Asian Credit Daily

OCBC Bank

Apr 9, 2018

Market Commentary

- The SGD swap curve bear steepened last Friday, with the shorter tenors trading little changed while the longer tenors traded 3-5bps higher.
- Flows in SGD corporates were heavy last Friday, with better selling seen in HYFSP 6% - PERP.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 3bps to 128bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 351bps.
- 10Y UST yield fell 6bps to 2.77% on safe haven flows after China rejected the idea of negotiating with the US to ease escalating trade tension. The situation was exacerbated by Donald Trump's Treasury Secretary, who stated that "there is a potential of a trade war". The fall in 10Y UST yield was also attributed to the weaker-than-expected nonfarm payroll and unemployment data released last Friday.

Credit Headlines

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

- EZI announced that it will be redeeming its outstanding Series 3, Series 4, Series 5, Series 6 as well as Series 7 corporate bonds ("existing bonds"). The redemption process would follow its approved restructuring plan (refer to OCBC Asia Credit - Ezion Credit Update (24 Oct 2017) for more details).
- In summary, the existing bonds will be redeemed in kind with either Series A non-convertible bonds or Series B convertible bonds ("refinancing bonds", depending on the option which the bondholder elected during the consent solicitation held in November 2017). The redemption is scheduled to occur on 12/04/18, with the refinancing bonds scheduled to be issued on 13/04/18 (and credited by 16/04/18).
- Regarding the Series 8 perpetual securities ("perp"), holders that elected to receive the Series C non-convertible bonds will share the same timeline as existing bonds. EZI expects the suspension of trading of EZI's securities to be lifted from 17/04/18.
- Upon the redemption of existing bonds, issuance of refinancing bonds, as well as given the refinancing of its USD1.5bn in bank debt (refer to OCBC Asia Credit - Ezion Credit Update (8 Feb 2018)), EZI would have completed its financing restructuring. We continue to hold EZI at a Negative (7) Issuer Profile for now. (Company, OCBC)

Table 1: Key Financial Indicators

	9-Apr	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	78	0	9
iTraxx SovX APAC	13	0	1
iTraxx Japan	50	0	10
iTraxx Australia	69	-1	10
CDX NA IG	66	0	9
CDX NA HY	106	0	-1
iTraxx Eur Main	58	-2	6
iTraxx Eur XO	285	1	26
iTraxx Eur Snr Fin	63	-3	11
iTraxx Sovx WE	18	0	-1
AUD/USD	0.769	0.33%	-1.99%
EUR/USD	1.227	-0.24%	-0.28%
USD/SGD	1.314	-0.08%	0.24%
China 5Y CDS	63	0	6
Malaysia 5Y CDS	73	0	9
Indonesia 5Y CDS	101	0	11
Thailand 5Y CDS	45	0	5

	9-Apr	1W chg	1M chg
Brent Crude Spot ($/bbl)	67.33	-0.46%	2.81%
Gold Spot ($/oz)	1,333.39	-0.59%	0.71%
CRB	192.25	-1.59%	-1.48%
GSCI	443.72	-0.30%	-0.15%
VIX	21.49	7.61%	46.79%
CT10 (bp)	2.792%	6.19	-10.21
USD Swap Spread 10Y (bp)	3	-1	0
USD Swap Spread 30Y (bp)	-16	0	0
TED Spread (bp)	63	2	23
US Libor-OIS Spread (bp)	59	0	15
Euro Libor-OIS Spread (bp)	3	0	0
DJIA	23,933	-0.71%	-5.54%
SPX	2,604	-1.38%	-6.53%
MSCI Asiax	710	-0.85%	-3.21%
HSI	30,007	-0.05%	-3.19%
STI	3,424	-0.19%	-1.76%
KLCI	1,839	-1.05%	-0.27%
JCI	6,199	-0.67%	-3.64%

Source: OCBC, Bloomberg

New issues

- Kunzhi Ltd has scheduled for investor meetings from 9 Apr for its potential USD bond issuance (guaranteed by Founder Information (HK) Ltd). ICBC Singapore has hired banks for its USD bond issuance.

Table 2: Recent Asian New Issues

Date	Issuer	Size	Tenor	Pricing
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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