

June 26, 2018

**Credit Headlines:** Keppel Corporation Limited

## **Market Commentary**

- The SGD swap curve flattened yesterday, with swap rates for the shorter tenors trading 1bps higher while the longer tenors traded 1-4bps lower.
- Flows in SGD corporates were light yesterday.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 143bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 8bps to 477bps.
- 10Y UST yields fell 3bps initially to 2.86%, its lowest in 3-weeks. This was due to concerns about trade wars and divisions within the euro zone which boosted demand for longer-dated safe haven debt. 10Y UST yields subsequently rose to close at 2.88% after White House trade and manufacturing adviser Peter Navarro commented that investment restrictions proposed by the Trump administration would target China and not other countries.

## **Credit Headlines:**

### **Keppel Corporation Limited (“KEPSP”) | Issuer Profile: Neutral (3)**

- Keppel Land Limited (“KLL”), a wholly-owned subsidiary of KEP) through KLL’s indirectly wholly-owned subsidiary, Orbista Pte Ltd (“Orbista”), has entered into a sale and purchase agreement today with Messrs. Pham Quong Hung (“buyer”) for the sale of part of Orbista’s interests in Quoc Loc Phat Joint Stock Company (“QLP”).
- QLP is a developer located in Ho Chi Minh City, Vietnam and KEP indirectly holds a 45%-stake in QLP. 30%-stake will be sold to the buyer for VND702.0 bn (~SGD41.2mn) in cash. Following the proposed divestment, KEP would indirectly still hold a 15% interest in QLP, this stake is intended to be eventually sold.
- Given the small scale, this transaction is credit neutral in our view. (Company, OCBC)

**Table 1: Key Financial Indicators**

	26-Jun	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	84	3	9
iTraxx SovX APAC	14	0	2
iTraxx Japan	53	1	8
iTraxx Australia	75	2	8
CDX NA IG	67	4	3
CDX NA HY	106	0	0
iTraxx Eur Main	73	5	8
iTraxx Eur XO	314	12	15
iTraxx Eur Snr Fin	88	8	12
iTraxx Sovx WE	26	3	1
AUD/USD	0.741	0.34%	-1.86%
EUR/USD	1.170	0.97%	0.66%
USD/SGD	1.362	-0.40%	-1.44%
China 5Y CDS	61	3	6
Malaysia 5Y CDS	107	3	23
Indonesia 5Y CDS	136	-3	23
Thailand 5Y CDS	47	0	3

	26-Jun	1W chg	1M chg
Brent Crude Spot (\$/bbl)	74.86	-0.29%	-2.07%
Gold Spot (\$/oz)	1,266.72	-0.62%	-2.49%
CRB	195.34	-0.43%	-3.93%
GSCI	466.27	-0.24%	-3.28%
VIX	17.33	40.78%	31.09%
CT10 (bp)	2.875%	-2.19	-5.65
USD Swap Spread 10Y (bp)	7	0	3
USD Swap Spread 30Y (bp)	-7	-1	2
TED Spread (bp)	43	2	2
US Libor-OIS Spread (bp)	41	0	-2
Euro Libor-OIS Spread (bp)	3	-1	-1
DJIA	24,253	-2.94%	-2.02%
SPX	2,717	-2.04%	-0.16%
MSCI Asiax	677	-1.82%	-5.38%
HSI	28,961	-4.45%	-5.32%
STI	3,261	-1.90%	-7.18%
KLCI	1,678	-3.75%	-6.64%
JCI	5,859	-4.05%	-1.95%

## New issues

- Far East Horizon Ltd priced a USD400mn 3-year FRN at 3mL+200bps, tightening from its initial price guidance of 3mL+220bps.
- China Huarong Asset Management Corp has hired banks for its potential USD bond issuance.
- Trade Horizon Global Ltd has scheduled for investor meetings from 26 – 27 Jun for its potential USD/CNH bond issuance (guaranteed by Beijing Capital Group Co Ltd).

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
25-Jun-18	Far East Horizon Ltd	USD400mn	3-year	3mL+200bps
21-Jun-18	Agile Group Holdings Ltd	USD100mn	Perp NC3	8.55%
21-Jun-18	Horse Gallop Finance Ltd	USD700mn	3-year	3mL+118bps
21-Jun-18	Zhenro Properties Group Ltd	USD250mn	2-year	11.5%
20-Jun-18	Guangsha Holding Group Co Ltd	USD300mn	364-day	7.0%
20-Jun-18	GS Caltex Corp	USD300mn	5-year	CT5+120bps
19-Jun-18	Korea Development Bank	CNH1.75bn	3-year	4.6%
19-Jun-18	Greenland Hong Kong Holdings Ltd	USD200mn	364-day	7.875%
15-Jun-18	Greenland Global Investment Ltd	USD250mn	3.25-year	3mL+485bps
14-Jun-18	CFLD Cayman Investment Ltd	USD200mn	3-year	9.0%
13-June-18	Industrial & Commercial Bank of China Asia Ltd	HKD2.6bn	2-year	3.0%
13-June-18	Industrial & Commercial Bank of China Asia Ltd	USD200mn	5-year	3mL+85bps
13-June-18	Industrial & Commercial Bank of China Asia Ltd	USD200mn	3-year	3mL+75bps
12-June-18	Mapletree Treasury Services Ltd	SGD200mn	3-year	2.888%
12-June-18	New Metro Global Ltd	USD200mn	3.75-year	8.0%

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)

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