

Sept 5, 2018

Credit Headlines: Mapletree Logistics Trust

Market Commentary

- The SGD swap curve flattened yesterday, with swap rates for the shorter tenors trading 2-4bps higher while the longer tenors traded within 1bps of yesterday's curve (with the exception of the 30-year swap rates trading 3bps higher).
- Flows in SGD corporates were heavy yesterday, with better selling seen in OCBCSP 4.0%-PERPs.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 141bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS was unchanged at 484bps.
- 10Y UST yields rose 4bps to close at 2.90%, its three-week high after data showed that US manufacturing activity accelerated to more than a 14-year high in August as well as supply pressure from heavy corporate debt.

Credit Headlines:

Mapletree Logistics Trust ("MLT") | Issuer Profile: Neutral (4)

- MLT has entered into an agreement for the proposed divestment of 531 Bukit Batok Street 23 in Singapore for SGD22.4mn to Setsco Services Pte Ltd ("Setsco"), a wholly-owned subsidiary of VICOM Ltd. The property is intended to replace Setsco's current premises at Teban Gardens Crescent which has been zoned for re-development.
- JTC Corporation has granted in-principle approval and the proposed transaction is expected to complete in October 2018.
- The proposed divestment is in line with MLT's strategy to rejuvenate the portfolio including selective divestment of low-yielding properties with older specifications.
- As at 31 March 2018, the property was valued at SGD22.4mn while the net proceeds will be used to fund committed investments and/or reduce debt. Given the small scale of the transaction, we see the transaction as credit neutral for MLT. (Company, OCBC)

Table 1: Key Financial Indicators

	5-Sep	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	85	5	3
iTraxx SovX APAC	12	1	1
iTraxx Japan	54	0	-1
iTraxx Australia	74	2	-1
CDX NA IG	61	2	2
CDX NA HY	107	0	0
iTraxx Eur Main	68	2	3
iTraxx Eur XO	297	9	1
iTraxx Eur Snr Fin	81	1	2
iTraxx Sovx WE	27	0	2
AUD/USD	0.719	-1.72%	-2.73%
EUR/USD	1.159	-1.03%	0.29%
USD/SGD	1.376	-0.78%	-0.57%
China 5Y CDS	62	5	-1
Malaysia 5Y CDS	100	13	16
Indonesia 5Y CDS	143	25	29
Thailand 5Y CDS	42	2	-1

	5-Sep	1W chg	1M chg
Brent Crude Spot (\$/bbl)	77.85	0.92%	6.34%
Gold Spot (\$/oz)	1,191.74	-1.23%	-1.32%
CRB	192.12	-0.39%	-0.57%
GSCI	468.10	0.65%	1.29%
VIX	13.16	8.22%	13.06%
CT10 (bp)	2.895%	1.09	-5.39
USD Swap Spread 10Y (bp)	6	-1	-1
USD Swap Spread 30Y (bp)	-7	-2	-2
TED Spread (bp)	23	1	-11
US Libor-OIS Spread (bp)	20	-2	-12
Euro Libor-OIS Spread (bp)	4	0	0
DJIA	25,952	-0.37%	1.92%
SPX	2,897	0.00%	1.98%
MSCI Asiax	661	-1.82%	-0.08%
HSI	27,973	-1.33%	1.07%
STI	3,211	-1.14%	-1.69%
KLCI	1,813	0.06%	1.84%
JCI	5,905	-2.27%	-1.70%

New issues

- CGNPC International Ltd has priced a deal across three tranches with the USD500mn 5-year bond priced at CT5+120bps, tightening from its initial price guidance of CT5+145bps area; the USD100mn 30-year bond priced at 4.8%, in line with the final price guidance and the EUR500mn 7-year green bond at MS+150bps, tightening from its initial price guidance of MS+155bps area.
- Capital Environment Holdings Ltd has priced a USD250mn 3-year green bond (keepwell provider: Beijing Capital Group Co Ltd) at CT3+303bps, tightening from its initial price guidance of CT3+315bps area.
- CICC Hong Kong Finance 2016 MTN Ltd has priced a USD400mn 3-year bond at 3mL+120bps, tightening from its initial price guidance of 3mL+140bps area.
- Mitsubishi UFJ Financial Group Inc has priced a USD3bn deal across three tranches with the USD1.15bn re-tap of its MUFG 3.761%'23s at CT5+95bps, tightening from its initial price guidance of CT5+105-110bps area; the USD850mn re-tap of its MUFG FRN'23s at 3mL+81bps, in line with its initial price guidance and the USD1bn 10-year bond at CT10+115bps, tightening from its initial price guidance of CT10+125-130bps area.
- BAIC Motor Corporation Limited has scheduled for investor meetings from 5 Sept for its potential USD bond issuance.
- The Independent State of Papua New Guinea has scheduled for investor meetings from 5 Sept for its potential USD 5-year/10-year bond issuance.
- Rural Electrification Corp Ltd has hired banks for its potential USD bond issuance.

Date	Issuer	Size	Tenor	Pricing
4-Sept-18	CGNPC International Ltd	USD500mn	5-year	CT5+120bps
4-Sept-18	CGNPC International Ltd	USD100mn	30-year	4.8%
4-Sept-18	CGNPC International Ltd	EUR500mn	7-year	MS+150bps
4-Sept-18	Capital Environment Holdings Ltd	USD250mn	3-year	CT3+303bps
4-Sept-18	CICC Hong Kong Finance 2016 MTN Ltd	USD400mn	3-year	3mL+120bps
4-Sept-18	Mitsubishi UFJ Financial Group Inc	USD1.15bn	MUFG 3.761%'23s	CT5+95bps
4-Sept-18	Mitsubishi UFJ Financial Group Inc	USD850mn	MUFG FRN'23s	3mL+81bps
4-Sept-18	Mitsubishi UFJ Financial Group Inc	USD1bn	10-year	CT10+115bps
3-Sept-18	CFLD Cayman Investment Ltd	USD120mn	CHFOTN 9%'21s	8.993%
3-Sept-18	First Abu Dhabi Bank PJSC	CNH650mn	3-year	4.5%
3-Sept-18	Country Garden Holdings	USD750mn	7-year	5.125%
3-Sept-18	United Overseas Bank Ltd	EUR500mn	5-year	MS+7bps

Source: OCBC, Bloomberg

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