

Market Commentary

- The SGD swap curve bull-steepened last Friday, with the shorter tenors around 0-2bps lower, and the belly and longer tenors around 0-1bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 2bps to 126bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 7bps to 512bps. The HY-IG Index spread widened 9bps to 387bps.
- Flows in SGD corporates were heavy, with large ticket flows in CAPLSP 3.65%-PERPs. We also saw flows in UBS 4.8%-PERPs, CMZB 4.875%'27s, SPHRSP 4.1%-PERPs, ANZ 3.75%'27s, BAERVX 5.75%-PERPs, CS 5.625%-PERPs, HPLSP 4.4%-PERPs and HSBC 4.7%-PERPs.
- 10Y UST Yields rose by 1bps to 1.78% on light trading amidst US President Trump signing the Hong Kong Human Rights and Democracy Act, potentially complicating the chance of a bilateral trade deal.

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Credit Summary:

- [Fraser's Property Ltd \("FPL"\)](#) | **Issuer Profile: Neutral (4)** : FPL's industrial and office REITs have announced a proposed merger, which will form an enlarged REIT with a SGD5.7bn portfolio of logistics, industrial, office, business park and commercial assets in Asia Pacific, Europe and UK. The enlarged REIT is expected to have a market cap of SGD4.2bn. FPL will be receiving ~SGD35.8mn in cash for its 25.88% stake in the office REIT. FPL will also receive SGD11.2mn in acquisition fee in units as it is the manager of the REITs. This transaction is somewhat credit positive to FPL, with FPL receiving cash payments and the potential to monetise assets more easily.
- [Westpac Banking Corporation \("WSTP"\) & National Australia Bank Ltd \("NAB"\)](#) | **Issuer Profile: Positive (2) & Positive (2)**: Today marks new beginnings of sorts for Australian banks with two of the big four ushering in new management. Westpac's CEO Brian Hartzler steps down today following the recent AUSTRAC claims and will be succeeded by previous CFO Peter King. Conversely NAB's new Group CEO and Managing Director Ross McEwan starts today.

Asian Credit Daily**Credit Headlines****Frasers Property Ltd (“FPL”) | Issuer Profile: Neutral (4)**

- FPL’s industrial and office REITs have announced a proposed merger, which will form an enlarged REIT with a SGD5.7bn portfolio of logistics, industrial, office, business park and commercial assets in Asia Pacific, Europe and UK. The enlarged REIT is expected to have a market cap of SGD4.2bn.
- As the proposed merger includes a payment by the industrial REIT to the office REIT, which FPL owns a 25.88%-stake, FPL will be receiving ~SGD35.8mn in cash. FPL will also receive SGD11.2mn in acquisition fee in units as it is the manager of the REITs.
- In conjunction with the merger, FPL will be divesting its 50%-stake in Farnborough Business Park in UK to the industrial REIT (the remainder is currently held by the office REIT) for GBP90.1mn (SGD157.7mn).
- As the enlarged REIT will have a larger capital base, this will allow FPL to more easily inject its ROFR assets of SGD5.0bn into the enlarged REIT.
- This transaction is somewhat credit positive to FPL, with FPL receiving cash payments and the potential to monetise assets more easily. (Company, OCBC)

Westpac Banking Corporation (“WSTP”) | Issuer Profile: Positive (2) / National Australia Bank Ltd (“NAB”) | Issuer Profile: Positive (2):

- Today marks new beginnings of sorts for Australian banks with two of the big four ushering in new management:
 - Westpac’s CEO Brian Hartzler steps down today following the [recent AUSTRAC claims](#) and will be succeeded by previous CFO Peter King. While the new CEO has vowed to take strong action, his tenure with the bank that stretches 25 years could be a constraint on his perceived or actual effectiveness in enacting change.
 - Conversely NAB’s new Group CEO and Managing Director Ross McEwan starts today. While he starts at an interesting time given the noise around Westpac and with NAB facing their own challenges with regulators, his appointment as an outsider presents a blueprint for how Westpac could proceed going forward. Mr McEwan does not have the legacy with the bank that may restrict his ability or willingness to implement drastic changes to take the bank forward. As seen in NAB’s recent results, the bank has tried to effectively clean up the balance sheet to ensure Mr McEwan has a fresh start.
- Westpac following suit and searching for an outsider may ultimately be the best solution to move the bank forward. What may limit this however is the prospect of large fines and higher scrutiny by the public and regulators. Any potential new CEO may not want to assume the role until most or all of these things have been resolved. (Bloomberg, OCBC)

