

Dec 14, 2018

Credit Headlines: Mapletree Industrial Trust, Singapore Post Limited

Market Commentary

- The SGD swap curve traded little changed yesterday, with swap rates for the shorter tenors trading 1bps lower while the longer tenors traded within 1bps lower (with the exception of the 12-year swap rates trading 2bps higher).
- Flows in SGD corporates were light yesterday, with flows seen in UBS 5.875%-PERPs.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 160bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 16bps to 594bps.
- 10Y UST yields fell 2bps to 2.89% in the earlier part of the trading session as investors digested the European Central Bank's reduced growth and inflation forecasts for next year. Yields subsequently recovered 2bps to close at 2.91% as Wall Street stocks recovered.

Credit Headlines:

Mapletree Industrial Trust ("MINT") | Issuer Profile: Neutral (3)

- MINT has entered into an agreement with its Sponsor to buy 18 Tai Seng, a multi-tenanted property, for SGD268.3mn.
- Total acquisition cost, including fees and transaction costs is SGD271.0mn. MINT has yet to confirm how they will fund the acquisition though it has the ability to do a full debt deal. Assuming 100% debt, aggregate leverage is estimated to increase to 38.7% (35.1% as at 30 September 2018). It is worth noting that MINT has maintained an aggregate leverage below 35% for the past six years. Depending on the eventual funding mix MINT selects, we think using 100% debt could put pressure on MINT's current Neutral (3) issuer profile.
- 18 Tai Seng is a nine-storey high-specification mixed-use development with total GFA of ~440,810 sq ft. Located within Paya Lebar iPark, the property comprises Business 2 industrial, office and retail spaces.
- Although MINT has also yet to announce the expected date for the acquisition, MINT's total assets under management will increase from SGD4.4bn to SGD4.7bn, with the hi-tech buildings segment accounting for 42.7% (up from 39.2% as at 30 September 2018) with this addition to its portfolio. (Company, OCBC)

Singapore Post Limited ("SPOST") | Issuer Profile: Positive (2)

- SPOST announced that Mr. Phang Heng Wee Vincent, 45 will replace Mr. Woo Keng Leong who is retiring as the CEO of Postal Services and CEO Singapore. He will be responsible for the Post, Parcel and Logistics for Singapore business of the SingPost Group. Mr Phang was the CEO of ST Logistics and Executive Vice President of Global Logistics beginning May 2013. (OCBC, Company)

Table 1: Key Financial Indicators

	14-Dec	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	91	-3	0
iTraxx SovX APAC	9	0	-1
iTraxx Japan	72	-9	5
iTraxx Australia	86	-5	5
CDX NA IG	77	-6	5
CDX NA HY	104	1	-1
iTraxx Eur Main	79	-6	6
iTraxx Eur XO	325	-18	24
iTraxx Eur Snr Fin	100	-8	9
iTraxx Sovx WE	25	-1	-2
AUD/USD	0.723	0.24%	-0.10%
EUR/USD	1.136	-0.16%	0.45%
USD/SGD	1.371	-0.10%	0.56%
China 5Y CDS	64	-5	-5
Malaysia 5Y CDS	104	-5	-8
Indonesia 5Y CDS	132	-9	-15
Thailand 5Y CDS	43	-1	-1

	14-Dec	1W chg	1M chg
Brent Crude Spot (\$/bbl)	61.45	2.31%	-6.14%
Gold Spot (\$/oz)	1,241.90	-0.59%	2.56%
CRB	183.03	0.95%	-2.67%
GSCI	412.91	1.28%	-4.60%
VIX	20.65	-2.55%	-2.82%
CT10 (bp)	2.910%	6.45	-21.55
USD Swap Spread 10Y (bp)	3	-1	-3
USD Swap Spread 30Y (bp)	-15	0	-4
TED Spread (bp)	39	6	12
US Libor-OIS Spread (bp)	38	-2	9
Euro Libor-OIS Spread (bp)	5	0	0
DJIA	24,597	-1.40%	-1.93%
SPX	2,651	-1.68%	-1.89%
MSCI Asiax	611	0.88%	2.38%
HSI	26,524	1.41%	3.39%
STI	3,111	-0.14%	2.23%
KLCI	1,676	-0.44%	-0.74%
JCI	6,178	1.02%	5.45%

New issues

- Fantasia Holdings Group Co Ltd has priced a USD130mn 3NP2 bond (subsidiary guarantors: certain non-PRC subsidiaries of the issuer) at 15.0%, in line with the final price guidance.
- Chengdu Communications Investment Group Corporation has priced a USD400mn 3-year bond at 5.5%, in line with the final price guidance.
- Xinhu (BVI) 2018 Holding Company Ltd has priced a USD240mn 3NCNP2 bond (parent guarantor: Xinhu Zhongbao Co Ltd) at 11.0%, in line with the final price guidance.
- Yichang High-Tech Investment Development Co Ltd has priced a USD50mn 3-year bond at 7.5%, in line with the final price guidance.
- Zhengzhou Metro Group Co Ltd has priced a USD500mn 3-year bond at 5.3%, tightening from its initial price guidance of 5.6%.

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
13-Dec-18	Fantasia Holdings Group Co Ltd	USD130mn	3NP2	15.0%
13-Dec-18	Chengdu Communications Investment Group Corporation	USD400mn	3-year	5.5%
13-Dec-18	Xinhu (BVI) 2018 Holding Company Ltd	USD240mn	3NCNP2	11.0%
13-Dec-18	Yichang High-Tech Investment Development Co Ltd	USD50mn	3-year	7.5%
13-Dec-18	Zhengzhou Metro Group Co Ltd	USD500mn	3-year	5.3%
12-Dec-18	Greenland Hong Kong Holdings Ltd	USD200mn	1.5-year	9.875%
12-Dec-18	Baoji Investment (Group) Co Ltd	USD80mn	3-year	7.0%
12-Dec-18	Chongqing Nan'an Urban Construction & Development (Group) Co Ltd	USD300mn	3.5-year	6.1%
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

Source: OCBC, Bloomberg

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