

Aug 20, 2018

Credit Headlines: Frasers Property Ltd

Market Commentary

- The SGD swap curve flattened last Friday, with swap rates trading 1-3bps lower across most tenors (with the exception of the 15-year and 30-year swap rates trading 1bps higher).
- Flows in SGD corporates were heavy last Friday, with better buying seen in OCBCSP 4.0%-PERPs and HSBC 4.7%-PERPs.
- Both the Bloomberg Barclays Asia USD IG Bond Index average OAS and the Bloomberg Barclays Asia USD HY Bond Index average OAS was unchanged at 139bps and 482bps respectively.
- 10Y UST yields fell 2bps to 2.85% initially as risk aversion worsened after the US threatened to impose more sanctions on Turkey. Yields subsequently recovered 1bps to close at 2.86% as investors see hopes in US-China trade negotiations.

Credit Headlines:

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

- FPL announced that it has priced a two-tranche issue, with the THB2.3bn (~SGD95mn) 5-year issue at 3.02% and THB1.2bn (~SGD50mn) 10-year issue at 3.88%. We think FPL may deploy the proceeds towards its assets in Thailand, including 39.9%-stake in Golden Land, 19.8%-stake in One Bangkok and 89.5%-stake in TICON.
- This is FPL's 3rd time issuing in THB following its maiden THB bond in Dec 2017, bringing total issuance in THB to THB11bn (~450mn) and further diversifying its funding sources. Interest rates appear undemanding in THB while we note the relative absence of issuance in the SGD recently. (Company, OCBC)

Table 1: Key Financial Indicators

	20-Aug	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	83	0	-5
iTraxx SovX APAC	11	1	-2
iTraxx Japan	56	1	-6
iTraxx Australia	75	2	-6
CDX NA IG	61	-1	-1
CDX NA HY	107	0	0
iTraxx Eur Main	71	3	5
iTraxx Eur XO	306	2	10
iTraxx Eur Snr Fin	87	1	6
iTraxx Sovx WE	29	1	4
AUD/USD	0.731	0.56%	-1.40%
EUR/USD	1.144	0.24%	-2.45%
USD/SGD	1.371	0.35%	-0.57%
China 5Y CDS	62	-2	-5
Malaysia 5Y CDS	89	1	-4
Indonesia 5Y CDS	125	5	6
Thailand 5Y CDS	41	-2	-4

	20-Aug	1W chg	1M chg
Brent Crude Spot (\$/bbl)	71.71	-1.24%	-1.86%
Gold Spot (\$/oz)	1,184.88	-0.72%	-3.63%
CRB	188.74	-1.54%	-2.02%
GSCI	451.63	-1.43%	-1.30%
VIX	12.64	-3.95%	-1.71%
CT10 (bp)	2.866%	-1.27	-2.72
USD Swap Spread 10Y (bp)	7	1	1
USD Swap Spread 30Y (bp)	10	18	16
TED Spread (bp)	28	0	-6
US Libor-OIS Spread (bp)	25	-4	-11
Euro Libor-OIS Spread (bp)	4	0	0
DJIA	25,669	1.41%	2.44%
SPX	2,850	0.59%	1.72%
MSCI Asiax	645	-1.68%	-3.34%
HSI	27,213	-4.07%	-3.58%
STI	3,209	-2.29%	-2.68%
KLCI	1,783	-1.23%	1.64%
JCI	5,784	-4.64%	-1.33%

New issues

- There were no new issuance over 17 Aug 2018.

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
16-Aug-18	Export-Import Bank of China	USD680mn	3-year	3mL+60bps
16-Aug-18	Oversea-Chinese Banking Corp Ltd	SGD1bn	Perp NC5	4.0%
15-Aug-18	Industrial & Commercial Bank of China Asia Ltd	USD100mn	2-year	3mL+70bps
14-Aug-18	CMT MTN Pte Ltd	SGD150mn	7-year	3.2%
13-Aug-18	BCEG HongKong Co Ltd	USD600mn	3-year	5.75%
10-Aug-18	Nimble City Ltd	USD250mn	2NC1	9.0%
8-Aug-18	Tuspark Forward Ltd	USD350mn	3-year	8.5%
8-Aug-18	Powerlong Real Estate Holdings Ltd	USD250mn	PWRLNG 5.95%'20s	9%+accrued interest
7-Aug-18	Shinhan Financial Group	USD500mn	Perp NC5	5.875%
6-Aug-18	SK Broadband Co Ltd	USD300mn	5-year	CT5+117.5bps
2-Aug-18	Power Finance Corp Ltd	USD300mn	10-year	CT10+235bps
2-Aug-18	Sands China Ltd	USD1.8bn	5-year	CT5+175bps
2-Aug-18	Sands China Ltd	USD1.8bn	7-year	CT7+220bps
2-Aug-18	Sands China Ltd	USD1.9bn	10-year	CT10+245bps
2-Aug-18	Wuhan Real Estate Development Investment Group Co Ltd	USD430mn	3-year	5.7%
2-Aug-18	Bank of China Ltd/Macau	USD300mn	3-year	3mL+75bps
31-Jul-18	Lotte Property & Development Co Ltd	USD200mn	3-year	3mL+92.5bps

Source: OCBC, Bloomberg

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