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Key Market Movements

	02-Dec	1W chg (bps)	1M chg (bps)		02-Dec	1W chg	1M chg
iTraxx Asiax IG	64	-1	1	Brent Crude Spot (\$/bbl)	61.29	-3.71%	-0.65%
iTraxx SovX APAC	30	0	1	Gold Spot (\$/oz)	1,461.31	0.42%	-3.21%
iTraxx Japan	53	-1	-5	CRB	176.66	-2.25%	-2.01%
iTraxx Australia	56	-1	-1	GSCI	409.19	-2.76%	-1.84%
CDX NA IG	50	0	-1	VIX	12.62	-3.88%	2.60%
CDX NA HY	108	0	0	CT10 (%)	1.809%	5.34	9.82
iTraxx Eur Main	48	0	-1				
iTraxx Eur XO	221	-7	-5	AUD/USD	0.677	-0.16%	-1.69%
iTraxx Eur Snr Fin	57	-1	1	EUR/USD	1.102	0.05%	-0.98%
iTraxx Eur Sub Fin	118	-4	2	USD/SGD	1.368	-0.20%	-0.62%
iTraxx Sovx WE	13	0	0	AUD/SGD	0.926	-0.04%	1.09%
USD Swap Spread 10Y	-8	2	1	ASX 200	6,879	2.20%	3.15%
USD Swap Spread 30Y	-33	3	5	DJIA	28,051	1.03%	2.57%
US Libor-OIS Spread	35	-1	1	SPX	3,141	1.21%	2.42%
Euro Libor-OIS Spread	5	0	-1	MSCI Asiax	647	-1.20%	-0.39%
				HSI	26,346	-0.93%	-2.78%
China 5Y CDS	38	-1	0	STI	3,194	-0.98%	-1.10%
Malaysia 5Y CDS	41	-1	1	KLCI	1,562	-2.20%	-1.98%
Indonesia 5Y CDS	73	-1	-1	JCI	6,012	-1.45%	-3.15%
Thailand 5Y CDS	27	0	1	EU Stoxx 50	3,704	0.44%	2.20%
Australia 5Y CDS	18	0	1				

Source: Bloomberg

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New Issues

- Weifang Binhai Investment Development Co., Ltd priced a USD170mn 363-day bond at 5.8%, tightening from IPT of 6.0% area.
- REC Ltd scheduled investor meetings commencing 2 Dec for its potential USD bond issuance, with maturity of up to five years.
- Kunming Rail Transit Group Co., Ltd scheduled investor meetings commencing 2 Dec for its proposed USD bond issuance.

Date	Issuer	Size	Tenor	Pricing
29-Nov-19	Weifang Binhai Investment Development Co., Ltd	USD170mn	363-day	5.8%
28-Nov-19	Bengbu Gaoxin Investment Group Co., Ltd	USD100mn	3-year	3.60%
28-Nov-19	Tianfeng Securities Co. Ltd	USD200mn	3NC1	4.30%
27-Nov-19	Bank of China Group Investment Ltd	USD600mn	5-year	2.50%
27-Nov-19	Wanda Properties Overseas Limited	USD400mn	3-year	6.95%
27-Nov-19	Geely Automobile Holdings Limited	USD500mn	NC5-Perpetual	4.00%
27-Nov-19	Oil and Natural Gas Corp	USD300mn	10-year	T+170bps
26-Nov-19	PTTEP Treasury Center Co.	USD650mn	40-year	T+172.5bps
26-Nov-19	The Ministry of Finance of the People's Republic of China	USD1.5bn USD2.0bn USD2.0bn USD500mn	3-year 5-year 10-year 20-year	T+35bps T+40bps T+50bps T+70bps
26-Nov-19	Yichun Development Investment HaiTong Co., Ltd	USD300mn	3-year	4.2%
26-Nov-19	AC Energy Finance International Ltd	USD400mn	NC3-Perpetual	5.65%
26-Nov-19	Melco Resorts Finance Ltd (MPEL)	USD900mn	10NC5	5.375%
25-Nov-19	China State Construction Finance (Cayman) III Limited	USD500mn	NC5-Perpetual	T+241bps
25-Nov-19	TMB Bank Public Company Limited	USD400mn	NC5-Perpetual	4.9%

Source: OCBC, Bloomberg

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