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ASIA PAC G3 (EX JAP) DCM
BOOKRUNNERS: 1/1/2013 TO 18/7/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	HSBC Holdings	85	12,368.9	9.9
2	Citigroup	64	12,027.3	9.6
3	Deutsche Bank	68	10,824.0	8.6
4	JP Morgan	55	9,973.7	8.0
5	UBS	58	8,411.5	6.7
	Total	238	125,242.0	

Source: Thomson Reuters (SDC code: AR1)

ASIAN CURRENCIES DCM
BOOKRUNNERS: 1/1/2013 TO 18/7/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	CITIC	87	17,935.3	6.3
2	Bank of China	60	13,854.8	4.9
3	HSBC Holdings	275	13,391.0	4.7
4	Agricultural Bank of China	47	9,532.2	3.4
5	Standard Chartered	176	9,202.8	3.2
	Total	2,101	283,644.0	

Source: Thomson Reuters (SDC code: AS1)

HONG KONG DCM
BOOKRUNNERS: 1/1/2013 TO 18/7/2013

	Managing bank or group	No. of issues	Total HK$(m)	Share (%)
1	HSBC Holdings	100	26,102.5	59.6
2	Standard Chartered	29	10,239.5	23.4
3	BNP Paribas	10	3,621.5	8.3
4	BofA Merrill Lynch	2	1,000.0	2.3
5	JP Morgan	1	560.0	1.3
	Total	151	43,820.0	

Source: Thomson Reuters (SDC code: AS5a)

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Indonesia's MULTIPOLAR is making a brave attempt to reopen Asia's high-yield market with a US$200m five year non-call three bond.

If the B+/B+ rated company, a major shareholder in the country's Matahari Department Store, succeeds, it would be the first issuer of new US dollar bond of the week in Asia, excluding Japan. The bond will also be the first Reg S paper from an Asian high-yield issuer in almost two months.

All eyes are focused on the outcome of the deal because most market players have been expecting stronger investment-grade names to return to the dollar market first.

The last Reg S dollar bond from a sub-investment-grade Asian issuer was on May 22. Earlier this week, New York-listed South Korean semiconductor manufacturer MagnaChip placed a US$225m 144A deal entirely to US investors. So, the outcome of B1/BB– rated MagnaChip's deal will decide whether or not Asian investors are ready to take on new risk.

Many investors are sceptical about the deal, given Multipolar's low rating and lack of an existing track record in the bond market. Several fund managers have said they are reluctant to put in the credit work for a new issuer when they can find alternatives in the secondary market.

However, even with some accounts deciding to stay away, the small deal size and the yield on offer has made it look like it will sail through.

"I don't find it worth doing all the credit work, but the US$200m deal at 9% will be done," said a high-yield portfolio manager.

Multipolar has released price talk for the Reg S issue in the high 9% area. Leads *Citigroup*, *Deutsche Bank* and *Nomura* are expected to price the deal today. Order books on the deal were covered before London opening.

There are no exact comps for the trade, but the leads are referencing a selection of other Indonesian high-yield names to triangulate fair value.

The 7% 2019s of Ba3/BB– rated property developer Lippo Karawaci's were trading at a yield to maturity of 6.526% and its 7.125% 2020s were at 6.559%.

Also being watched were bonds from another Indonesian developer, Alam Sutera (B1/B). Its 10.75% 2017 bonds were at 7.801% and its 6.95% 2020s at 7.546%.

The 5.875% 2018s of B2/BB– rated holding company Bhakti Investama, priced in May, were also referenced. Those bonds were trading at 10.30%.

Multipolar finished a roadshow earlier this week and bankers away from the deal have reported early sounding in the high single digits to double digits.

Sovereign momentum

The roadshow announcement also attracted attention as it came just after the Republic of Indonesia attracted some criticism for paying up too much on its US$1bn sovereign bond. Those bonds are now at around 103 cash price after pricing at 99.391 exactly a week ago. The price appreciation, however, may also play in Multipolar's favour.

Multipolar plans to use the proceeds to refinance existing bank debt and to fund debt service reserve account for one semi-annual interest payment in addition to general corporate purposes.

