

Dec 12, 2018

**Credit Headlines:** Chip Eng Seng Corp Ltd

## **Market Commentary**

- The SGD swap curve traded up yesterday, with swap rates trading 0-2bps higher across the shorter (< 3yrs) tenors and 2-4 bps higher across the longer (> 3yrs) tenors.
- Flows in SGD corporates were light yesterday.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 162bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 4bps to 614bps.
- Overall, 10Y UST yields rose 2bps to 2.88% as Wall Street stocks continued to recover, led by autos following reports that China may lower tariffs imposed on US vehicle imports.

## **Credit Headlines:**

### **Chip Eng Seng Corp Ltd (“CES”) | Issuer Profile: Cease Coverage**

- CES announced the results of the redemption at the option of noteholders resulting from the [change of control](#). Holders of SGD107mn out of SGD120mn of CHIPEN 4.75% '21s and SGD99.75mn out of SGD125mn of CHIPEN 4.9% '22s have exercised the option to put back the bonds.
- As a result, only SGD38.25mn remains outstanding from the original SGD245mn issued from both bonds. As the outstanding amounts has shrunk significantly and liquidity is expected to thin, we will be reallocating resources and [ceasing coverage on CES](#). (Company, OCBC)

**Table 1: Key Financial Indicators**

	12-Dec	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	96	2	9
iTraxx SovX APAC	10	0	0
iTraxx Japan	80	7	12
iTraxx Australia	90	0	12
CDX NA IG	80	0	13
CDX NA HY	103	-1	-2
iTraxx Eur Main	86	4	14
iTraxx Eur XO	347	16	52
iTraxx Eur Snr Fin	109	3	18
iTraxx Sovx WE	26	1	0
AUD/USD	0.723	-0.55%	0.77%
EUR/USD	1.133	-0.11%	1.01%
USD/SGD	1.373	-0.42%	0.83%
China 5Y CDS	69	3	5
Malaysia 5Y CDS	112	2	6
Indonesia 5Y CDS	141	0	-4
Thailand 5Y CDS	45	0	1

	12-Dec	1W chg	1M chg
Brent Crude Spot (\$/bbl)	60.97	-0.96%	-13.05%
Gold Spot (\$/oz)	1,245.58	0.67%	3.77%
CRB	181.80	-1.27%	-3.53%
GSCI	409.55	-1.80%	-7.23%
VIX	21.76	4.92%	25.35%
CT10 (bp)	2.888%	-2.56	-29.39
USD Swap Spread 10Y (bp)	4	-3	-2
USD Swap Spread 30Y (bp)	-14	-2	-4
TED Spread (bp)	40	-2	13
US Libor-OIS Spread (bp)	39	0	12
Euro Libor-OIS Spread (bp)	4	0	0
DJIA	24,370	-5.64%	-4.01%
SPX	2,637	-5.50%	-3.28%
MSCI Asiax	597	-3.71%	0.42%
HSI	26,086	-2.73%	1.77%
STI	3,086	-2.21%	0.58%
KLCI	1,661	-1.62%	-2.07%
JCI	6,077	-1.24%	5.18%

## New issues

- Kaisa Group Holdings Ltd. priced a USD300mn 365 day bond at 12% (guaranteed by certain restricted subsidiaries incorporated outside of the People's Republic of China).
- Shaoxing City Investment Group Ltd. priced a USD350mn 3-year bond at 5.95%, tightening from its initial price guidance of low 6% area.
- Xinhua (BVI) 2018 Holding Company Limited (guaranteed by Xinhua Zhongbao Co., Ltd.) has scheduled investor meetings/calls in Hong Kong and Singapore from Dec. 12.

Date	Issuer	Size	Tenor	Pricing
11-Dec-18	Kaisa Group Holdings Ltd.	USD300mn	365 day	12.0%
11-Dec-18	Shaoxing City Investment Group Ltd.	USD350mn	3-year	5.95%
10-Dec-18	Shimao Property Holdings Ltd	USD570mn	SHIMAO 6.375%'21s	7.125%
10-Dec-18	Industrial & Commercial Bank of China Ltd/Dubai DIFC	USD100mn	2-year	3mL+60bps
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%

**Andrew Wong**

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

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

**Seow Zhi Qi**

Treasury Research & Strategy  
Global Treasury, OCBC Bank  
(65) 6530 7348  
[zhigiseow@ocbc.com](mailto:zhigiseow@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 Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "**Relevant Materials**") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "**Relevant Entity**") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("**MiFID**") and the EU's Markets in Financial Instruments Regulation (600/2014) ("**MiFIR**") (together referred to as "**MiFID II**"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).