

# A market in metamorphosis

Standard Chartered tapped into the increase in corporate financing activity and hedging requirements, especially in relation to China's Belt and Road Initiative. HSBC, with its focus on emerging markets, financing and digital solutions platform, was right there to serve clients when equity market buoyancy gave way to uncertainty

## ■ CORPORATE RANKINGS

Corporates and their treasury departments have witnessed a metamorphosis in the Asian market during 2018. Last year's super-low volatility has given way to unpredictable equity markets, amid ongoing trade tensions and sharp falls for emerging market currencies. By quickly adapting to the changing market environment, understanding client needs and structuring effective cost-efficient solutions, Standard Chartered has topped this year's corporate rankings.

Two main themes have stood out over the past year, according to Jonathan Donne, global head of structuring at Standard Chartered: an increase in corporate financing activity and hedging requirements, especially in relation to China's Belt and Road Initiative (BRI); and regulatory changes.

The BRI is viewed as a Chinese programme to fund and build infrastructure in some 78 countries around the globe. With a presence in the majority of the BRI countries, Standard Chartered was well positioned to help clients capitalise on Belt and Road-related opportunities.

"Broadly higher levels of market volatility have increased the attractiveness of structured hedging solutions," says Donne. "We saw increased interest in local currency invoicing and local market hedging, especially in CNY, as the People's Bank of China continues to relax regulations."

Changing regulations also continue to affect clients, and Donne says the bank is still innovating around capital charge requirements, working with corporates to find creative solutions in the use of various forms of collateral. There has also been heightened client activity in structures employing more capital-efficient payoffs, he says.

In rates markets, following almost a decade of low interest rates, corporates are now facing a new cycle of interest rate hikes. The US Fed has started raising rates, while the European Central Bank is looking to end its quantitative easing programme.

"As a result, we saw increased interest in hedging against US dollar strength and higher US dollar rates using capital-efficient structures," says Donne.

Hedging against rising rates was also a theme among OCBC's clients, says Gerard Tan, team head of treasury advisory – forex and structured products – at OCBC.

Singapore interest rate swaps have risen almost 50 basis points since January 2018, with OCBC seeing impetus from clients to contain costs given Singapore's central bank is likely to tighten monetary policy later in 2018. Meanwhile, it has also seen client interest in Indonesia, as the central bank began to hike rates in the second quarter of 2018, and looks to be following a more aggressive schedule than the Fed.

In terms of client demand, interest rate and cross-currency swaps across various tenors were the most sought-after instrument, notes Tan. The bank also offered cost savings and/or hedging solutions that enabled clients to potentially obtain a cheaper than vanilla IRS/CCS rate, as long as certain conditions are met.

"We had in-depth discussions with clients to understand the nature of the loan portfolio, the nature of their business and their market views to customise rates hedging structures which meet their requirements," he says. "These structured ideas are often supported by forex and interest rate forecasts and historical back-testing to

## Corporate results

### Overall: all products

	Bank
1	Standard Chartered
2	HSBC
3	Citibank
4	OCBC
5	Bank of Tokyo-Mitsubishi UFJ

## Institutional results

### Overall: all products

	Bank
1	HSBC
2	Citibank
3	BNP Paribas
4	Nomura
5	JP Morgan

weigh the benefits and opportunity costs of various options.”

OCBC supports corporate clients holistically in terms of lending and hedging, with client relationship specialists based on industry. This allows a deeper understanding of client financing needs, including refinancing timelines, potential acquisition and capital market transactions, both domestically and regionally. This was especially true for the bank’s interest rate hedging products, with its global treasury department working closely with relationship teams to quickly offer hedging and cost-saving ideas to clients.

“The number of deals won by OCBC, relative to the overall volume traded in the market, has been encouraging for us, and we are gratified our clients have offered good feedback about our services to other potential clients,” says Tan.

With risk-on, risk-off sentiment largely stemming from central bank policy, potential trade war escalation, and emerging market currencies seeing heightened volatility, Tan says OCBC’s success this year was predicated on being able to identify market opportunities and being the first to inform and deal with its clients to achieve cost-efficient funding.

“Given the ongoing trade tensions, we expect more volatility in the market place – trends will emerge with each central bank policy announcement and meeting, new trade laws and potential retaliation,” he says. “As an advisory desk, we will continually provide our customers with timely updates and options on hedges taking into account the company’s views of the markets and inherent risk appetite.”

