

June 14, 2019

## Market Commentary

- The SGD swap curve bull-flattened yesterday, with the shorter tenors and belly trading 3-4bps lower, while the longer tenors traded 4-5bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 2bps to 139bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 3bps to 506bps.
- Flows in SGD corporates were heavy, with flows in ESRDAY 6.75% 22's , FPL 4.98%-PERPs, GUOLSP 4.6%-PERPs, ANZ 3.75%'27s, FPLSP 3.95%-PERPs, and FPLSP 4.38%-PERPs.
- 10Y UST yields fell 2bps to 2.10%, on the back of falling US import prices, indicating tepid inflation pressures and strengthening the case for the Federal Reserve to lower interest rates in 2019. Spread between 3-month treasury bills and 10-year treasury notes continued to be inverted, albeit narrower at -7bps.

**Table 1: Key Financial Indicators**

	14-Jun	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	73	-2	1
iTraxx SovX APAC	47	-2	0
iTraxx Japan	68	0	8
iTraxx Australia	71	-3	-2
CDX NA IG	60	-2	-3
CDX NA HY	106	1	0
iTraxx Eur Main	62	-1	-4
iTraxx Eur XO	272	-7	-10
iTraxx Eur Snr Fin	79	-1	-1
iTraxx Sovx WE	17	-1	0
AUD/USD	0.689	-1.53%	-0.72%
EUR/USD	1.127	-0.55%	0.61%
USD/SGD	1.368	-0.43%	0.07%
China 5Y CDS	51	-3	1
Malaysia 5Y CDS	66	-4	2
Indonesia 5Y CDS	102	-4	-3
Thailand 5Y CDS	35	0	-3

	14-Jun	1W chg	1M chg
Brent Crude Spot (\$/bbl)	61.92	-2.16%	-13.08%
Gold Spot (\$/oz)	1,346.55	0.42%	3.83%
CRB	174.42	0.32%	-3.09%
GSCI	405.01	-0.53%	-7.30%
VIX	15.82	-0.69%	-12.40%
CT10 (bp)	2.086%	0.49	-32.46
USD Swap Spread 10Y (bp)	-6	-5	-2
USD Swap Spread 30Y (bp)	-32	-5	-4
US Libor-OIS Spread (bp)	21	0	4
Euro Libor-OIS Spread (bp)	5	0	-1
DJIA	26,107	1.50%	2.25%
SPX	2,892	1.69%	2.02%
MSCI Asiax	629	1.48%	-0.72%
HSI	27,177	0.79%	-3.36%
STI	3,219	1.66%	-0.15%
KLCI	1,642	-0.43%	2.70%
JCI	6,264	0.89%	3.18%

## New issues:

- VCREDIT Holdings Ltd has priced a USD100mn 2-year bond (guarantor: Vision Credit Ltd and Asia Jumbo Group Ltd) at 12.125%, in line with IPT.
- Guangzhou Rural Commercial Bank Co., Ltd has priced a USD1.43bn NC5-perpetual (Additional Tier 1) bond at 5.9%, tightening from IPT of 5.9%-6.0% area.
- Jinke Properties Group Co., Ltd has priced a USD300mn 2-year bond at 9.0%, tightening from IPT of 9.25% area.
- DianJian Haiyu Ltd (Guarantor: Power Construction Corporation of China) has priced a USD300mn 3-year bond at T+128bps (tightening from IPT of T+160bps area), and a USD500mn NC5-perpetual bond at 4.3% (tightening from IPT of 4.6% area).
- Ford Motor Credit Company LLC has priced a SGD300mn 5-year bond at 4.125%, tightening from IPG at 4.375% area.

<u>Date</u>		<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
13-Jun-19	VCREDIT Holdings Ltd	USD100mn	2-year	12.125%
13-Jun-19	Guangzhou Rural Commercial Bank Co., Ltd	USD1.43bn	NC5-perpetual (Additional Tier 1)	5.9%
13-Jun-19	Jinke Properties Group Co., Ltd	USD300mn	2-year	9.0%
13-Jun-19	DianJian HaiYu Ltd	USD300mn USD500mn	3-year NC5-perpetual	T+128bps 4.3%
13-Jun-19	Ford Motor Credit Company LLC	SGD300mn	5-year	4.125%
12-Jun-19	Zhenro Properties Group Ltd	USD200mn	NC2.6-perpetual	10.25%
12-Jun-19	China Merchants Bank Co Ltd, London Branch	USD600mn	3-year	3-month US LIBOR+74bps
12-Jun-19	The Republic of Korea	USD500mn USD1.0bn	5-year 10-year	T+30bps T+55bps
12-Jun-19	CNAC (HK) Finbridge Co., Ltd	USD300mn USD900mn USD900mn USD200mn	3-year 5-year 10-year 30-year	T+135bps T+155bps T+182.5bps 4.75%
12-Jun-19	LMIRT Capital Pte Ltd	USD250mn	5NC3	7.5%

Source: OCBC, Bloomberg

**Andrew Wong**

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

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

**Seow Zhi Qi**

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

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