

Market Commentary

- The SGD swap curve bear-steepened yesterday, with the shorter tenors around 0-1bps higher, and the belly and longer tenors around 1-2bps higher.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 126bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 3bps to 531bps. The HY-IG Index spread widened 3bps to 405bps.
- Flows in SGD corporates were somewhat light, with ticket flows in MLTSP 4.18%-PERPs and UBS 4.85%-PERPs.
- 10Y UST Yields rose 4bps to close at 1.81%, after US President Donald Trump said that they're "having very good discussions with China", and stronger than expected US economic data helped boost risk sentiment.

Credit Research

Andrew Wong

+65 6530 4736

WongVKAM@ocbc.com

Ezien Hoo, CFA

+65 6722 2215

EzienHoo@ocbc.com

Wong Hong Wei, CFA

+65 6722 2533

WongHongWei@ocbc.com

Seow Zhi Qi

+65 6530 7348

zhiqiseow@ocbc.com

Credit Summary:

- [Keppel Corp Ltd \("KEP"\)](#) | **Issuer Profile: Neutral (4)**: KEP's infrastructure arm announced that it will be buying a 20%-stake in MET Holding AG for EUR53mn (~SGD80mn). MET Holding is a European energy company headquartered in Switzerland and present across 15 countries. Given the scale of the transaction we do not expect KEP's credit profile to be immediately affected.

Credit Headlines

Keppel Corp Ltd (“KEP”) | Issuer Profile: Neutral (4)

- KEP’s infrastructure arm announced that it will be buying a 20%-stake in MET Holding AG for EUR53mn (~SGD80mn).
- MET Holding is a European energy company headquartered in Switzerland and present across 15 countries.
- MET Holding has businesses in natural gas, power and oil markets, focused on multi-commodity wholesale, trading and sales, as well as energy infrastructure and industrial assets and is one of the largest independent energy suppliers in Central and Eastern Europe.
- Given the scale of the transaction we do not expect KEP’s credit profile to be immediately affected though strategically this is the first time that KEP has entered into the European energy market and continuing KEP’s trend in the past 12 months of investing small amounts into new growth areas. In April 2019, KEP had invested USD50mn (~SGD68mn) for a minority stake in a lithium battery company. (Company, OCBC)

Asian Credit Daily

Key Market Movements

	06-Dec	1W chg (bps)	1M chg (bps)		06-Dec	1W chg	1M chg
iTraxx Asiax IG	65	1	1	Brent Crude Spot (\$/bbl)	63.39	-0.75%	0.68%
iTraxx SovX APAC	31	0	1	Gold Spot (\$/oz)	1,475.19	0.77%	-1.03%
iTraxx Japan	53	0	-3	CRB	180.07	-0.15%	-0.25%
iTraxx Australia	56	0	-1	GSCI	419.66	-0.16%	0.65%
CDX NA IG	50	0	-1	VIX	14.52	23.57%	15.06%
CDX NA HY	108	0	0	CT10 (%)	1.805%	2.93	-2.32
iTraxx Eur Main	48	0	-1				
iTraxx Eur XO	224	3	-9	AUD/USD	0.684	1.09%	-0.68%
iTraxx Eur Snr Fin	57	0	-2	EUR/USD	1.110	0.78%	0.34%
iTraxx Eur Sub Fin	119	0	0	USD/SGD	1.360	0.54%	-0.07%
iTraxx Sovx WE	12	0	0	AUD/SGD	0.930	-0.56%	0.65%
USD Swap Spread 10Y	-7	0	1	ASX 200	6,700	-2.13%	0.60%
USD Swap Spread 30Y	-33	0	5	DJIA	27,678	-1.73%	0.67%
US Libor-OIS Spread	34	-1	-1	SPX	3,117	-1.15%	1.32%
Euro Libor-OIS Spread	6	1	1	MSCI Asiax	647	0.00%	-2.67%
				HSI	26,217	-2.52%	-5.31%
China 5Y CDS	39	1	2	STI	3,174	-0.83%	-2.71%
Malaysia 5Y CDS	42	1	2	KLCI	1,564	-1.27%	-2.47%
Indonesia 5Y CDS	74	0	0	JCI	6,152	3.34%	-1.05%
Thailand 5Y CDS	26	0	0	EU Stoxx 50	3,648	-1.52%	-1.10%
Australia 5Y CDS	17	0	1				