## ■ INSTITUTIONAL RANKINGS

For HSBC, the past 12 months in the institutional investment arena have been characterised by two halves. At the start of the period, robust equity markets saw significant inflows into emerging markets and Asian equities, with a sustained equity rally across the region.

Conversely, credit markets were challenging, as US Treasury rates tested the 3% mark – a tough environment for issuers who were looking to raise capital in the first half of 2018, given

high funding costs and a challenging fixed income environment. But as the US 10-year Treasury began to stabilise around the 3% mark at the start of June, equity markets started to come off the boil.

Against this backdrop, Tony Shaw, head of institutional and wealth sales for Asia-Pacific at HSBC, believes the bank’s three pillars of focus have driven it to once again top Asia Risk’s institutional rankings, namely a continued focus on emerging markets, its solutions and financing businesses, and its digital solutions platform.

“What we saw in the first four to five months was robust inflows

into emerging markets across the region and a significant rally in equities. This translated into significant risk-on activity from our wealth and third-party customer base and a significant rise in assets under management. We found ourselves in a very strong position to capitalise on that in the first six months of the year, as our equity and structured equity market share grew,” says Shaw.

However, according to Shaw, investors took a more conservative approach in the second half of the year, holding off on large event-driven activity or strategic decisions, as they sought more clarity around the China-US trade situation, the outlook from the Federal Reserve and the emerging markets following events in Turkey and emerging market currencies.

Despite this difficult environment, the bank was still able to offer clients innovative solutions and gain market share in certain areas. For example, with US dollar markets proving challenging, clients in North Asia turned their attention to local currency assets.

“It is difficult for domestic players in North Asia to look at foreign assets if the cost of hedging those assets or if total returns are challenged. Clients looking for domestic solutions has been a theme across Taiwan and other parts of the region, including China, this year,” says Shaw.



Jonathan Donne, StanChart



Tony Shaw, HSBC

With challenged credit markets, the bank has seen a significant uptick in private placements and a renewed focus on high-yield portfolios. As the pre-eminent issuer, underwriter and originator in North Asia, the financing business has been a critical part of the bank’s success this year, especially among its Chinese customers.

“The use of high-yield repo or other total-return style products has been a big focus for our credit business. As we moved away from traditional primary and secondary markets given stressed conditions, we looked at alternatives, which have more than filled the gap. Credit solutions around loans and distressed debt have been very successful for us this year. We have been able to assist our investor base by moving into private placements and risk transfer around high yield and financing asset portfolios,” says Shaw.

HSBC has also continued to ramp up its digital offerings in the past 12 months. A more agile system has been implemented, taking into account real-time feedback from clients, both internal and external, for strategic implementation.

“The process now allows you to make much quicker changes to your digital platform as client needs change. We have developed a lot of new products and improved legacy products, and that has allowed our digitisation to move at a far greater rate than in 2017,” says Shaw.

The shift to digitisation has also paid dividends in the bank’s forex business. As the largest custodian and largest trading house in the region, HSBC has been able to offer products such as third-party foreign exchange, custody forex solutions and its structured notes business via its

electronic platform to clients in emerging market geographies. This has yielded strong results despite net outflows out of these regional centres, notes Shaw.

“Offering more real-time solutions for customers – such as our accelerated forex product, which allows point-in-time forex execution for an equity trading desk, or a bond-forex solution that allows forex price to be embedded in real time with a bond price – has allowed clients to solve their transaction cost analysis and create a greater market share and wallet share for HSBC,” says Shaw. ■

## Corporate results

### Overall: Equity products

	Bank
1	HSBC
2	Standard Chartered
3	Bank of Tokyo-Mitsubishi UFJ
4	KEB Hana Bank
5	BNP Paribas

### Overall: Credit products

	Bank
1	Standard Chartered
2	Bank of Tokyo-Mitsubishi UFJ
3	BNP Paribas
4	Mizuho Bank
5	Citibank

### Overall: Currency products

	Bank
1	Standard Chartered
2	Citibank
3	HSBC
4	OCBC
5	DBS

### Overall: Derivatives platforms

	Bank
1	Citibank
2	Standard Chartered
3	BNP Paribas
4	HSBC
5	JP Morgan

### Overall: Interest rate products

	Bank
1	Standard Chartered
2	HSBC
3	Citibank
4	OCBC
5	BNP Paribas

### Equity products Index products Kospi 200

	Bank
1	Shinhan Bank
2	KEB Hana Bank
3	Standard Chartered
4	HSBC
5	Natixis

### Single stock options Kospi 200

	Bank
1	KEB Hana Bank
2	BNP Paribas
3	Natixis
4	Standard Chartered
5	JP Morgan

### Nikkei 225

	Bank
1	Bank of Tokyo-Mitsubishi UFJ
2	Sumitomo Mitsui Banking Corp
3	JP Morgan
4	BNP Paribas
5	Bank of America Merrill Lynch