Fitch had said in its ratings report that Multipolar's holding company structure meant that its cashflows were structurally subordinated to the obligations of its operating subsidiaries, in particular Matahari Putra Prima (MPPA) and Matahari Department Store (MDS). The two subsidiaries together represent more than 50% of Multipolar's cashflows.

As such, Multipolar's capacity to meet its debt obligations is contingent upon the abilities of MPPA and MDS ability to continue distributing dividends, it said.

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The ratings agency also said that even though these operating subsidiaries generate strong cashflow and had moderate leverage, their strategy to lease retail space exposes them to the risk of rising rental expenses and results in weaker credit metrics than other rated peers with a self-owned property strategy.

To address this the deal carries a covenant where there is a limitation on indebtedness for the restricted group of consolidated leverage ratio of less than 3.5 to 1.0 and for MPPA and its subsidiaries a consolidated leverage ratio of less than 3.0 to 1.0.

Asia G3

Sumitomo Mitsui Banking Corp mandated *Goldman Sachs International*, *Citigroup*, *Deutsche Bank* and *SMBC Nikko* to act as joint lead managers for an offering of euro-denominated 10-year senior bonds under Reg S outside the US. The bonds are expected to be rated Aa3/A+. The issue is expected to launch in the near future, subject to market conditions.

National Australia Bank (Aa2/AA–), acting through its New York branch, announced a 3(a)2 deal comprising three-year fixed and floating-rate notes and five-year fixed-rate notes.The trade is expected to be priced in New York hours. The net proceeds will be used for general purposes, which may include loans to other offices or entities within NAB. *Bank of America Merrill Lynch*, *Citigroup*, *Morgan Stanley* and *NAB* are the leads.

Other markets

China Construction Bank is looking to issue up to Rmb40bn (US$6.51bn) of loss-absorbing Tier 2 capital instruments in the third quarter, two sources have told IFR. The bank has mandated *CICC* as lead manager on the deal, while *Goldman Sachs Gaohua Securities* and *Citic Securities* will been named joint leads.

Earlier this year, CCB announced plans to issue up to Rmb60bn in Tier 1 and 2 capital instruments in the onshore and offshore markets before the end of 2015. The tenors of the instruments were to be five years or above, it had said.

"I guess the other Rmb20bn quota probably will be issued in the offshore market," said one of the sources.

CCB, the country's second-biggest lender, reported a 2012 net profit of Rmb193.2bn. As at the end of 2012, its capital adequacy ratio stood at 14.32% and core CAR at 11.32%.

China's other big commercial banks are also planning to issue at least Rmb220bn of Basel III compliant Tier 1 and Tier 2 capital instruments before 2015.

Tat Hong Holdings is meeting investors in Singapore on Monday through *DBS Bank* and *OCBC Bank* with regards to its S$500m multicurrency medium term note programme.

Tat Hong is Singapore-based small-cap crane operator.

Secondary

The market appears to be in the process of normalising in the wake of dovish comments from Ben Bernanke on the subject of QE tapering, with the Fed chairman yesterday testifying to Congress that any withdrawal would be data dependent. The iTraxx IG index was hit in size this morning, pulling in 8bp to 132bp/134bp coming up to the close.

Despite this apparent sea change, a Singapore trader has suggested buyers are still fixated on trying to pick up paper near the wides of two weeks ago and are reluctant to take new positions at the recently tighter spreads. He said he thought the recent tightening was more on the back of shorts being taken off rather than significant outright buying, particularly in the China and Korea complexes.

The compression trade on China versus Korea CDS has been put on in size, with the spread between each sovereign's CDS out at 30bp a few weeks ago, following the bank liquidity scare. It has since tightened to plus 20bp, with China last at 95bp and Korea at 75bp, and profit-taking on the trade seen today. Still, a regional CDS trader saw the spread as likely to go the plus 10bp in the medium term. China IG names were around one to 1.5 points higher today.

Meanwhile, the Singapore debt trader said he had been lifted in size on the HDFC due 2018s at Treasuries plus 230bp, or near the tights prior to the recent market rout. He remains bullish on Indian credits, despite the ongoing liquidity tightening onshore and believes the recent curve steepening is a normalisation from what had been an excessively flat curve anyway.