

Apr 6, 2018

Market Commentary

- The SGD swap curve steepened yesterday, with the swap rates for the shorter tenors traded 1-2bps higher (with the exception of 1-year tenor trading 2bps lower) while the longer tenors traded 2-4bps higher.
- Flows in SGD corporates were heavy yesterday, with better buying in GEMAU 5.5%'19s and HYFSP6%-PERP.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS traded little changed at 125bps while the Bloomberg Barclays Asia USD HY Bond Index average tightened 1bps to 353bps.
- 10Y UST yield rose 3bps to 2.83% as rising stock markets showed improved risk appetite.

Credit Headlines

Ezion Holdings Ltd ("EZI") | Issuer Profile: Negative (7)

- EZI announced that it has entered into a subscription and options agreement with Pavilion Capital Fund Holdings ("Pavilion"). EZI proposed to issue 96,153,000 new shares to Pavilion at SGD0.208 per share (~SGD20.0mn in proceeds) as well as issue 137,614,000 non-listed and non-transferable share options with an exercise price of SGD0.218 per share and 3-year expiry. The options will be granted at a token price of SGD1. The expected Completion date for the transaction was not disclosed. As it stands, based on 2,073,843,405 shares outstanding, Pavilion would hold a 4.6% stake in EZI, or 11.3% should the options be exercised. That being said, when factoring the various convertible instruments as well as warrants to be issued as part of the restructuring (refer to [OCBC Asia Credit - Ezion Credit Update \(8 Feb 2018\)](#)), the enlarged fully diluted shares outstanding, excluding the Pavilion transaction, could stand at 6,227,408,350 shares.
- We consider the transaction a credit positive. EZI was able to secure fresh equity funding at a share price that was not too far from the conversion price on EZI's proposed restructured notes. As a reminder, Option B restructured notes can be converted into new shares of EZI at a conversion price of SGD0.2763 per share (or SGD0.2487 per share during the early bird period of 60 days after issuance of the restructured notes). That being said, we reiterate our prior recommendation (refer to [OCBC Asia Credit - Ezion Credit Update \(24 Oct 2017\)](#)) that investors do not participate in the early bird conversion sweeteners, as this would maximize the flexibility that investors have pending EZI's future performance. We continue to hold EZI at a Negative (7) Issuer Profile for now. (Company, OCBC)

Table 1: Key Financial Indicators

	6-Apr	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	75	-2	6
iTraxx SovX APAC	13	0	1
iTraxx Japan	50	0	10
iTraxx Australia	69	-1	10
CDX NA IG	63	-2	8
CDX NA HY	107	0	0
iTraxx Eur Main	58	-2	4
iTraxx Eur XO	284	0	16
iTraxx Eur Snr Fin	62	-4	6
iTraxx Sovx WE	18	0	-3
AUD/USD	0.768	-0.03%	-1.94%
EUR/USD	1.225	-0.62%	-1.26%
USD/SGD	1.317	-0.39%	-0.05%
China 5Y CDS	61	-2	5
Malaysia 5Y CDS	71	-2	8
Indonesia 5Y CDS	100	-1	13
Thailand 5Y CDS	45	-1	5

	6-Apr	1W chg	1M chg
Brent Crude Spot (\$/bbl)	67.96	-3.29%	3.30%
Gold Spot (\$/oz)	1,330.75	0.40%	-0.29%
CRB	193.81	-0.26%	-1.50%
GSCI	448.46	-0.35%	0.05%
VIX	18.94	-17.18%	3.16%
CT10 (bp)	2.810%	7.11	-7.63
USD Swap Spread 10Y (bp)	3	0	2
USD Swap Spread 30Y (bp)	-16	-1	2
TED Spread (bp)	63	3	24
US Libor-OIS Spread (bp)	58	-1	16
Euro Libor-OIS Spread (bp)	3	0	0
DJIA	24,505	2.75%	-1.52%
SPX	2,663	2.22%	-2.39%
MSCI Asiax	710	-0.87%	-1.88%
HSI	29,519	-3.37%	-1.23%
STI	3,406	0.68%	-2.47%
KLCI	1,836	-1.09%	-0.66%
JCI	6,183	0.69%	-4.88%

Source: OCBC, Bloomberg

New issues

- Syngenta AG has scheduled for investor meetings from 9 Apr for its potential USD/EUR bond issuance of up to USD4.8bn.
- Ausgrid Finance Property Ltd has scheduled for investor meetings from 6-17 Apr for its potential USD/EUR bond issuance.
- BOC Aviation Ltd has scheduled for investor meetings from 6 Apr for its potential USD bond issuance.
- Marubeni Corp has scheduled for investor meetings from 6 Apr for its potential USD 5-year bond issuance.
- Westwood Group Holdings Ltd has scheduled for investor meetings from 9 Apr for its potential USD/CNH bond issuance.

Table 2: Recent Asian New Issues

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
4-Apr-18	Societe Generale SA	USD1.25bn	NC10	6.75%
4-Apr-18	DBS Group Holdings Ltd	EUR600mn	10NC5	MS+120bps
4-Apr-18	Megaworld Corp	USD200mn	Perp NC5	5.375%
29-Mar-18	SMRT Capital Pte Ltd	SGD200mn	5-year	2.59%
29-Mar-18	Greenland Global Investment Ltd	USD60mn	GRNLGR 5.25%'21	100+accrued interest
28-Mar-18	Shougang Group Co Ltd	USD500mn	360-day	3.95%
27-Mar-18	Ease Trade Global Ltd	USD350mn	3-year	5.2%
27-Mar-18	Baoxin Auto Finance I Ltd	USD300mn	364-day	6.625%
26-Mar-18	Car Inc	CNH400mn	3NC2	6.95%

Source: OCBC, Bloomberg

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