### Nikkei 225

	Bank
1	Bank of Tokyo-Mitsubishi UFJ
2	BNP Paribas
3	Natixis
4	Bank of America Merrill Lynch
5	Credit Agricole

### Hang Seng China Enterprises

	Bank
1	HSBC
2	Bank of China
3	Standard Chartered
4	China Construction Bank
5	ICBC

### Hang Seng China Enterprises

	Bank
1	HSBC
2	Standard Chartered
3	Citibank
4	China Construction Bank
5	Bank of America Merrill Lynch

### Hang Seng

	Bank
1	HSBC
2	Standard Chartered
3	Bank of China
4	Citibank
5	ICBC

### Hang Seng

	Bank
1	Standard Chartered
2	HSBC
3	Citibank
4	Bank of America Merrill Lynch
5	China Construction Bank

### Derivative platforms

#### Cross asset

	Bank
1	JP Morgan
2	Citibank
3	Credit Suisse
4	UBS
5	BNP Paribas

#### Equities

	Bank
1	Citibank
2	Bank of America Merrill Lynch
3	BNP Paribas
4	HSBC
5	Standard Chartered

#### FX

	Bank
1	Standard Chartered
2	BNP Paribas
3	Citibank
4	ANZ
5	JP Morgan

#### Credit

	Bank
1	Standard Chartered
2	HSBC
3	Citibank
4	JP Morgan
5	BNP Paribas

#### Fixed income

	Bank
1	Citibank
2	Standard Chartered
3	HSBC
4	BNP Paribas
5	JP Morgan

### Credit products

#### Asia ex-Japan

	Bank
1	Standard Chartered
2	HSBC
3	BNP Paribas
4	JP Morgan
5	Citibank

#### Japan

	Bank
1	Bank of Tokyo-Mitsubishi UFJ
2	Mizuho Bank
3	Sumitomo Mitsui Banking Corp
4	Goldman Sachs
5	BNP Paribas

**Interest rate products**
**HKD**

Rank	Bank
1	Standard Chartered
2	HSBC
3	Citibank
4	Bank of China
5	BNP Paribas

**SGD**

Rank	Bank
1	OCBC
2	DBS
3	United Overseas Bank
4	Standard Chartered
5	Citibank

**IDR**

Rank	Bank
1	OCBC
2	DBS
3	Standard Chartered
4	United Overseas Bank
5	Bank Central Asia

**THB**

Rank	Bank
1	Standard Chartered
2	Citibank
3	HSBC
4	Bangkok Bank
5	OCBC

**INR**

Rank	Bank
1	Standard Chartered
2	HSBC
3	Citibank
4	DBS
5	Bank of India

**TWD**

Rank	Bank
1	Standard Chartered
2	Citibank
3	HSBC
4	Cathay United Bank
5	CTBC

**JPY**

Rank	Bank
1	Bank of Tokyo-Mitsubishi UFJ
2	Sumitomo Mitsui Banking Corp
3	Mizuho Bank
4	Nippon Bank
5	Bank of America Merrill Lynch

**RMB**

Rank	Bank
1	Standard Chartered
2	Bank of China
3	HSBC
4	ICBC
5	BNP Paribas

**AUD**

Rank	Bank
1	ANZ
2	HSBC
3	Standard Chartered
4	Westpac Banking Corporation
5	Citibank

**KRW**

Rank	Bank
1	Citibank
2	HSBC
3	Shinhan Bank
4	Industrial Bank of Korea
5	Woori Bank

**EUR**

Rank	Bank
1	HSBC
2	Standard Chartered
3	BNP Paribas
4	Commerzbank
5	Citibank

**USD**

Rank	Bank
1	Citibank
2	JP Morgan
3	Bank of America Merrill Lynch
4	HSBC
5	BNP Paribas

**PHP**

Rank	Bank
1	Citibank
2	HSBC
3	Standard Chartered
4	Bank of America Merrill Lynch
5	Metrobank

