

June 28, 2018

Credit Headlines: BreadTalk Group Ltd , Oxley Holdings Ltd, Courts Asia Ltd

Market Commentary

- The SGD swap curve flattened yesterday, with swap rates trading 2bps lower across most tenors (with the exception of the 20-year swap rates trading 3bps lower).
- Flows in SGD corporates were moderate yesterday.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 2bps to 145bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 5bps to 489bps.
- Overall, 10Y UST yields fell 5bps to close at 2.83% due to continued concern over trade wars. However, there was an intra-day increase in yields by 4bps as US President Donald Trump indicated that he would not impose restrictions on Chinese investments in US technology firms.

Credit Headlines:

BreadTalk Group Ltd (“BGL”) | Issuer Profile: Neutral (5)

- BGL has entered into a 30-70 joint venture agreement with Mr Ge Ying (“GY”) to operate the BreadTalk brand of bakeries in Chongqing, China and potentially expand across the South-western market.
- GY and his team is an existing franchisee and they have been managing the BreadTalk brand of bakeries in Tibet Autonomous Region for the last 6 years.
- We do not expect this joint venture to have a significant credit impact as BGL does not expect the investment to have a material impact on earnings per share and net tangible assets. However, we continue to monitor developments at BGL with increasing joint venture partnerships with F&B-related parties and noting that its share price rose 8.9% yesterday despite a soft equity market.

Oxley Holdings Ltd (“OHL”) | Issuer Profile: Negative (6)

- Yesterday, OHL announced that has fully sold The Verandah Residences with 170-units at an average price of SGD1,795 psf with a total revenue of SGD248.8mn despite only launching on 7 April this year.
- As mentioned in our [Credit Update on 14 Feb 2018](#), OHL’s credit profile will hinge on the sales performance of the launches this year. If the sales momentum can be sustained at the remaining launches which are bigger in size (e.g. Rio Casa, Serangoon Ville, Vista Park, Mayfair Gardens), this will be a credit positive.

Courts Asia Ltd (“COURTA”) | Issuer Profile: Unrated

- COURTA is exploring the early redemption of SGD75mn COURTA 5.75% ‘19s. As such, COURTA is inviting noteholders to repurchase at 100.75 + accrued interest. The early consent fee is 25bps (deadline: 13 Jul, 5pm) and the normal consent fee is 15bps (deadline: 20 Jul, 10am).
- COURTA will use the existing surplus cash to finance the repurchase.

Table 1: Key Financial Indicators

	28-Jun	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	91	10	16
iTraxx SovX APAC	14	0	2
iTraxx Japan	54	2	10
iTraxx Australia	77	5	10
CDX NA IG	68	3	4
CDX NA HY	106	-1	-1
iTraxx Eur Main	74	3	8
iTraxx Eur XO	320	12	21
iTraxx Eur Snr Fin	89	6	13
iTraxx Sovx WE	26	1	1
AUD/USD	0.734	-0.50%	-2.70%
EUR/USD	1.156	-0.38%	-0.56%
USD/SGD	1.367	-0.67%	-1.80%
China 5Y CDS	66	8	11
Malaysia 5Y CDS	108	3	24
Indonesia 5Y CDS	138	2	26
Thailand 5Y CDS	50	5	6

	28-Jun	1W chg	1M chg
Brent Crude Spot (\$/bbl)	77.62	3.85%	1.54%
Gold Spot (\$/oz)	1,252.48	-1.16%	-3.58%
CRB	198.95	2.03%	-2.16%
GSCI	481.23	3.77%	-0.17%
VIX	17.91	40.03%	35.48%
CT10 (bp)	2.833%	-6.39	-9.85
USD Swap Spread 10Y (bp)	7	1	3
USD Swap Spread 30Y (bp)	-6	1	3
TED Spread (bp)	42	0	-1
US Libor-OIS Spread (bp)	40	1	-4
Euro Libor-OIS Spread (bp)	4	0	0
DJIA	24,118	-2.19%	-2.57%
SPX	2,700	-2.45%	-0.80%
MSCI Asiax	665	-3.13%	-7.58%
HSI	28,356	-4.51%	-7.91%
STI	3,255	-1.84%	-7.49%
KLCI	1,666	-2.55%	-6.18%
JCI	5,788	-1.64%	-4.63%

New issues

- Korea National Oil Corp has priced a USD400mn 5-year FRN at 3mL+87.5bps, tightening from its initial price guidance of 3mL+90bps.
- CapitaLand Retail China Trust has priced a SGD130mn 4-year bond at 3.25%, tightening from its initial price guidance of 3.40%.
- SK Innovation Co Ltd has scheduled for investor meetings from 3 July for its potential USD bond issuance.

Date	Issuer	Size	Tenor	Pricing
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	CT9+245bps
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%
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

Source: OCBC, Bloomberg

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