



Moody's publishes April edition of 'Structured Thinking: Asia Pacific' newsletter

2,240 words

25 April 2018

Moody's Investors Service Press Release

MOODPR

English

(c) 2018

Tokyo, April 26, 2018 -- Moody's Japan K.K. announced that Moody's Investors Service had released the April edition of its 'Structured Thinking: Asia Pacific' newsletter, which covers key developments in structured finance markets in China, Australia, India, Japan and Singapore.

In China, Moody's newsletter reports that the securitization market will play an increasingly large role in funding the economy over time. China's securitization market is growing fast, with new issuance increasing at a compound annual growth rate of 121% between 2012 and 2017.

However, the contribution that securitization makes to funding the Chinese economy remains small compared to other more established and developed markets, such as the US and Europe. The value of total outstanding asset-backed securities (ABS) accounted for 2.48% of total bonds outstanding in China at the end of 2017, while in the US, ABS issuance accounted for 31% of total bond issuance as of September 2017.

In Australia, Moody's newsletter reports that mortgage delinquencies will increase moderately through 2018 on softer housing market conditions, following a decline in home loan arrears over the year to November 2017.

The proportion of Australian residential mortgages that were more than 30 days in arrears dropped to 1.45% in November 2017 from 1.52% in November 2016. Looking ahead, softening housing market conditions, particularly in the key states of New South Wales and Victoria, will drive delinquencies moderately higher. Less favorable income dynamics and ongoing volatility in the resources sector will also weigh on mortgage performance.

In India, Moody's newsletter notes that the pick-up in economic growth is positive for ABS, because it will support the ability of borrowers to earn income and repay their loans. Moody's expects that the Indian economy will grow 7.6% in 2018 compared with 6.2% in 2017.

Indian auto ABS delinquency rates will remain stable at current levels through 2018, with rising fuel costs moderating the benefit of improving economic growth. Delinquency rates for small- and medium-size enterprise ABS backed by loans against property will continue to rise despite the higher economic growth in India, because of the ongoing disruption caused by the goods and services tax.

Moody's newsletter also covers Japan's aging population, assessing the impact on the sovereign, as well as the country's regional and local governments, banks, insurers and securitization transactions.

Moody's newsletter also analyses the legal framework for covered bonds in Singapore.

The April edition of the 'Structured Thinking: Asia Pacific' newsletter contains the following articles:

- o Australian mortgage delinquency map: Home loan arrears will increase moderately on housing slowdown
- o RMBS and ABS - Australia: Structural features mitigate risks in warehouse deals; diversification of funding sources positive
- o Structured finance - China: Securitization is growing as a funding source for the economy
- o ABS - India: Economic pick-up is positive, but GST will continue to weigh on SME ABS
- o Cross-Sector -- Japan: Aging population poses near-term and long-term credit challenges

o Singapore legal framework for covered bonds

Moody's subscribers can access this newsletter here:

http://www.moodys.com/viewresearchdoc.aspx?docid=PBS_1120771.

For PRC only: Neither MCO nor any of its majority-owned affiliates is a qualified credit rating agency within the PRC. Any rating assigned by MCO or any of its majority-owned affiliates: (1) does not constitute a rating as required under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this paragraph, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

NOTE TO JOURNALISTS ONLY: For more information, please call one of our global press information hotlines: New York +1-212-553-0376, London +44-20-7772-5456, Tokyo +813-5408-4110, Hong Kong +852-3758-1350, Sydney +61-2-9270-8141, Mexico City 001-888-779-5833, São Paulo 0800-891-2518, or Buenos Aires 0800-666-3506. You can also email us at mediarelations@moodys.com or visit our web site at www.moodys.com.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Natsuko Saito
Associate Analyst
Structured Finance Group
Moody's Japan K.K.
Atago Green Hills Mori Tower 20fl
2-5-1 Atago, Minato-ku
Tokyo 105-6220
Japan
JOURNALISTS: 81 3 5408 4110
Client Service: 81 3 5408 4100

Yusuke Seki
Associate Managing Director
Structured Finance Group
JOURNALISTS: 81 3 5408 4110
Client Service: 81 3 5408 4100

Releasing Office:
Moody's Japan K.K.
Atago Green Hills Mori Tower 20fl
2-5-1 Atago, Minato-ku
Tokyo 105-6220
Japan
JOURNALISTS: 81 3 5408 4110
Client Service: 81 3 5408 4100

Copyright 2018 Moody's Japan K.K., Moody's SF Japan K.K. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ARE MOODY'S JAPAN K.K. AND MOODY'S SF JAPAN K.K.'S ("MJKK" AND "MSFJ" RESPECTIVELY) CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MJKK AND/OR MJSF ("MJKK AND/OR MSFJ PUBLICATIONS") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MJKK AND MSFJ DEFINE CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S

OPINIONS INCLUDED IN MJKK AND/OR MSFJ PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS AND MJKK AND/OR MSFJ PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MJKK AND/OR MSFJ PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MJKK AND/OR MSFJ PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MJKK AND MSFJ EACH ISSUES ITS CREDIT RATINGS AND PUBLISHES MJKK AND/OR MSFJ PUBLICATIONS (AS APPLICABLE) WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MJKK AND/OR MSFJ CREDIT RATINGS AND MJKK AND/OR MSFJ PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS FOR RETAIL INVESTORS TO CONSIDER MJKK AND/OR MSFJ CREDIT RATINGS OR MJKK AND/OR MSFJ PUBLICATIONS IN MAKING ANY INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing MJKK and/or MSFJ Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MJKK is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of Moody's Corporation (MCO). MSFJ is a

wholly-owned credit rating agency subsidiary of Moody's Japan K.K. MSFJ is not a Nationally Recognized Statistical Rating Organization("NRSRO"). Therefore credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350,000,000. MCO, MJKK and MSFJ also maintain policies and procedures to address the independence of MJKK and MSFJ's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MJKK or MSFJ (as applicable) and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."

For Australia only: Any publication into Australia of this document is by MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to "retail clients". It would be dangerous for "retail clients" to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.

Document MOODPR0020180426ee4p0005I