

June 6, 2019

Credit Headlines: Julius Baer Group Ltd

Market Commentary

- The SGD swap curve bull-steepened over the past 2 days, with the shorter tenors and belly trading 3-7bps lower while the longer tenors traded 1-2bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 2bps to 141bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 1bps to 521bps.
- Flows in SGD corporates were heavy, with flows in SOCGEN 6.125%-PERPs, FPLSP 4.15% '27s, FPLSP 4.38%-PERPs, FPLSP 4.98%-PERPs, HSBC 4.7%-PERPs, and MLTSP 3.65%-PERPs.
- 10Y UST yields rose 6bps to 2.13%, on the back of improving investor sentiment in the equity market after Fed officials came up with statements supportive of continuing economic growth path while the US and Mexico continued tariff discussions. Of note, the yield curve between the 3-month treasury bills and 10-year treasury notes continued to be inverted, though narrower at -20bps.

Credit Headlines

Julius Baer Group Ltd (“BAER”) | Issuer Profile: Neutral (3)

- BAER announced that GIC has become a significant shareholder of the company holding a 3.09%-stake in BAER.
- At 3.09%, GIC is also the fourth largest shareholder of BAER, behind three other institutional shareholders who collectively hold a 19.0%-stake.
- In our view, the ability of BAER to attract a leading institutional investor for its equity is a credit positive, especially at a time of BAER transitioning credit profile with staff movements, management changes and changes to business and growth ambitions.
- While the stake has reduced, GIC still holds a ~2.7%-stake in UBS, a private banking competitor to BAER. (Company, Bloomberg, OCBC)

Table 1: Key Financial Indicators

	6-Jun	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	78	2	11
iTraxx SovX APAC	50	0	6
iTraxx Japan	69	3	14
iTraxx Australia	76	0	7
CDX NA IG	64	-3	6
CDX NA HY	105	0	-2
iTraxx Eur Main	66	-3	7
iTraxx Eur XO	289	-13	36
iTraxx Eur Snr Fin	82	-8	12
iTraxx Sovx WE	18	0	2
AUD/USD	0.696	0.75%	-0.39%
EUR/USD	1.123	0.88%	0.25%
USD/SGD	1.367	0.91%	-0.26%
China 5Y CDS	57	1	13
Malaysia 5Y CDS	72	2	14
Indonesia 5Y CDS	109	-2	10
Thailand 5Y CDS	36	0	0

	6-Jun	1W chg	1M chg
Brent Crude Spot (\$/bbl)	60.57	-9.42%	-14.98%
Gold Spot (\$/oz)	1,329.35	3.16%	3.77%
CRB	172.34	-4.44%	-4.62%
GSCI	398.56	-7.20%	-9.35%
VIX	16.09	-10.11%	4.21%
CT10 (bp)	2.121%	-9.24	-34.83
USD Swap Spread 10Y (bp)	-2	2	0
USD Swap Spread 30Y (bp)	-28	-1	-3
US Libor-OIS Spread (bp)	19	4	2
Euro Libor-OIS Spread (bp)	5	1	0
DJIA	25,540	1.64%	-3.40%
SPX	2,826	1.55%	-3.63%
MSCI Asiax	620	0.89%	-6.73%
HSI	26,895	-0.81%	-7.92%
STI	3,143	-0.65%	-7.35%
KLCI	1,644	1.83%	0.41%
JCI	6,209	2.92%	-1.75%

New issues:

- UHI Capital Ltd has priced a USD500mn 5-year bond (guarantor: Guangdong Energy Group Co., Ltd.) at T+128bps, tightening from IPT of T+160bps area.
- Xinhua (BVI) 2018 Holding Company Limited has priced a USD110mn 3NCNP2 bond (guarantor: Xinhua Zhongbao Co., Ltd.) at 11.0%, tightening from IPG of 11.25% area.
- Fuqing Investment Management Ltd has priced a USD400mn 3-year bond (guarantor: Pingan Real Estate Capital Ltd.) at 4.30%, tightening from IPT of 4.6% area.
- Keppel Infrastructure Fund Management Pte Ltd has priced a SGD200mn NC10-perpetual bond at 4.75%, tightening from IPG of 5.0% area.
- Korea Gas Corporation has initiated investor meetings from June 10 for its potential USD bond issuance.
- China National Chemical Corporation Limited has scheduled investor meetings from June 6 for its potential USD bond issuance.

Date		Size	Tenor	Pricing
04-Jun-19	UHI Capital Ltd	USD500mn	5-year	T+128bps
04-Jun-19	Xinhua (BVI) 2018 Holding Company Limited	USD110mn	3NCNP2-perpetual	11.0%
04-Jun-19	Fuqing Investment Management Ltd	USD400mn	3-year	4.30%
04-Jun-19	Keppel Infrastructure Fund Management Pte Ltd	SGD200mn	NC10-perpetual	4.75%
03-Jun-19	Industrial & Commercial Bank of China Ltd	USD750mn USD750mn	3-year 5-year	3M-US LIBOR+72bps 3M-US LIBOR+83bps
03-Jun-19	Zunyi Road and Bridge Construction (Group) Ltd	USD78mn	3-year	8.0%
03-Jun-19	Shangri-La Hotel Ltd Shangri-La Hotel Ltd	SGD135mn SGD 165mn	5-year 8-year	3.70% 4.10%
31-May-19	Adani Green Energy (UP) Ltd, Prayatna Developers Pte Ltd & Parampujya Solar Energy Pte Ltd	USD500mn	5.5-year	6.25%
30-May-19	Hejun Shunze Investment Co Ltd	USD220mn	LGUANG 12%'21s	11.125%
30-May-19	Perfect Point Ventures Ltd	USD250mn	3-year	6.35%
30-May-19	Xinjiang Zhongtai (Group) Co Ltd	USD380mn	3-year	7.25%
30-May-19	Singapore Press Holdings Ltd	SGD150mn	NC5-perpetual	4.50%

Source: OCBC, Bloomberg

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