

Mar 6, 2018

Credit Headlines: Lippo Mall Indonesia Retail Trust, Heeton Holdings Ltd, Chip Eng Seng Corp Ltd

Market Commentary: The SGD swap curve flattened, with swap rates trading 1-3bps lower for the shorter tenors while the longer tenors traded 2-3bps lower. Flows in SGD corporates were light yesterday. In the broader dollar space, the Bloomberg Barclays Asia USD IG Bond Index average OAS traded little changed at 114bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 8bps to 334bps. 10Y UST yield rose 2bps to 2.88%, as fears of a trade war eased after senior Republicans urged President Donald Trump to reconsider his threat to impose tariffs on imported steel and aluminum.

New issues: CDBL Funding 1 has priced a USD100mn re-tap of its CDBLFU 3%'23 bond (guaranteed by CDB Aviation Lease Finance Designated Activity Company, keepwell provider: China Development Bank Financial Leasing Co Ltd) at CT5+140bps, tightening from its initial guidance of CT5+150bps area. The expected issue ratings are 'NR/A2/A+'. China Minmetals Corporation has priced a USD400mn Perp NC May 2021 bond at 4.45%, tightening from its initial guidance of 4.65%. The expected issue ratings are 'NR/Baa1/NR'. The Korea Development Bank has priced a USD1bn deal across two tranches, with the USD500mn 3-year FRN priced at 3mL+55bps, tightening from its initial guidance of 3mL+70bps area and the USD500mn 5-year Fxd priced at CT5+85bps, tightening from its initial guidance of CT5+100bps area. The expected issue ratings are 'AA/Aa2/AA-'. Country Garden Holdings Co Ltd has priced a CNH950mn 3NC2 bond (guaranteed by certain of the issuer's restricted subsidiaries outside the PRC) at 5.80%, tightening from its initial guidance of 6.125%. The expected issue ratings are 'NR/NR/BBB-'. Dianjin International Finance Ltd has scheduled for investor meetings from 6 Mar for its potential USD bond issuance (guaranteed by Power Construction Corporation of China) The expected issue ratings are 'NR/Baa1/BBB+'. Rizal Commercial Banking Corporation has scheduled for investor meetings from 6 Mar for its potential USD bond. The expected issue ratings are 'NR/Baa2/NR'. Rural Electrification Corp Ltd has hired five banks for its potential USD bond issuance.