**Currency rate products**
**HKD**

Rank	Bank
1	HSBC
2	Standard Chartered
3	Bank of China
4	Citibank
5	OCBC

**SGD**

Rank	Bank
1	OCBC
2	DBS
3	United Overseas Bank
4	Standard Chartered
5	Maybank

**IDR**

Rank	Bank
1	OCBC
2	Maybank
3	Bank Mandiri
4	Bank Central Asia
5	CIMB

**THB**

Rank	Bank
1	Standard Chartered
2	Bangkok Bank
3	CIMB
4	OCBC
5	HSBC

**INR**

Rank	Bank
1	Standard Chartered
2	DBS
3	HSBC
4	Citibank
5	ICICI Bank

**TWD**

Rank	Bank
1	Citibank
2	Standard Chartered
3	HSBC
4	Cathay United Bank
5	CTBC

**JPY**

Rank	Bank
1	Bank of Tokyo-Mitsubishi UFJ
2	JP Morgan
3	Sumitomo Mitsui Banking Corp
4	BNP Paribas
5	Mizuho Bank

**RMB**

Rank	Bank
1	Standard Chartered
2	HSBC
3	Bank of China
4	ICBC
5	Citibank

**AUD**

Rank	Bank
1	ANZ
2	Westpac Banking Corporation
3	Citibank
4	Commonwealth Bank
5	National Australia Bank

**KRW**

Rank	Bank
1	Citibank
2	Goldman Sachs
3	KEB Hana Bank
4	Woori Bank
5	BNP Paribas

**EUR**

Rank	Bank
1	BNP Paribas
2	Standard Chartered
3	HSBC
4	Credit Suisse
5	Credit Agricole

**MYR**

Rank	Bank
1	OCBC
2	Maybank
3	United Overseas Bank
4	CIMB
5	DBS

**PHP**

Rank	Bank
1	Standard Chartered
2	Citibank
3	HSBC
4	Metrobank
5	BDO

**USD**

Rank	Bank
1	Citibank
2	Standard Chartered
3	HSBC
4	JP Morgan
5	Bank of America Merrill Lynch

## Institutional results

### Equity products

	Bank
1	BNP Paribas
2	HSBC
3	Nomura
4	Citibank
5	Societe Generale

### Credit products

	Bank
1	HSBC
2	Nomura
3	Morgan Stanley
4	Goldman Sachs
5	Bank of Tokyo-Mitsubishi UFJ

### Currency products

	Bank
1	HSBC
2	Citibank
3	Standard Chartered
4	OCBC
5	JP Morgan

### Derivatives platforms

	Bank
1	HSBC
2	JP Morgan
3	Credit Suisse
4	BNP Paribas
5	Citibank

### Interest rate products

	Bank
1	HSBC
2	Citibank
3	Standard Chartered
4	Societe Generale
5	JP Morgan

### Equity products

#### Index products

##### Kospi 200

	Bank
1	BNP Paribas
2	Societe Generale
3	UBS
4	Nomura
5	Kookmin Bank

#### Single stock options

##### Kospi 200

	Bank
1	BNP Paribas
2	Kookmin
3	Societe Generale
4	Nomura
5	UBS

##### Nikkei 225

	Bank
1	Nomura
2	JP Morgan
3	Goldman
4	Bank of America
	Merrill Lynch
5	BNP Paribas

##### Nikkei 225

	Bank
1	Nomura
2	Goldman
3	Bank of America
	Merrill Lynch
4	JP Morgan
5	Societe Generale

