

July 15, 2019

Market Commentary

- Last Friday, the SGD swap curve traded 6-7bps higher for the shorter tenors and the belly while the longer tenors traded 5-8bps higher.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 129bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 3bps to 470bps.
- Flows in SGD corporates were heavy, with flows in FPLSP 4.98%-PERPs, SOCGEN 6.125%-PERPs and DBSSP 3.98%-PERPs.
- 10Y USTs fell 2bps to 2.12%, as investor expectations of a rate cut in July held firm, following Fed Chairman Jerome Powell's testimony to Congress. Spread between 3-month treasury bills and 10-year treasury notes remains inverted, with the spread at -2bps..

Table 1: Key Financial Indicators

| | 15-Jul | 1W chg (bps) | 1M chg (bps) |
|--------------------|--------|--------------|--------------|
| iTraxx Asiax IG | 63 | -1 | -10 |
| iTraxx SovX APAC | 40 | -1 | -7 |
| iTraxx Japan | 59 | 0 | -10 |
| iTraxx Australia | 61 | -2 | -9 |
| CDX NA IG | 53 | -1 | -7 |
| CDX NA HY | 108 | 0 | 1 |
| iTraxx Eur Main | 49 | -2 | -11 |
| iTraxx Eur XO | 246 | -2 | -29 |
| iTraxx Eur Snr Fin | 59 | -3 | -17 |
| iTraxx Sovx WE | 15 | 0 | -2 |
| AUD/USD | 0.702 | 0.75% | 2.50% |
| EUR/USD | 1.127 | 0.45% | 0.42% |
| USD/SGD | 1.358 | 0.17% | 0.98% |
| China 5Y CDS | 42 | 0 | -8 |
| Malaysia 5Y CDS | 51 | -3 | -15 |
| Indonesia 5Y CDS | 85 | -3 | -17 |
| Thailand 5Y CDS | 33 | -2 | -3 |

| | 15-Jul | 1W chg | 1M chg |
|----------------------------|----------|--------|---------|
| Brent Crude Spot (\$/bbl) | 66.56 | 3.82% | 7.34% |
| Gold Spot (\$/oz) | 1,412.53 | 1.22% | 5.44% |
| CRB | 184.36 | 1.98% | 5.46% |
| GSCI | 434.63 | 3.11% | 6.80% |
| VIX | 12.39 | -6.70% | -18.91% |
| CT10 (bp) | 2.122% | 8.81 | 0.14 |
| USD Swap Spread 10Y (bp) | -6 | 0 | 0 |
| USD Swap Spread 30Y (bp) | -34 | -3 | -5 |
| US Libor-OIS Spread (bp) | 22 | 5 | 5 |
| Euro Libor-OIS Spread (bp) | 5 | 0 | 0 |
| DJIA | 27,332 | 1.52% | 4.76% |
| SPX | 3,014 | 0.78% | 4.39% |
| MSCI Asiax | 648 | 0.57% | 3.74% |
| HSI | 28,278 | -0.19% | 4.28% |
| STI | 3,346 | 0.36% | 3.84% |
| KLCI | 1,667 | -0.65% | 1.72% |
| JCI | 6,420 | 1.07% | 2.71% |

New issues:

- China Jianyin Investment Limited has scheduled investor roadshows commencing on 15 July for its potential USD bond issuance.

| <u>Date</u> | | <u>Size</u> | <u>Tenor</u> | <u>Pricing</u> |
|-------------|--|--|--|--|
| 11-Jul-19 | Mitsubishi UFJ Financial Group Inc | USD2.25bn USD1.0bn USD1.75bn USD1.5bn | 3-year 5-year 10-year 20-year | T+78bps T+90bps T+105bps T+108bps |
| 11-Jul-19 | China Mengniu Dairy Company Limited | USD500mn | 5-year | T+125bps |
| 11-Jul-19 | Chengdu Airport Xingcheng Investment Group Co., Ltd | USD500mn | 3-year | 6.5% |
| 11-Jul-19 | NWD (MTN) Limited | USD950mn | 10-year | T+220bps |
| 11-Jul-19 | Dawn Victor Ltd | USD350mn | 363-day | 8.45% |
| 11-Jul-19 | Shriram Transport Finance Co. Ltd | USD250mn | SHTFIN 5.95%'22s | 5.375% |
| 11-Jul-19 | Haimen Zhongnan Investment Development International Co. Ltd | USD100mn | 3-year | 11.525% |
| 11-Jul-19 | China Development Bank Corporation of Hong Kong | USD200mn USD200mn | 5-year FRN 5-year FRN | 3M-US LIBOR+60bps 3M-US LIBOR+60bps |
| 11-Jul-19 | Thomson Medical Group Ltd | SGD225mn | 3-year | 4.8% |

Source: OCBC, Bloomberg

Andrew Wong

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

Ezien Hoo, CFA

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

Wong Hong Wei, CFA

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

Seow Zhi Qi

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6530 7348
zhigiseow@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).