

Dec 6, 2018

**Credit Headlines:** Industry Outlook – Singapore Property

## **Market Commentary**

- The SGD swap curve bull flattened yesterday, with swap rates for the shorter tenors trading 2-3bps lower while the longer tenors traded 5-7bps lower.
- Flows in SGD corporates were heavy yesterday, with better buying seen in UBS 5.875%-PERPs and HSBC 5.0%-PERPs.
- Both the Bloomberg Barclays Asia USD IG Bond Index average OAS and the Bloomberg Barclays Asia USD HY Bond Index average OAS were unchanged at 158bps and 616bps respectively.
- 10Y UST yields remain unchanged at 2.91% as US markets were closed on Wednesday to mark the death of President George H.W. Bush.

## **Credit Headlines:**

### **Industry Outlook – Singapore Property**

- The government released the 1H19 Government Land Sales Programme. This is the smallest release since 2H10 with just 6,475 residential units made available (2,025 units in the confirmed list), moderating from 8,040 units in 2H18 (with 2,705 units in the confirmed list).
- We think this should keep land supply in check, noting that the market looks oversupplied. According to URA, 45,000 private housing units is in the pipeline, of which 31,000 units are unsold with an additional 14,000 units pending planning approval. (URA, OCBC)

**Table 1: Key Financial Indicators**

	6-Dec	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	93	-1	7
iTraxx SovX APAC	10	0	0
iTraxx Japan	73	8	12
iTraxx Australia	90	4	12
CDX NA IG	80	6	16
CDX NA HY	104	-1	-2
iTraxx Eur Main	82	2	13
iTraxx Eur XO	331	-12	46
iTraxx Eur Snr Fin	106	3	18
iTraxx Sovx WE	26	0	0
AUD/USD	0.726	-0.83%	0.15%
EUR/USD	1.135	-0.40%	-0.69%
USD/SGD	1.368	0.19%	0.41%
China 5Y CDS	67	-3	2
Malaysia 5Y CDS	109	-4	1
Indonesia 5Y CDS	141	-3	-5
Thailand 5Y CDS	44	-1	1

	6-Dec	1W chg	1M chg
Brent Crude Spot (\$/bbl)	61.56	4.77%	-15.87%
Gold Spot (\$/oz)	1,237.68	1.10%	0.85%
CRB	183.75	1.40%	-3.90%
GSCI	415.75	2.81%	-6.98%
VIX	20.74	9.04%	4.17%
CT10 (bp)	2.921%	-10.90	-30.68
USD Swap Spread 10Y (bp)	7	3	1
USD Swap Spread 30Y (bp)	-12	5	-1
TED Spread (bp)	33	2	5
US Libor-OIS Spread (bp)	36	-1	8
Euro Libor-OIS Spread (bp)	4	0	1
DJIA	25,027	1.12%	-1.71%
SPX	2,700	0.67%	-1.40%
MSCI Asiax	619	0.91%	2.73%
HSI	26,820	0.51%	2.67%
STI	3,156	1.99%	3.11%
KLCI	1,688	0.10%	-1.20%
JCI	6,133	2.37%	3.53%

## New issues

- Zhuji Development Ltd has priced a USD230mn 3-year bond (guaranteed by Zhuji State-owned Assets Management Co Ltd) at 7.0%.
- Nuoxi Capital Ltd has hired banks for its potential USD/EUR bond issuance (guaranteed by Peking University Founder Group Company Ltd).
- Haitong Securities Co Ltd has hired banks for its potential USD/EUR bond issuance.

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
5-Dec-18	Zhuji Development Ltd	USD230mn	3-year	7.0%
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%

Source: OCBC, Bloomberg

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