Table 1: Key Financial Indicators

	6-Mar	1W chg (bps)	1M chg (bps)		6-Mar	1W chg	1M chg
iTraxx Asiax IG	69	2	2	Brent Crude Spot (\$/bbl)	65.54	-2.90%	-3.08%
iTraxx SovX APAC	12	-1	0	Gold Spot (\$/oz)	1,322.35	0.30%	-0.14%
iTraxx Japan	50	2	6	CRB	196.67	-0.04%	0.99%
iTraxx Australia	60	0	0	GSCI	447.54	-1.35%	0.04%
CDX NA IG	56	2	2	VIX	18.73	18.54%	-37.53%
CDX NA HY	107	-1	0	CT10 (bp)	2.877%	-1.63	7.55
iTraxx Eur Main	54	0	7	USD Swap Spread 10Y (bp)	1	-1	-2
iTraxx Eur XO	268	3	18	USD Swap Spread 30Y (bp)	-19	-1	-4
iTraxx Eur Snr Fin	56	1	11	TED Spread (bp)	39	7	7
iTraxx Sovx WE	20	1	1	US Libor-OIS Spread (bp)	40	0	13
iTraxx Sovx CEEMEA	33	0	-2	Euro Libor-OIS Spread (bp)	3	0	0
					6-Mar	1W chg	1M chg
				AUD/USD	0.778	-0.18%	-1.66%
				USD/CHF	0.939	-0.05%	-0.37%
				EUR/USD	1.235	0.93%	-0.24%
				USD/SGD	1.317	0.56%	0.15%
Korea 5Y CDS	51	0	-1	DJIA	24,875	-3.25%	-0.15%
China 5Y CDS	56	0	-1	SPX	2,721	-2.11%	0.96%
Malaysia 5Y CDS	63	1	2	MSCI Asiax	712	-3.32%	-0.55%
Philippines 5Y CDS	65	2	3	HSI	29,886	-5.12%	-2.32%
Indonesia 5Y CDS	87	2	3	STI	3,439	-3.30%	0.95%
Thailand 5Y CDS	40	0	-1	KLCI	1,843	-0.94%	1.66%
				JCI	6,551	-0.06%	1.11%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
5-Mar-18	Country Garden Holdings Co Ltd	'NR/NR/BBB-'	CNH950mn	3NC2	5.80%
5-Mar-18	The Korea Development Bank	'AA/Aa2/AA-'	USD500mn	5-year	CT5+85bps
5-Mar-18	The Korea Development Bank	'AA/Aa2/AA-'	USD500mn	3-year	3mL+55bps
5-Mar-18	China Minmetals Corporation	'NR/Baa1/NR'	USD400mn	Perp NC May 2021	4.45%
5-Mar-18	CDBL Funding 1	'NR/A2/A+'	USD100mn	CDBLFU 3%'23	CT5+140bps
2-Mar-18	Kexim	Not rated	CNH1.5bn	3-year	4.68%
2-Mar-18	Arab Petroleum Investment Corporation	'NR/Aa3/NR'	CNH630mn	3-year	4.7%
1-Mar-18	Agile Group Holdings Ltd	'NR/B1/NR'	USD100mn	Perp NC5	100+accrued interest
1-Mar-18	UPL Corp Ltd	'BBB-/NR/BBB-'	USD300mn	10-year	CT10+173bps
1-Mar-18	Bank Of China Ltd (HK Branch)	'A/A1/A'	USD250mn	10-year	CT10+125bps

Source: OCBC, Bloomberg

Rating Changes: Moody's has assigned a 'Baa3' long-term issuer rating to Everbright Sun Hung Kai Co Ltd. The outlook is stable. The rating action reflects Everbright Sun Hung Kai's standalone assessment of 'ba1', reflecting the long-established franchise in Hong Kong's retail brokerage business and diversified funding sources, which is constrained by the company's rapid asset and business growth and increasing investment and credit risk coupled with its volatile profitability. Moody's has assigned a 'Baa1' senior unsecured rating to the proposed senior perpetual securities to be issued under the medium-term note program of Dianjian International Finance Ltd and guaranteed by Power Construction Corporation of China. The outlook is stable. The rating action reflects the guarantee from PowerChina and the fact that the securities will rank pari passu with all other senior unsecured obligations of PowerChina.

Credit Headlines:

Lippo Mall Indonesia Retail Trust ("LMRT"): LMRT obtained a SGD40mn unsecured uncommitted revolving credit facility from BNP Paribas, which follows a SGD80mn unsecured uncommitted revolving credit facility obtained in Nov 2017. [This supports our view that LMRT will be able to refinance borrowings](#) due within the next 12 months (which spiked to SGD268.5mn). (Company, OCBC)

Heeton Holdings Ltd ("HHL"): HHL, through its 10%-owned associated company (Development 24 Pte Ltd), has acquired properties on freehold land at 31 to 51 (Odd) Lorong 24 Geylang Singapore with a land area of 2,432 sqm. The purchase consideration is SGD60mn (HHL's share: SGD6mn). The intention is to develop this for residential purposes. This does not materially impact HHL's credit profile given the small size of the acquisition. (Company, OCBC)

Chip Eng Seng Corp Ltd ("CES"): CES is looking to diversify into the education sector, to conduct construction, development, establishment, ownership, management and operations of educational programmes with an initial focus in the Asia Pacific region. According to CES, the education sector is not capital intensive. As the proposed diversification will change the existing risk profile of CES, an extraordinary general meeting will be convened. Pending further details, we will be assessing the impact on CES. (Company, OCBC)

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