

Apr 10, 2019

Credit Headlines: Standard Chartered PLC

Market Commentary

- The SGD swap curve flattened yesterday, as most tenors traded 1bps lower, with the exception of the 7-year and 12-year swap rate trading little change and at 2bps lower respectively.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS was little changed at 135bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 3bps to 469bps.
- Flows in SGD corporates were heavy, comprising entirely of corporate perpetuals. Flows are seen in FPLSP 4.98%-PERPs, DBSSP 3.98%-PERPs, GUOLSP 4.6%-PERPs and CELSP 3.9%-PERPs.
- 10Y UST yields fell 2bps to close the session at 2.50%, on the back of renewed trade tensions between the United States and the European Union and the International Monetary Fund's lacklustre growth forecasts for 2019, given the ongoing trade disputes and Britain's potential exit from the EU.

Credit Headlines

Standard Chartered PLC ("StanChart") | Issuer Profile: Neutral (4)

- StanChart has announced that it will pay around USD1bn to settle sanctions violations with US and UK regulatory authorities.
- This was previously foreshadowed in its [FY2018 results announcement](#) with the [setting aside of USD900mn](#) in its 4Q2018 results to cover potential regulatory fines related to legacy financial crime control matters and FX trading issues.
- Our Neutral (4) issuer profile on StanChart remains intact. Overall, we see fundamentals on an improving trend although banks face a challenging and low return environment going forward. (OCBC, Company)

Table 1: Key Financial Indicators

	10-Apr	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	67	1	-2
iTraxx SovX APAC	44	0	-8
iTraxx Japan	57	-1	-2
iTraxx Australia	71	0	1
CDX NA IG	61	-1	1
CDX NA HY	107	0	1
iTraxx Eur Main	61	0	-1
iTraxx Eur XO	258	6	-25
iTraxx Eur Snr Fin	74	-2	0
iTraxx Sovx WE	19	0	-2
AUD/USD	0.712	0.03%	0.64%
EUR/USD	1.126	0.22%	0.12%
USD/SGD	1.354	-0.03%	0.29%
China 5Y CDS	43	2	-5
Malaysia 5Y CDS	56	0	-7
Indonesia 5Y CDS	99	3	-1
Thailand 5Y CDS	41	1	-4

	10-Apr	1W chg	1M chg
Brent Crude Spot (\$/bbl)	70.63	1.90%	7.44%
Gold Spot (\$/oz)	1,301.85	0.92%	0.66%
CRB	188.56	1.18%	4.37%
GSCI	449.68	1.39%	6.60%
VIX	14.28	6.89%	-11.03%
CT10 (bp)	2.486%	-3.78	-14.22
USD Swap Spread 10Y (bp)	-2	0	-4
USD Swap Spread 30Y (bp)	-25	1	-5
US Libor-OIS Spread (bp)	18	-1	-1
Euro Libor-OIS Spread (bp)	5	0	0
DJIA	26,151	-0.11%	2.75%
SPX	2,878	0.38%	4.93%
MSCI Asiax	684	0.81%	6.49%
HSI	29,945	1.08%	6.08%
STI	3,324	0.37%	4.00%
KLCI	1,636	-0.43%	-2.60%
JCI	6,485	0.14%	1.60%

New issues

- 21Vianet Group Inc has priced a USD300mn 2.5-year bond at 99.722 (yield: 8.0%), tightening from IPT of 8.5% area.
- DBS Group Holdings Ltd has priced a USD750mn 3-year bond at T+58bps, tightening from IPT of T+75bps area.
- Societe Generale SA has priced a SGD750mn NC5-perpetual bond at 6.125%.
- Bank of China Ltd has scheduled investor meetings from 9 April for its potential multi-currency bond issuance.

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
9-Apr-19	21Vianet Group Inc	USD300mn	2.5-year	8.0%
9-Apr-19	DBS Group Holdings Ltd	USD750mn	3-year	T+58bps
9-Apr-19	Societe Generale SA	SGD750mn	NC5-perp	6.125%
8-Apr-19	China Evergrande Group	USD1.25bn USD450mn USD300mn	3-year 4NC2 5NC3	9.5% 10.0% 10.5%
8-Apr-19	Sunac China Holdings Ltd	USD750mn	4.5NC2.5	8.25%
8-Apr-19	IndusInd Bank Ltd	USD400mn	3-year	T+185bps
8-Apr-19	Redsun Properties Group Ltd	USD300mn	3NC2	9.95%
8-Apr-19	CK Hutchison International (19) Ltd	USD750mn	5-year	T+95bps
8-Apr-19	LG Chem Ltd	USD500mn USD500mn	5.5-year 10-year	T+95bps T+117.5bps
8-Apr-19	SMBC Aviation Capital Finance DAC (SMBCAC)	USD500mn	5-year	T+125bps
4-Apr-19	Xinyuan Real Estate Co Ltd	USD200mn	2.5-year	14.2%
4-Apr-19	Frasers Property Treasury Pte Ltd	SGD400mn	NC5-perp	4.98%
3-Apr-19	Tencent Holdings Ltd	USD1.25bn USD750mn USD500mn USD3.0bn USD500mn	5-year 5-year 7-year 10-year 30-year	T+95bps 3M-LIBOR+91bps T+115bps T+145bps T+160bps

Source: OCBC, Bloomberg

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