

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

**Andrew Wong**

Treasury Research & Strategy  
Global Treasury, OCBC Bank  
(65) 6530 4736  
[wongVKAM@ocbc.com](mailto:wongVKAM@ocbc.com)

**Ezien Hoo, CFA**

Treasury Research & Strategy  
Global Treasury, OCBC Bank  
(65) 6722 2215  
[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)

**Wong Hong Wei**

Treasury Research & Strategy  
Global Treasury, OCBC Bank  
(65) 6722 2533  
[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "**Relevant Materials**") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "**Relevant Entity**") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("**MiFID**") and the EU's Markets in Financial Instruments Regulation (600/2014) ("**MiFIR**") (together referred to as "**MiFID II**"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).