5Y CDS	49	-1	-6	SPX	2,713	1.21%	2.79%
Malaysia 5Y CDS	58	-1	-5	MSCI Asiax	729	3.48%	4.82%
Philippines 5Y CDS	58	-1	-4	HSI	30,561	3.32%	4.88%
Indonesia 5Y CDS	84	-2	-9	STI	3,464	2.14%	0.75%
Thailand 5Y CDS	45	-1	-2	KLCI	1,793	1.19%	4.65%
				JCI	6,251	0.49%	4.22%

Source: OCBC, Bloomberg

**Table 2: Recent Asian New Issues**

Date	Issuer	Ratings	Size	Tenor	Pricing
4-Jan-18	Swire Properties MTN Financing Ltd bond (guaranteed by Swire Properties Ltd)	'NR/A2/A'	USD500mn	10-year	CT10+110bps
4-Jan-18	Commonwealth Bank Of Australia	'BBB/Baa1/A+'	USD1.25bn	30-year	CT30+153bps
15-Dec-17	CFLD (Cayman) Investment Ltd	Not Rated	USD500mn	3-year	6.5%
15-Dec-17	China Shandong International Economic & Technical Finance 1 Ltd	Not Rated	USD400mn	3-year	4%
15-Dec-17	Luso International Banking Ltd	Not Rated	USD250mn	10NC5.5	5.375%
13-Dec-17	Charming Light Investments Ltd	'NR/Baa1/A-'	USD750mn	3-year	3mL+115bps
13-Dec-17	Charming Light Investments Ltd	'NR/Baa1/A-'	USD1bn	10-year	CT10+205bps
13-Dec-17	Charming Light Investments Ltd	'NR/Baa1/A-'	USD250mn	Perp NC5	4.25%
13-Dec-17	Bank of Chongqing Co Ltd	Not Rated	USD750mn	Perp NC5	5.4%

Source: OCBC, Bloomberg

**Andrew Wong**

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

**Nick Wong Liang Mian, CFA**

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

**Ezien Hoo, CFA**

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

**Wong Hong Wei**

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

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