

Dec 5, 2018

**Credit Headlines:** Hyflux Ltd, Fraser and Neave Ltd

## **Market Commentary**

- The SGD swap curve bull flattened yesterday, with swap rates for the shorter tenors trading 3-5bps lower while the longer tenors traded 6-9bps lower.
- Flows in SGD corporates were moderate yesterday, with better buying seen in UBS 5.875%-PERPs.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 158bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS was unchanged at 616bps.
- Overall, 10Y UST yields fell 6bps to close at 2.91%, the lowest since mid-September due to investor expectations of slowing US economic growth as the yield curve inversion sparked recession fears.

## **Credit Headlines:**

### **Hyflux Ltd (“HFY”) | Issuer Profile: Unrated**

- Maybank, Tuaspring’s sole secured lender has agreed to [further extend the deadline](#) to 28 December 2018 for a binding agreement to be executed with a bidder/investor. This is the third extension since 29 October 2018 which was extended to 29 November 2018. (Company)

### **Fraser and Neave Ltd (“FNN”) | Issuer Profile: Neutral (4)**

- The Ministry of Health and the Health Promotion Board are seeking feedback on four proposed measures, including banning the sale of pre-packed high-sugar drinks and taxes on high-sugar drinks. We think this indicates a toughening stance by the government, as we note that a number of manufacturers (including F&N) have already pledged in 2017 to cut the amount of sugar in their beverages product to 12% or lower by 2020, following the 2017 National Day Rally Speech.
- If the regulations come to pass, this will be credit negative for FNN as its struggling Beverages segment may be further hit and may take longer to return to profitability. (Company, OCBC)

**Table 1: Key Financial Indicators**

	5-Dec	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	92	-3	4
iTraxx SovX APAC	10	-1	0
iTraxx Japan	68	2	8
iTraxx Australia	88	0	8
CDX NA IG	79	5	14
CDX NA HY	104	-1	-2
iTraxx Eur Main	82	2	12
iTraxx Eur XO	329	-13	41
iTraxx Eur Snr Fin	106	3	20
iTraxx Sovx WE	26	-1	0
AUD/USD	0.735	0.59%	1.91%
EUR/USD	1.134	-0.20%	-0.56%
USD/SGD	1.365	0.56%	0.72%
China 5Y CDS	67	-3	0
Malaysia 5Y CDS	109	-6	-3
Indonesia 5Y CDS	142	-5	-10
Thailand 5Y CDS	44	-2	1

	5-Dec	1W chg	1M chg
Brent Crude Spot (\$/bbl)	62.08	3.11%	-14.76%
Gold Spot (\$/oz)	1,237.26	1.31%	0.47%
CRB	184.14	2.34%	-4.38%
GSCI	417.06	2.67%	-7.58%
VIX	20.74	9.04%	3.91%
CT10 (bp)	2.914%	-14.54	-28.72
USD Swap Spread 10Y (bp)	6	3	0
USD Swap Spread 30Y (bp)	-12	4	-1
TED Spread (bp)	42	11	14
US Libor-OIS Spread (bp)	38	4	9
Euro Libor-OIS Spread (bp)	4	1	0
DJIA	25,027	1.12%	-1.71%
SPX	2,700	0.67%	-1.40%
MSCI Asiax	628	2.43%	2.59%
HSI	27,260	3.53%	5.11%
STI	3,168	2.50%	3.50%
KLCI	1,695	0.59%	-0.81%
JCI	6,153	2.32%	3.92%

## New issues

- China Development Bank has priced a USD1.5bn deal across two tranches, with the USD1bn 3-year FRN priced at 3mL+63bps, tightening from its initial price guidance of 3mL+85bps area and the USD500mn 5-year FRN at 3mL+73bp, tightening from its initial price guidance of 3mL+95bps area.
- Baidu Inc has priced a USD250mn re-tap of its BIDU 4.375%'24s at CT5+162.5bps, tightening from its initial price guidance of CT5+160-165bps area.
- Zhuji City Yuedu Investment Co Ltd has priced a USD230mn 3-year bond at 7.0%.
- Kaisa Group Holdings Ltd has priced a USD500mn 3-year bond at 7.875%.
- Liangshan State-Owned Investment has scheduled for investor meetings on Dec. 5-6 for a potential USD bond.

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
4-Dec-18	China Development Bank	USD1bn	3-year	3mL+63bps
4-Dec-18	China Development Bank	USD500mn	5-year	3mL+73bp
4-Dec-18	Baidu Inc	USD250mn	BIDU 4.375%'24s	CT5+162.5bps
4-Dec-18	Zhuji City Yuedu Investment Co Ltd	USD230mn	3-year	7.0%
4-Dec-18	Kaisa Group Holdings Ltd	USD500mn	3-year	7.875%
3-Dec-18	Republic of Indonesia	USD1bn	30-year	5.38%
3-Dec-18	Republic of Indonesia	USD1.25bn	10-year	4.78%
3-Dec-18	Republic of Indonesia	USD750mn	5-year	4.48%
3-Dec-18	Vanke Real Estate (Hong Kong) Co Ltd	USD630mn	5.25-year	CT5+250bps
3-Dec-18	Jiayuan International Group Ltd	USD80mn	JIAYUA 12.0%'20s	12.0%
3-Dec-18	CITIC Securities Finance MTN Co Ltd	USD300mn	3-year	CT3+155bps
30-Nov-18	KWG Group Holdings Ltd	USD150mn	KWGPRO 9.85%'20s	101.5 + accrued interest
30-Nov-18	HuaiBei City Construction Investment Holding Group Company Ltd	USD300mn	3-year	5.2%
30-Nov-18	Shinhan Life insurance	USD350mn	10NC5	5.1%
30-Nov-18	Kookmin Bank	USD100mn	2-year	3.409%

**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, CFA**

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

**Seow Zhi Qi**

Treasury Research & Strategy  
Global Treasury, OCBC Bank  
(65) 6530 7348  
[zhiqiseow@ocbc.com](mailto:zhiqiseow@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).