

July 10, 2018

Credit Headlines: Ascendas REIT, Singapore Post Ltd

Market Commentary

- The SGD swap curve steepened yesterday, with swap rates for the shorter tenors trading 1bps lower while the longer tenors traded 1-3bps higher (with the exception of the 30-years swap rates trading 4bps higher).
- Flows in SGD corporates were light yesterday.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 148bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 6bps to 575bps.
- Overall, 10Y UST yields rose 3bps to close at 2.86% as investors moved into equities and freed up cash ahead of USD69bn in new treasuries supply this week.

Credit Headlines:

Ascendas REIT (“AREIT”) | Issuer Profile: Neutral (3)

- AREIT has reportedly acquired a vacant 16,000 sqm industrial facility in Scoresby, Melbourne for AUD16.25mn (~SGD16.45mn). In June 2018, AREIT completed the 169-177 Australis Drive (Derrimut, Melbourne) acquisition.
- This is a small transaction and credit neutral in our view though highlights AREIT’s continued push into Australia. (Australian Financial Review, OCBC)

Singapore Post Ltd (“SPOST”) | Issuer Profile: Positive (2)

- SPOST announced the appointment of Mr Richard Lai Tak Loi as Group Chief Financial Officer (“CFO”) from 27 August 2018 onwards. Most recently, Mr Lai was the CFO of GuocoLand Limited and prior experience includes TEE International Limited, LABRO Capital Pte Ltd and Mapletree Logistics Trust. (Company)

Table 1: Key Financial Indicators

	10-Jul	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	91	-4	12
iTraxx SovX APAC	14	-1	1
iTraxx Japan	56	-1	11
iTraxx Australia	82	0	11
CDX NA IG	62	-6	-2
CDX NA HY	107	1	0
iTraxx Eur Main	68	-8	-3
iTraxx Eur XO	302	-25	2
iTraxx Eur Snr Fin	81	-11	-3
iTraxx Sovx WE	24	-1	-1
AUD/USD	0.748	1.22%	-1.75%
EUR/USD	1.176	0.85%	-0.23%
USD/SGD	1.354	0.82%	-1.39%
China 5Y CDS	67	-4	11
Malaysia 5Y CDS	101	-11	4
Indonesia 5Y CDS	126	-16	-2
Thailand 5Y CDS	47	-3	2

	10-Jul	1W chg	1M chg
Brent Crude Spot (\$/bbl)	78.26	0.64%	2.35%
Gold Spot (\$/oz)	1,259.38	0.53%	-3.16%
CRB	198.23	-1.07%	-0.90%
GSCI	481.11	-1.30%	1.04%
VIX	12.69	-21.13%	4.19%
CT10 (bp)	2.866%	3.47	-8.05
USD Swap Spread 10Y (bp)	8	0	1
USD Swap Spread 30Y (bp)	-4	2	2
TED Spread (bp)	39	-3	0
US Libor-OIS Spread (bp)	38	-1	-3
Euro Libor-OIS Spread (bp)	4	0	0
DJIA	24,777	2.08%	-2.13%
SPX	2,784	2.42%	0.18%
MSCI Asiax	670	1.10%	-7.16%
HSI	28,689	0.50%	-7.33%
STI	3,260	0.74%	-5.14%
KLCI	1,679	-0.08%	-5.58%
JCI	5,807	1.05%	-3.11%

New issues

- Westpac Banking Corp has priced a EUR1.5bn deal across two tranches, with the EUR650mn 5.25-year bond priced at MS+50bps, tightening from its initial price guidance of MS+high50bps area and the EUR850mn 10-year bond priced at MS+62bps, tightening from its initial price guidance of MS+low70bps area.
- Commonwealth Bank of Australia has priced a USD1.25bn 5-year bond (guaranteed by Perpetual Corporate Trust Ltd) at MS+40bps, tightening from its initial price guidance of MS+low40bps area.
- SK Innovation Co Ltd has priced a USD500mn 5-year bond at CT5+140bps, tightening from its initial price guidance of CT5+160bps area.
- Suntec REIT MTN Pte Ltd has priced a SGD150mn 3-year note (guaranteed by HSBC Institutional Trust services (Singapore) Ltd) at 3.0%, in line with its initial price guidance.
- State Bank of India has hired banks for its potential USD green bond issuance.

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
10-Jul-18	Westpac Banking Corp	EUR850mn	10-year	MS+62bps
10-Jul-18	Westpac Banking Corp	EUR650mn	5.25-year	MS+50bps
10-Jul-18	Commonwealth Bank of Australia	USD1.25bn	5-year	MS+40bps
10-Jul-18	SK Innovation Co Ltd	USD500mn	5-year	CT5+140bps
9-Jul-18	Suntec REIT MTN Pte Ltd	SGD150mn	3-year	3.0%
5-Jul-18	CCBL Cayman 1 Corp Ltd	USD400mn	5-year	3mL+125bps
3-Jul-18	New Dian Group Pte Ltd	USD100mn	2-year	7.50%
27-Jun-18	CapitaLand Retail China Trust	SGD130mn	4-year	3.25%
27-Jun-18	Korea National Oil Corp	USD400mn	5-year	3mL+87.5bps
26-Jun-18	Huarong Finance 2017 Co Ltd (re-tap)	USD150mn	HRAM 4.75%'27	95.941+accrued interest
26-Jun-18	Huarong Finance 2017 Co Ltd	USD550mn	5-year	3mL+132.5bps
26-Jun-18	Huarong Finance 2017 Co Ltd	USD400mn	3-year	3mL+117.5bps
25-Jun-18	Far East Horizon Ltd	USD400mn	3-year	3mL+200bps
21-Jun-18	Agile Group Holdings Ltd	USD100mn	Perp NC3	8.55%

Source: OCBC, Bloomberg

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