Source: Bloomberg

Asian Credit Daily

New Issues

- SD International Sukuk II Ltd (Guarantor: Serba Dinamik Holdings Berhad) priced a USD200mn 5.25NC3 sukuk bond at 7.0%, in line with IPT.
- New Metro Global Limited (Parent Guarantor: Seazen Holdings Co., Ltd) priced a USD350mn 2-year bond at 7.9%, tightening from IPT of 8.25% area.
- REC Limited priced a USD500mn 5-year bond at T+192.5bps, tightening from IPT of T+220bps area.
- Kunming Rail Transit Group Co., Ltd priced a USD300mn 3-year bond at 3.5% (tightening from IPT of 4.1% area), and a USD200mn 5-year bond at 3.9% (tightening from IPT of 4.35% area).
- China South City Holdings Limited (Guarantors: Certain Restricted Subsidiaries incorporated outside of the PRC) priced a USD150mn 2-year and 2-month bond at 97.396 to yield 11.8%, tightening from IPT of 13.0% area.
- Guofa Overseas Investment Company Limited (Guarantor: Jiangsu Jintan Guofa International Investment Development Co., Ltd) priced a USD100mn 3-year bond at 7.0%, in line with IPG.
- HBIS Group Co., Ltd scheduled investor meetings commencing 6 Dec for its proposed USD bond issuance.
- Lalitpur Power Generation Co., mandated banks for its proposed USD bond issuance.

Date	Issuer	Size	Tenor	Pricing
05-Dec-19	SD International Sukuk II Ltd	USD200mn	5.25NC3	7.0%
05-Dec-19	New Metro Global Limited	USD350mn	2-year	7.9%
05-Dec-19	REC Limited	USD500mn	5-year	T+192.5bps
05-Dec-19	Kunming Rail Transit Group Co., Ltd	USD300mn USD200mn	3-year 5-year	3.5% 3.9%
05-Dec-19	China South City Holdings Limited	USD150mn	2-year and 2-month	11.8%
05-Dec-19	Guofa Overseas Investment Company Limited	USD100mn	3-year	7.0%
04-Dec-19	Huafa 2019 I Company Limited	USD200mn	364-day	3.7%
04-Dec-19	China Everbright Bank Co., Ltd., Hong Kong Branch	USD500mn	3-year FRN	3m-US LIBOR+70bps
03-Dec-19	Bocom Leasing Management Hong Kong Company Limited	USD600mn	5-year FRN	3m-US LIBOR+107.5bps
03-Dec-19	China Huaneng Group (Hong Kong) Treasury Management Holding Limited	USD400mn USD500mn USD600mn	3-year 5-year 10-year	T+88bps T+103bps T+125bps
03-Dec-19	China Resources Land Limited	USD1.05bn	NC5-Perpetual	3.75%
03-Dec-19	Ronshine China Holdings Limited	USD324mn	3.5NC2	8.1%

Source: OCBC, Bloomberg

Treasury Research & Strategy

Macro Research

Selena Ling

Head of Research & Strategy

LingSSSelena@ocbc.com

Howie Lee

Thailand, Korea &

Commodities

HowieLee@ocbc.com

Tommy Xie Dongming

Head of Greater China

Research

XieD@ocbc.com

Carie Li

Hong Kong & Macau

carierli@ocbcwh.com

Wellian Wiranto

Malaysia & Indonesia

WellianWiranto@ocbc.com

Dick Yu

Hong Kong & Macau

dicksnyu@ocbcwh.com

Terence Wu

FX Strategist

TerenceWu@ocbc.com

Credit Research

Andrew Wong

Credit Research Analyst

WongVKAM@ocbc.com

Ezien Hoo

Credit Research Analyst

EzienHoo@ocbc.com

Wong Hong Wei

Credit Research Analyst

WongHongWei@ocbc.com

Seow Zhi Qi

Credit Research Analyst

ZhiQiSeow@ocbc.com

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