#### Hang Seng China Enterprises

	Bank
1	HSBC
2	Citibank
3	BNP Paribas
4	Nomura
5	Standard Chartered

#### Hang Seng China Enterprises

	Bank
1	Citibank
2	BNP Paribas
3	HSBC
4	Bank of China
5	Standard Chartered

#### Hang Seng

	Bank
1	HSBC
2	BNP Paribas
3	Societe Generale
4	Credit Suisse
5	JP Morgan

#### Hang Seng

	Bank
1	HSBC
2	Credit Suisse
3	BNP Paribas
4	Societe Generale
5	JP Morgan

### Derivative platforms

#### Cross asset

	Bank
1	Standard Chartered
2	BNP Paribas
3	Credit Suisse
4	Societe Generale
5	UBS

#### Equities

	Bank
1	Credit Suisse
2	BNP Paribas
3	Societe Generale
4	Citibank
5	HSBC

#### FX

	Bank
1	HSBC
2	Citibank
3	JP Morgan
4	UBS
5	BNP Paribas

#### Credit

	Bank
1	HSBC
2	Bank of America
	Merrill Lynch
3	JP Morgan
4	Citibank
5	Nomura

#### Fixed income

	Bank
1	HSBC
2	JP Morgan
3	Citibank
4	Goldman Sachs
5	Nomura

### Credit products

#### Asia ex-Japan

	Bank
1	HSBC
2	Morgan Stanley
3	Goldman Sachs
4	JP Morgan
5	Citibank

#### Japan

	Bank
1	Nomura
2	Bank of Tokyo-Mitsubishi UFJ
3	Bank of America
	Merrill Lynch
4	Goldman Sachs
5	Mizuho

## Interest rate products

HKD		SGD	
	Bank		Bank
1	HSBC	1	OCBC
2	Societe Generale	2	Standard Chartered
3	Standard Chartered	3	DBS
4	Goldman Sachs	4	Citibank
5	BNP Paribas	5	United Overseas Bank
IDR		THB	
	Bank		Bank
1	HSBC	1	Citibank
2	DBS	2	HSBC
3	Standard Chartered	3	Standard Chartered
4	CIMB	4	OCBC
5	Citibank	5	CIMB
INR		TWD	
	Bank		Bank
1	JP Morgan	1	Citibank
2	Nomura	2	HSBC
3	HSBC	3	Societe Generale
4	Standard Chartered	4	BNP Paribas
5	Citibank	5	Natixis
JPY		RMB	
	Bank		Bank
1	Nomura	1	HSBC
2	Societe Generale	2	Standard Chartered
3	BNP Paribas	3	Citibank
4	Goldman Sachs	4	Bank of China
5	Bank of America Merrill Lynch	5	ICBC
KRW		AUD	
	Bank		Bank
1	Kookmin Bank	1	National Australia Bank
2	JP Morgan	2	ANZ
3	Societe Generale	3	Citibank
4	BNP Paribas	4	HSBC
5	Morgan Stanley	5	Bank of America Merrill Lynch
MYR		EUR	
	Bank		Bank
1	CIMB	1	BNP Paribas
2	Maybank	2	HSBC
3	OCBC	3	Societe Generale
4	DBS	4	Credit Agricole
5	HSBC	5	Standard Chartered
PHP		USD	
	Bank		Bank
1	HSBC	1	Citibank
2	Citibank	2	Bank of America
3	Bank of America Merrill Lynch	3	JP Morgan
4	JP Morgan	4	Morgan Stanley
5	DBS	5	HSBC

## Currency rate products

HKD		SGD	
	Bank		Bank
1	HSBC	1	OCBC
2	Citibank	2	HSBC
3	JP Morgan	3	DBS
4	Standard Chartered	4	Standard Chartered
5	Morgan Stanley	5	Citibank
IDR		THB	
	Bank		Bank
1	OCBC	1	Standard Chartered
2	CIMB	2	Citibank
3	DBS	3	HSBC
4	HSBC	4	JP Morgan
5	Maybank	5	UBS
INR		TWD	
	Bank		Bank
1	Standard Chartered	1	Standard Chartered
2	Citibank	2	HSBC
3	HSBC	3	Citibank
4	Nomura	4	Credit Suisse
5	JP Morgan	5	JP Morgan
JPY		RMB	
	Bank		Bank
1	Bank of Tokyo- Mitsubishi UFJ	1	HSBC
2	Goldman Sachs	2	Bank of China
3	Nomura	3	UBS
4	Societe Generale	4	Citibank
5	JP Morgan	5	Standard Chartered
KRW		AUD	
	Bank		Bank
1	Kookmin Bank	1	National Australia Bank
2	Societe Generale	2	ANZ
3	UBS	3	Citibank
4	Korea Development Bank	4	HSBC
5	BNP Paribas	5	Morgan Stanley
MYR		EUR	
	Bank		Bank
1	OCBC	1	BNP Paribas
2	CIMB	2	HSBC
3	Maybank	3	Societe Generale
4	DBS	4	Standard Chartered
5	HSBC	5	Crédit Agricole
PHP		USD	
	Bank		Bank
1	Citibank	1	JP Morgan
2	ANZ	2	Morgan Stanley
3	HSBC	3	Bank of America
4	JP Morgan	4	Merrill Lynch
5	Metrobank	5	Citibank
			UBS