

Dec 7, 2018

Credit Headlines: Keppel Corporation Ltd, CITIC Envirotech Ltd

Market Commentary

- The SGD swap curve flattened yesterday, with swap rates for the shorter tenors trading 2-3bps lower while the longer tenors traded 3-5bps 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 2bps to 160bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS was unchanged at 616bps.
- 10Y UST yields fell 10bps to 2.82% in the earlier part of the trading session, hitting its three-month lows on the back of uncertainties over Brexit, escalating trade tensions between the US and China following the arrest of Huawei Technologies Co's chief financial officer as well as a lower than expected ADP US job data. Yields subsequently recovered 7bps to close at 2.90%

Credit Headlines:

Keppel Corporation Ltd ("KEP") | Issuer Profile: Neutral (4)

- KEP via its wholly-owned subsidiary Keppel Land Limited ("Keppel Land") has entered into a non-binding agreement with PT Metropolitan Land Tbk ("Metland") to cooperate on residential projects owned and occupied by Metland in Greater Jakarta, with an investment value of up to IDR5 trillion (about SGD470mn). Under the agreement, Keppel Land and Metland will each inject an equal amount of capital for joint residential projects, indicating Keppel Land's portion at ~SGD235mn, a sum which is manageable for KEP. (Company, OCBC)

CITIC Envirotech Ltd ("CEL") | Issuer Profile: Neutral (5)

- CEL announced that it has secured two engineering, procurement and construction projects worth RMB490mn (~SGD97.5mn) in China that will utilise CEL's membrane bioreactor technology to treat wastewater. The first project with a value of RMB350 (~SGD69.7mn) is in Jinjiang City, Fujian Province and expected to complete by November 2019 and the second project with a value of RMB140mn (SGD27.9mn) is in Panyu District, Guangdong Province and expected to complete by October 2019.
- Year to date, CEL has won ~SGD1.3bn in new project wins and we understand that of the ~SGD1.3bn of projects as at end-2017, about 22% has been progressed in 9M2018. We continue to expect adjusted net gearing to progressively increase as capital commitments are carried out. (Company, OCBC)

Table 1: Key Financial Indicators

	7-Dec	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	95	3	11
iTraxx SovX APAC	10	0	0
iTraxx Japan	77	11	13
iTraxx Australia	90	3	13
CDX NA IG	79	4	17
CDX NA HY	104	-1	-3
iTraxx Eur Main	87	6	20
iTraxx Eur XO	348	19	68
iTraxx Eur Snr Fin	111	6	27
iTraxx Sovx WE	27	0	1
AUD/USD	0.724	-0.97%	-0.56%
EUR/USD	1.138	0.52%	-0.44%
USD/SGD	1.370	0.21%	0.18%
China 5Y CDS	69	1	6
Malaysia 5Y CDS	110	-1	6
Indonesia 5Y CDS	143	2	0
Thailand 5Y CDS	44	0	1

	7-Dec	1W chg	1M chg
Brent Crude Spot (\$/bbl)	60.06	0.92%	-16.73%
Gold Spot (\$/oz)	1,238.63	1.48%	0.99%
CRB	181.30	-0.55%	-5.25%
GSCI	407.68	-0.11%	-8.84%
VIX	21.19	12.77%	29.52%
CT10 (bp)	2.896%	-9.24	-34.00
USD Swap Spread 10Y (bp)	7	2	1
USD Swap Spread 30Y (bp)	-12	4	-2
TED Spread (bp)	36	3	9
US Libor-OIS Spread (bp)	39	2	11
Euro Libor-OIS Spread (bp)	3	-1	-1
DJIA	24,948	-1.65%	-4.71%
SPX	2,696	-1.74%	-4.19%
MSCI Asiax	605	-1.49%	0.07%
HSI	26,156	-1.11%	0.03%
STI	3,116	0.20%	1.64%
KLCI	1,683	-0.77%	-1.84%
JCI	6,115	0.14%	2.96%

New issues

- Haitong Securities Co Ltd has priced a USD300mn 5-year bond at CT5+185bps, tightening from its initial price guidance of CT5+200bps area.
- Jinan Hi-Tech Holding Group Co Ltd has priced a USD250mn 3-year bond at 6.4%, in line with the final price guidance.
- Industrial & Commercial Bank of China Limited/Dubai DIFC has priced a USD100mn 2-year bond at 3mL+60bps.
- Logan Property Holdings Company Limited has priced a USD370mn 2-year bond at 8.75%, tightening from its initial price guidance of 9.0%.

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
6-Dec-18	Haitong Securities Co Ltd	USD300mn	5-year	CT5+185bps
6-Dec-18	Jinan Hi-Tech Holding Group Co Ltd	USD250mn	3-year	6.4%
6-Dec-18	Industrial & Commercial Bank of China Limited/Dubai DIFC	USD100mn	2-year	3mL+60bps
6-Dec-18	Logan Property Holdings Company Limited	USD370mn	2-year	8.75%
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

Source: OCBC, Bloomberg

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