

Market Commentary

- The SGD swap curve bear-steepened yesterday, with the shorter tenors around 2-3bps higher, and the belly and longer tenors around 4bps higher.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS was little changed at 126bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 3bps to 509bps. The HY-IG Index spread tightened 4bps to 383bps.
- Flows in SGD corporates were somewhat heavy, with ticket flows in CMZB 4.875%'27s, CAPLSP 3.65%-PERPs and F 4.125%'24s.
- 10Y UST Yields ended the day with a 4bps increase to 1.82%. Intraday, 10Y yields reversed from a high of 1.86% after weaker than expected economic data was reported, with US factory activity and construction spending falling unexpectedly. Demand for safe haven treasuries were also slightly boosted by increase in trade tensions, after US President Donald Trump imposed steel tariffs on Brazil and Argentina.

Credit Summary:

- [OLAM International Limited \("OLAM"\)](#) | **Issuer Profile: Neutral (5)**: OLAM announced that its wholly-owned subsidiary Olam Orchards Australia ("OOA") has entered into an agreement to sell 89,085 megalitres of permanent water rights in Australia to a related entity of one of Canada's largest pension investment managers, namely Public Sector Pension Investment Board ("PSP") for a total consideration of AUD490mn (~SGD455mn). OOA has also entered into a new tiered revenue sharing arrangement with PSP for the almond orchards, related assets and permanent water rights, where OLAM will pay PSP a share of revenue from the almond orchards for an initial period of 25 years with options to renew for another 25 years. OLAM is expected to receive cash proceeds of ~SGD455mn from the transaction and book a one-time capital gain of AUD311mn (~SGD288.9mn).

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Credit Headlines

OLAM International Limited (“OLAM”) | Issuer Profile: Neutral (5)

- OLAM announced that its wholly-owned subsidiary Olam Orchards Australia (“OOA”) has entered into an agreement to sell 89,085 megalitres of permanent water rights in Australia to a related entity of one of Canada’s largest pension investment managers, namely Public Sector Pension Investment Board (“PSP”) for a total consideration of AUD490mn (~SGD455mn).
- In addition, OOA has also entered into a new tiered revenue sharing arrangement with PSP for the almond orchards, related assets and permanent water rights, where OLAM will pay PSP a share of revenue from the almond orchards for an initial period of 25 years with options to renew for another 25 years.
- OLAM is expected to receive cash proceeds of ~SGD455mn from the transaction and book a one-time capital gain of AUD311mn (~SGD288.9mn).
- Similar to the sale of real estate assets of its onion and garlic processing facility in Gilroy, California announced in November 2019, this transaction with PSP generates a one-off cash inflow into OLAM which may improve unadjusted net gearing levels at OLAM temporarily prior to redeployment of funds. However, OLAM as an operator would need to be sharing revenue with the new owner which should lower its profitability (excluding the one-off gains). As such, we see this as a credit neutral event for OLAM. (Company, OCBC)

Key Market Movements

	03-Dec	1W chg (bps)	1M chg (bps)		03-Dec	1W chg	1M chg
iTraxx Asiax IG	65	-1	1	Brent Crude Spot (\$/bbl)	61.09	-4.95%	-0.97%
iTraxx SovX APAC	31	-1	1	Gold Spot (\$/oz)	1,463.42	0.14%	-3.07%
iTraxx Japan	53	0	1	CRB	177.12	-1.80%	-1.75%
iTraxx Australia	56	-1	-5	GSCI	410.79	-1.94%	-1.46%
CDX NA IG	52	-1	-1	VIX	14.91	20.83%	21.22%
CDX NA HY	107	2	0	CT10 (%)	1.819%	7.75	10.86
iTraxx Eur Main	49	0	0				
iTraxx Eur XO	226	1	0	AUD/USD	0.682	0.43%	-0.97%
iTraxx Eur Snr Fin	57	0	0	EUR/USD	1.107	0.46%	-0.50%
iTraxx Eur Sub Fin	120	0	0	USD/SGD	1.367	-0.18%	-0.56%
iTraxx Sovx WE	13	0	1	AUD/SGD	0.932	-0.61%	0.43%
USD Swap Spread 10Y	-8	1	0	ASX 200	6,724	-0.94%	0.82%
USD Swap Spread 30Y	-34	1	4	DJIA	27,783	-0.33%	1.59%
US Libor-OIS Spread	35	-1	1	SPX	3,114	0.12%	1.53%
Euro Libor-OIS Spread	5	-1	-1	MSCI Asiax	647	-1.02%	-0.30%
				HSI	26,316	-2.22%	-2.90%
China 5Y CDS	39	0	-1	STI	3,179	-0.91%	-1.58%
Malaysia 5Y CDS	42	0	1	KLCI	1,562	-1.37%	-1.96%
Indonesia 5Y CDS	74	0	2	JCI	6,130	0.98%	-1.24%
Thailand 5Y CDS	27	0	1	EU Stoxx 50	3,627	-2.19%	0.08%
Australia 5Y CDS	17	0	3				

Source: Bloomberg

Asian Credit Daily

New Issues

- Phoenix Charm International Investment Limited (Guarantor: Danyang Investment Group Co., Ltd) priced a USD20mn re-tap of its existing PHCIIL 7.0%'22s bond at 7.0%.
- Taixing Zhongxing State-owned Assets Management and Investment (Hong Kong) Co., Limited priced a USD200mn 3-year bond at 5.5%.
- China Resources Land Limited scheduled investor calls commencing 2 Dec for its proposed USD perpetual bond issuance.

Date	Issuer	Size	Tenor	Pricing
02-Dec-19	Phoenix Charm International Investment Limited	USD20mn	PHCIIL 7.0%'22s	7.0%
02-Dec-19	Taixing Zhongxing State-owned Assets Management and Investment (Hong Kong) Co., Limited	USD200mn	3-year	5.5%
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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