

Jun 29, 2017

Credit Headlines (Page 2 onwards): Croesus Retail Trust

**Market Commentary:** The SGD swap curve bear-steepened sharply yesterday, with the long end of the curve almost 10bps higher, tracking the move seen across global curves post ECB Draghi's perceived hawkish comments. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%-PERPs, WINGTA 4.08%-PERPs and STHSP 3.95%-PERPs, better selling seen in OUESP 4.25%'19s, and mixed interest seen in FCLSP 4.15%'27s, LMRTSP 6.6%-PERPs, OLAMSP 6%'22s. In the broader dollar space, the spread on JACI IG Corporates fell by 1bps to 192bps while the yield on JACI HY Corporates rose by 7bps to 6.87%, largely driven by the move in underlying rates. 10y UST yields continue to drift higher, increasing 2bps to 2.22%, while front-end UST yields dipped a couple of bps.

**New Issues:** Baidu, Inc has priced a USD1.5bn two-tranche deal, with the USD900mn 5-year bond priced at CT5+118bps, tightening from initial guidance of CT5+140bps; and the USD600mn 10-year bond priced at CT10+145bps, tightening from initial guidance of CT10+165bps. The expected issue ratings are 'NR/A3/A'. CSCEC Finance (Cayman) II Ltd has issued a USD1bn two-tranche deal (guaranteed by China State Construction Engineering Corporation Ltd), with the USD500mn 5-year bond priced at CT5+112.5bps, tightening from initial guidance of CT5+140bps; and the USD500mn 10-year bond priced at CT10+135bps, tightening from initial guidance of CT10+165bps area. The expected issue ratings are 'A/A2/A'. Fantasia Holdings Group Co has priced a USD300mn 5NC3 bond at 8%. The expected issue ratings are 'B/B3/NR'. SGSP (Australia) Assets Pty Ltd has hired banks for potential issuance of USD 10-year bonds. The expected issue ratings are 'A/A3/NR'. Bright Food Singapore Holdings Pte Ltd has scheduled investor meetings for potential issuance of EUR 3-year and/or 5-year bonds (guaranteed by Bright Food (Group) Co) from 3 Jul. The expected issue ratings are 'BBB-/Baa3/A-'. Mitsubishi Corp has scheduled investor meetings for potential USD 3-year and/or 5-year bonds from 3 Jul. The expected issue ratings are 'A/A2/NR'. SEA Holdings Ltd has scheduled investor meetings for potential USD Perp issuance from 28 Jun.

Table 1: Key Financial Indicators

	29-Jun	1W chg (bps)	1M chg (bps)		29-Jun	1W chg	1M chg
iTraxx Asiax IG	86	-2	-5	Brent Crude Spot (\$/bbl)	47.43	4.89%	-9.29%
iTraxx SovX APAC	20	0	0	Gold Spot (\$/oz)	1,250.25	-0.02%	-1.41%
iTraxx Japan	40	0	-2	CRB	170.98	2.12%	-6.06%
iTraxx Australia	84	-3	-1	GSCI	362.61	2.81%	-5.94%
CDX NA IG	60	-1	-2	VIX	10.03	-6.70%	2.24%
CDX NA HY	107	0	-1	CT10 (bp)	2.226%	7.84	-2.04
iTraxx Eur Main	54	0	-7	USD Swap Spread 10Y (bp)	-3	2	0
iTraxx Eur XO	237	3	-13	USD Swap Spread 30Y (bp)	-31	4	12
iTraxx Eur Snr Fin	53	-2	-14	TED Spread (bp)	29	-1	2
iTraxx Sovx WE	6	-1	-2	US Libor-OIS Spread (bp)	13	-1	1
iTraxx Sovx CEEMEA	54	0	12	Euro Libor-OIS Spread (bp)	3	0	1
					29-Jun	1W chg	1M chg
				AUD/USD	0.766	1.50%	2.89%
				USD/CHF	0.959	1.39%	2.00%
				EUR/USD	1.139	2.16%	2.05%
				USD/SGD	1.381	0.64%	0.35%
Korea 5Y CDS	52	1	-4	DJIA	21,455	0.21%	1.78%
China 5Y CDS	70	-1	-8	SPX	2,441	0.21%	1.03%
Malaysia 5Y CDS	85	-1	-15	MSCI Asiax	626	-0.10%	0.78%
Philippines 5Y CDS	77	-2	-4	HSI	25,684	0.03%	-0.07%
Indonesia 5Y CDS	117	-2	-9	STI	3,243	1.30%	0.89%
Thailand 5Y CDS	62	-1	4	KLCI	1,774	-0.40%	0.49%
				JCI	5,830	0.92%	1.73%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
28-Jun-17	Baidu, Inc.	'NR/A3/A'	USD900mn	5-year	CT5+118bps
28-Jun-17	Baidu, Inc.	'NR/A3/A'	USD600mn	10-year	CT10+145bps
28-Jun-17	CSCEC Finance (Cayman) II Ltd	'A/A2/A'	USD500mn	5-year	CT5+112.5bps
28-Jun-17	CSCEC Finance (Cayman) II Ltd	'A/A2/A'	USD500mn	10-year	CT10+135bps
28-Jun-17	Fantasia Holdings Group Co	'B/B3/NR'	USD300mn	5NC3	8.0%
27-Jun-17	FH REIT Treasury Pte Ltd	Not Rated	SGD120mn	5-year	2.63%
27-Jun-17	Perennial Treasury Pte Ltd	Not Rated	SGD100mn	3-year	3.85%
27-Jun-17	Shimao Property Holdings Ltd (re-tap)	Not Rated	USD150mn	SHIMAO 4.75%'22	100.5

Source: OCBC, Bloomberg

**Rating Changes:** S&P has revised the outlook on China Resources Gas Group Ltd (CR GAS) to positive from stable, while affirming its 'BBB+' long-term corporate credit rating. The rating action follows CR GAS's better-than-expected performance in 2016 and S&P's expectation that the company's credit metrics will remain firmer going forward.

**Credit Headlines:**

**Croesus Retail Trust (“CRT”):** Cyrus BidCo Pte Ltd, a company incorporated by funds advised by Blackstone Real Estate, made a proposal to privatise CRT with an offer of SGD1.17 per share. In addition to the privatisation offer, shareholders of CRT are also entitled to the dividend of SGD0.0406 per share. Approval by more than 50% of the shareholders with at least 75% of the value of the units will be required. The current target is for the transaction to be completed during 4Q2017. We think it is likely for the privatisation attempt to be completed given that the offer price is 38% higher than the 1-year VWAP of the shares and 23% above the reported NAV. As previously mentioned (refer [OCBC Asian Credit Daily – 29 May 2017](#)), if CRT were to be delisted from the SGX, holders of CROESP '20s may choose to redeem the bond at par plus accrued interest. (Company, OCBC)

**Andrew Wong**

Treasury Research & Strategy  
Global Treasury, OCBC Bank  
(65) 6530 4736  
[wongVKAM@ocbc.com](mailto:wongVKAM@ocbc.com)

**Nick Wong Liang Mian, CFA**

Treasury Research & Strategy  
Global Treasury, OCBC Bank  
(65) 6530 7348  
[NickWong@ocbc.com](mailto:NickWong@ocbc.com)

**Ezien Hoo, CFA**

Treasury Research & Strategy  
Global Treasury, OCBC Bank  
(65) 6722 2215  
[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)

**Wong Hong Wei**

Treasury Research & Strategy  
Global Treasury, OCBC Bank  
(65) 6722 2533  
[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W