

Sept 19, 2018

Credit Headlines: Frasers Property Ltd

Market Commentary

- The SGD swap curve steepened yesterday, with swap rates for the shorter tenors trading 1bps higher while the longer tenors traded 1-2bps higher (with the exception of the 30-year swap rates trading 3bps higher).
- Flows in SGD corporates were heavy yesterday, with better buying seen in HSBC 5.0%-PERPs, DBSSP 3.98%-PERPs, OCBCSP 4.0%-PERPs and CMZB 4.2'28s.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 140bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 485bps.
- 10Y UST yields rose by 8bps to close at 3.06%, the highest in four months on the back of supply pressure from heavy corporate bond schedule this week as well as increasing expectations of rate hikes by the Fed this year.

Credit Headlines:

Frasers Property Ltd ("FPL") | Issuer Profile: Neutral (4)

- FPL raised net proceeds of SGD1.2bn 5-year term loan to refinance existing loans related to development of Frasers Tower at Cecil Street, Singapore.
- While we note that FPL has been largely absent from the SGD bond market in recent months, FPL maintains access to funding from the THB bond market and loan market, which should help FPL refinance the remainder of its near term maturities (end June-2018 current borrowings: SGD2.76bn, of which SGD1.2bn should be refinanced as per this announcement). (Company, OCBC)

Table 1: Key Financial Indicators

	19-Sep	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	78	-1	-5
iTraxx SovX APAC	12	0	1
iTraxx Japan	51	-2	-4
iTraxx Australia	70	-2	-4
CDX NA IG	56	-1	-5
CDX NA HY	107	0	1
iTraxx Eur Main	60	-2	-11
iTraxx Eur XO	280	-3	-24
iTraxx Eur Snr Fin	68	-2	-18
iTraxx Sovx WE	24	-1	-4
AUD/USD	0.722	0.71%	-1.63%
EUR/USD	1.167	0.40%	1.66%
USD/SGD	1.371	0.09%	-0.12%
China 5Y CDS	56	-1	-5
Malaysia 5Y CDS	96	-6	8
Indonesia 5Y CDS	134	-7	11
Thailand 5Y CDS	41	0	-1

	19-Sep	1W chg	1M chg
Brent Crude Spot (\$/bbl)	78.85	-1.12%	9.77%
Gold Spot (\$/oz)	1,199.41	-0.57%	0.75%
CRB	190.56	-0.58%	0.97%
GSCI	467.80	0.11%	3.58%
VIX	12.79	-3.25%	1.19%
CT10 (bp)	3.051%	8.88	19.09
USD Swap Spread 10Y (bp)	6	-1	-2
USD Swap Spread 30Y (bp)	-7	-1	-1
TED Spread (bp)	19	-1	-9
US Libor-OIS Spread (bp)	18	-2	-8
Euro Libor-OIS Spread (bp)	3	-1	-1
DJIA	26,247	1.06%	2.25%
SPX	2,904	0.57%	1.90%
MSCI Asiax	640	1.41%	-0.72%
HSI	27,085	2.51%	-0.47%
STI	3,139	0.95%	-2.18%
KLCI	1,793	-0.35%	0.53%
JCI	5,812	-0.33%	0.48%

New issues

- SCIG International Financial Ltd has priced a USD300mn 3-year bond (guaranteed by Sichuan Provincial Investment Group Co Ltd) at 4.88%, tightening from its initial price guidance of 5.3%.
- SIHC International Capital Ltd has priced a USD700mn deal across two tranches (guaranteed by Shenzhen Investment Holdings Co Ltd), with the USD400mn 3-year bond at CT3+135bps, tightening from its initial price guidance of CT3+160bps area and the USD300mn 5-year bond at CT5+155bps, tightening from its initial price guidance of CT5+180bps area.
- China Merchant Bank Co Ltd, Hong Kong Branch has priced a USD800mn deal across two tranches, with the USD400mn 3-year FRN at 3mL+77.5bps, tightening from its initial price guidance of 3mL+100bps area and the USD400mn 5-year bond at CT5+115bps, tightening from its initial price guidance of CT5+115bps area.
- Nissan Motor Acceptance Corp has priced a USD1.3bn deal across 3 tranches, with the USD400mn 3-year bond at CT3+78bps, tightening from its initial price guidance of CT3+95bps area; the USD400mn 3-year FRN at 3mL+63bps, in line with its initial price guidance and the USD500mn 5-year bond at CT5+95bps, tightening from its initial price guidance of CT5+110bps area.
- National Australia Bank Ltd has priced a AUD2bn deal across two tranches, with the AUD1.725bn 5-year FRN at BBSW+93bps, tightening from its initial price guidance of BBSW+94bps area and the AUD275mn 5-year FRN at 3.25%.

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
18-Sept-18	SCIG International Financial Ltd	USD300mn	3-year	4.88%
18-Sept-18	SIHC International Capital Ltd	USD400mn	3-year	CT3+135bps
18-Sept-18	SIHC International Capital Ltd	USD300mn	5-year	CT5+155bps
18-Sept-18	China Merchant Bank Co Ltd, Hong Kong Branch	USD400mn	3-year	3mL+77.5bps
18-Sept-18	China Merchant Bank Co Ltd, Hong Kong Branch	USD400mn	5-year	CT5+115bps
18-Sept-18	Nissan Motor Acceptance Corp	USD400mn	3-year	CT3+78bps
18-Sept-18	Nissan Motor Acceptance Corp	USD400mn	3-year	3mL+63bps
18-Sept-18	Nissan Motor Acceptance Corp	USD500mn	5-year	CT5+95bps
18-Sept-18	National Australia Bank Ltd	AUD1.725bn	5-year	BBSW+93bps
18-Sept-18	National Australia Bank Ltd	AUD275mn	5-year	3.25%
17-Sept-18	China Construction Bank Corp Hong Kong Branch	USD1bn	3-year	3mL+75bps
17-Sept-18	Shanghai Pudong Development Bank Co Ltd Hong Kong Branch	USD500mn	3-year	3mL+84bps

Source: OCBC, Bloomberg

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