

Oct 11, 2018

Credit Headlines: CapitaLand Ltd

Market Commentary

- The SGD swap curve bull flattened yesterday, with swap rates for the shorter tenors (less than 1yr) unchanged and longer tenors trading 1-2bps lower.
- Flows in SGD corporates were solid, with better buying seen in HSBC 5.0%-PERPs, DBSSP 3.98%-PERPs and SRBJNG 4.11% '25s.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 139bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 476bps.
- 10Y UST yields fell 5bps to close at 3.16% from on-going weakness in US equity markets.

Credit Headlines:

CapitaLand Ltd (“CAPL”) | Issuer Profile: Neutral (3)

- Convertible bondholders holding ~75% of CAPL's SGD800mn CAPLSP 1.95% '23s have given irrevocable put exercise notice to redeem an aggregate principal amount of ~SGD600.8mn of the bonds. Together with accrued interest of ~SGD5.9mn, CAPL will pay ~SGD606.7mn to bondholders. Upon redemption, the aggregate outstanding principal amount of the convertible bonds will be reduced to ~SGD199.3mn. The CAPLSP 1.95% '23s has a conversion price of SGD4.2014 per share (took effect on 18 May 2015). In contrast, the average share price for CAPL since 18 May 2015 to date was SGD3.333 per share.
- As at 30 June 2018, CAPL's cash balance was SGD5.3bn at the consolidated level, of which SGD1.9bn was held by the holding company and CAPL entities focusing on treasury activities, indicating sufficient liquidity to fund the redemption. (Company, OCBC)

Table 1: Key Financial Indicators

	11-Oct	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	86	3	6
iTraxx SovX APAC	10	0	-3
iTraxx Japan	56	0	4
iTraxx Australia	76	1	4
CDX NA IG	66	5	8
CDX NA HY	106	-1	-1
iTraxx Eur Main	72	3	11
iTraxx Eur XO	290	12	10
iTraxx Eur Snr Fin	89	3	19
iTraxx Sovx WE	27	1	2
AUD/USD	0.707	-0.07%	-0.67%
EUR/USD	1.156	0.40%	-0.40%
USD/SGD	1.382	-0.10%	-0.49%
China 5Y CDS	64	5	6
Malaysia 5Y CDS	104	4	1
Indonesia 5Y CDS	147	7	4
Thailand 5Y CDS	43	1	2

	11-Oct	1W chg	1M chg
Brent Crude Spot (\$/bbl)	81.60	-3.52%	3.21%
Gold Spot (\$/oz)	1,192.71	-0.60%	-0.49%
CRB	198.12	-0.93%	3.36%
GSCI	488.35	-1.38%	4.51%
VIX	22.96	90.54%	73.68%
CT10 (bp)	3.146%	-4.10	17.05
USD Swap Spread 10Y (bp)	5	0	-2
USD Swap Spread 30Y (bp)	-11	-2	-5
TED Spread (bp)	17	-3	-3
US Libor-OIS Spread (bp)	18	1	-3
Euro Libor-OIS Spread (bp)	3	0	0
DJIA	25,599	-4.58%	-1.43%
SPX	2,786	-4.78%	-3.54%
MSCI Asiax	609	-3.03%	-3.61%
HSI	25,190	-5.39%	-4.67%
STI	3,046	-5.73%	-2.04%
KLCI	1,689	-5.63%	-6.11%
JCI	5,715	-0.72%	-1.99%

New issues

- Zijin International Capital Co. priced a USD350mn 3 year bond (guaranteed by Zijin Mining Group Co.) at CT3+230bps, tightening from initial price guidance of CT3+260bps.
- Yieldking Investment Ltd. priced a USD500mn 3 year bond (guaranteed by Sichuan Development International Holding Company Ltd; keepwell deed provider: Sichuan Development Holding Co.) at 4.80%, tightening from initial price guidance of 5.10%.
- Anhui Provincial Investment Group Holding Co. Ltd. priced a USD400mn 3 year bond at CT3+200bps, tightening from initial price guidance of CT3+230bps.
- Beijing Environment (BVI) Co. Ltd priced a USD225mn 3 year bond (guaranteed by Beijing Environment Sanitation Engineering Group Co.) at 5.30%, tightening from initial price guidance of 5.65% area.

Date	Issuer	Size	Tenor	Pricing
11-Oct-18	Zijin International Capital Co	USD350mn	3-year	CT3+230bps
11-Oct-18	Yieldking Investment Ltd	USD500mn	3-year	4.80%
11-Oct-18	Anhui Provincial Investment Group Holding Co Ltd	USD400mn	3-year	CT3+200bps
11-Oct-18	Beijing Environment (BVI) Co	USD225mn	3-year	5.30%
9-Oct-18	Maoye International Holdings Ltd	USD100mn	MAOIH 13.25%'20s	100 + accrued interest
8-Oct-18	Shimao Property Holdings Ltd	USD250mn	3NC2	6.375%
8-Oct-18	Kasikornbank PCL	USD100mn	5-year	3mL+95bps
4-Oct-18	Macquarie Group Ltd	USD850mn	11.25NC10.25	CT10+185bps
2-Oct-18	Aspiar Corp Ltd	SGD20.75mn	3-year	6.25%
27-Sept-18	The Independent State of Papua New Guinea	USD500mn	10-year	8.375%
26-Sept-18	CIFIC Holdings (Group) Co Ltd	USD300mn	CIFIHG 5.5%'22s	8.625% + accrued interest
26-Sept-18	Surbana Jurong Pte Ltd	SGD350mn	7-year	4.11%
24-Sept-18	CFLD (Cayman) Investment Ltd	USD100mn	CHFOTN 9.0%'21s	8.991% + accrued interest
21-Sept-18	Lum Chang Holdings Limited	SGD40mn	3-year	5.8%

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

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