

July 13, 2018

Credit Headlines: Frasers Property Ltd

Market Commentary

- The SGD swap curve steepened yesterday, with swap rates for the shorter tenors trading 1-2bps lower while the longer tenors traded 2-4bps higher (with the exception of the 30-year swap rates trading 6bps higher).
- Flows in SGD corporates were moderate yesterday.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS was stable at 147bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 24bps to 558bps.
- 10Y UST yields rose 2bps to 2.87% as demand for equities rebounded with investors hoping for strong US corporate earnings. However, yields subsequently fell by 3bps to 2.84% after the release of the June CPI data which came in weaker-than-expected. 10Y UST yields rose 1bps to close at 2.85% as core CPI rate which reflects the underlying inflation trend remained modest and in line with expectations.

Credit Headlines:

Frasers Property Ltd (“FPL”) | Issuer Profile: Neutral (4)

- FPL announced a proposed VND799.0bn (SGD47.33mn) acquisition of 75%-stake in Phu An Dien Real Estate Joint Stock Company (“PAD”), which is intended to undertake the development of a residential-cum-commercial project located in Ho Chi Minh City, Vietnam.
- Given FPL’s SGD29.9bn in total assets as of 31 March 2018, we do not expect this acquisition to have a significant impact on FPL. (Company, OCBC)

Table 1: Key Financial Indicators

	13-Jul	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	91	-4	13
iTraxx SovX APAC	14	-1	2
iTraxx Japan	54	-3	12
iTraxx Australia	82	-3	12
CDX NA IG	62	-4	-2
CDX NA HY	107	1	0
iTraxx Eur Main	66	-5	-5
iTraxx Eur XO	297	-14	-9
iTraxx Eur Snr Fin	79	-6	-5
iTraxx Sovx WE	25	0	-1
AUD/USD	0.741	-0.24%	-2.19%
EUR/USD	1.167	-0.68%	-1.06%
USD/SGD	1.363	-0.38%	-2.04%
China 5Y CDS	67	-3	12
Malaysia 5Y CDS	99	-7	2
Indonesia 5Y CDS	123	-10	-4
Thailand 5Y CDS	46	-3	1

	13-Jul	1W chg	1M chg
Brent Crude Spot (\$/bbl)	74.34	-3.59%	-3.13%
Gold Spot (\$/oz)	1,246.78	-0.69%	-4.04%
CRB	194.00	-1.12%	-3.04%
GSCI	461.47	-3.58%	-3.46%
VIX	12.58	-15.97%	-2.78%
CT10 (bp)	2.855%	3.29	-11.17
USD Swap Spread 10Y (bp)	7	-1	1
USD Swap Spread 30Y (bp)	-3	2	3
TED Spread (bp)	39	1	-2
US Libor-OIS Spread (bp)	37	-1	-5
Euro Libor-OIS Spread (bp)	4	0	0
DJIA	24,925	2.33%	-1.10%
SPX	2,798	2.25%	0.82%
MSCI Asiax	668	1.06%	-7.41%
HSI	28,481	1.06%	-7.30%
STI	3,253	-0.11%	-4.11%
KLCI	1,704	0.76%	-3.40%
JCI	5,908	2.94%	-1.43%

New issues

- Korea East-West Power Co Ltd has priced a USD500mn 5-year sustainability bond at CT5+122.5bps, tightening from its initial price guidance of CT5+145bps area.
- Sumitomo Mitsui Financial Group Inc has priced a USD2bn deal across three tranches, with the USD750mn 5-year bond priced at CT5+100bps, tightening from its initial price guidance of CT5+115bps area; the USD500mn 5-year FRN priced at 3mL+86bps, in line with the initial price guidance and the USD750mn 10-year bond at CT10+110bps, tightening from its initial price guidance of CT10+130bps area.
- KEB Hana Bank has priced a USD315mn 5-year FRN at 3mL+80bps, tightening from its initial price guidance of 3mL+80-85bps area.

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
12-Jul-18	Korea East-West Power Co Ltd	USD500mn	5-year	CT5+122.5bps
12-Jul-18	Sumitomo Mitsui Financial Group Inc	USD750mn	5-year	CT5+100bps
12-Jul-18	Sumitomo Mitsui Financial Group Inc	USD500mn	5-year	3mL+86bps
12-Jul-18	Sumitomo Mitsui Financial Group Inc	USD750mn	10-year	CT10+110bps
12-Jul-18	KEB Hana Bank	USD315mn	5-year	3mL+80bps
11-Jul-18	Agile Group Holdings Ltd	USD200mn	3NC2	8.5%
11-Jul-18	CDBL Funding 2	USD500mn	3-year	3mL+115bps
11-Jul-18	American Honda Finance Corp	USD500mn	2-year	CT2+50bps
11-Jul-18	American Honda Finance Corp	USD750mn	2-year	3mL+26bps
11-Jul-18	American Honda Finance Corp	USD500mn	5-year	CT5+75bps
10-Jul-18	Public Utilities Board	SGD300mn	15-year	3.01%
10-Jul-18	Legend Fortune Limited	USD250mn	3-year	3mL+128bps
10-Jul-18	Ronshine China Holdings Ltd (re-tap)	USD225mn	RONXIN 8.25%'21	92.971
10-Jul-18	Toyota Motor Corp	USD750mn	3-year	CT3+50bps
10-Jul-18	Toyota Motor Corp	USD750mn	5-year	CT5+65bps
10-Jul-18	Toyota Motor Corp	USD500mn	10-year	CT10+80bps

Source: OCBC, Bloomberg

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