

Market Commentary

- The SGD swap curve flattened yesterday, with the shorter tenors traded 0-2bps higher, while the belly and longer tenors traded 0-1bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 125bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 1bps to 542bps. The HY-IG Index spread widened 2bps to 417bps.
- Flows in SGD corporates were heavy, with large ticket flows in CS 5.625%-PERPs. We also saw flows in UBS 4.85%-PERPs and ARASP 5.6%-PERPs.
- 10Y UST Yields rose 2bps to close at 1.84% amid optimism that the impending US tariffs on Chinese goods could be delayed, though partially offset by White House economic advisor Larry Kudlow's comments that no decision has been reached yet.

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Credit Summary:

- [Westpac Banking Corporation \("WSTP"\)](#) | **Issuer Profile: Positive (2)**: In a sign of support from retail investors, Westpac announced that it has raised around AUD770mn from its Share Purchase Plan. The capital raising was announced during the release of its FY2019 results in early November and before the commencement of civil proceedings and receipt of a statement of claim by Australia's financial crimes regulator ('AUSTRAC') for alleged systemic breaches under the Anti-Money Laundering and Counter-Terrorism Financing Act. While previously oversubscribed, the material nature and potential impact of the AUSTRAC proceedings along with discussions with the Australian Securities and Investments Commission ("ASIC") forced Westpac to offer retail shareholders who subscribed for the bank's capital raising the option of cancelling their participation. Nevertheless, Westpac still ended up raising more than expected. Overall, the planned AUD2.5bn share placement successfully raised around AUD2.7bn or AUD220mn above the original amount, which excludes AUD68mn of withdrawal requests.

Asian Credit Daily**Credit Headlines****Westpac Banking Corporation (“WSTP”) | Issuer Profile: Positive (2):**

- In a sign of support from retail investors, Westpac announced that it has raised around AUD770mn from its Share Purchase Plan. The issue price of AUD24.20 represents a 2.0% discount to the volume weighted average price for the five days up to and including 2nd December 2019 and is below the AUD25.32 issue price paid by institutional investors for their AUD2bn tranche.
- The retail and institutional share placements were part of Westpac’s AUD2.5bn capital raising to provide an additional capital buffer against minimum requirements with AUD500mn allocated to retail investors and AUD2bn to institutional investors. The capital raising was announced during the release of its [FY2019 results in early November](#) and before the [commencement of civil proceedings and receipt of a statement of claim by Australia’s financial crimes regulator \('AUSTRAC'\)](#) for alleged systemic breaches under the Anti-Money Laundering and Counter-Terrorism Financing Act.
- While previously oversubscribed, the material nature and potential impact of the AUSTRAC proceedings along with discussions with the Australian Securities and Investments Commission (“ASIC”) forced Westpac to offer retail shareholders who subscribed for the bank’s capital raising [the option of cancelling their participation](#). Nevertheless, Westpac still ended up raising more than expected. Overall, the planned AUD2.5bn share placement successfully raised around AUD2.7bn or AUD220mn above the original amount, which excludes AUD68mn of withdrawal requests.
- Noise and emotion surrounding the AUSTRAC proceedings have settled down somewhat ahead of tomorrow’s annual general meeting. Key shareholders are expected to support the remaining board members and the bank’s remuneration report with an emphasis now on stability and moving forward from the charges. AUSTRAC and Westpac held a case management hearing in the Federal Court on 9th December to confirm the commencement of discussions on a Statement of Agreed Facts. This is the first step in resolving the case at hand with Westpac indicating a desire to resolve the case as quickly as possible (possibly in 1QCY2019). At the same time, it will continue implementing its [response plan](#). The next case management hearing is scheduled for late February or early March 2020.
- No indications have been given as yet to any potential fines on the AUSTRAC proceedings although market expectations are for a fine above AUD1bn. (Company, OCBC).

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Key Market Movements

	11-Dec	1W chg (bps)	1M chg (bps)		11-Dec	1W chg	1M chg
iTraxx Asiax IG	63	-2	-1	Brent Crude Spot (\$/bbl)	63.98	1.56%	2.89%
iTraxx SovX APAC	30	-1	1	Gold Spot (\$/oz)	1,464.02	-0.72%	0.56%
iTraxx Japan	51	-3	-4	CRB	182.17	2.58%	0.49%
iTraxx Australia	55	-1	-2	GSCI	423.20	3.03%	1.60%
CDX NA IG	50	-1	-2	VIX	15.68	-1.75%	29.91%
CDX NA HY	108	0	0	CT10 (%)	1.833%	5.89	-10.88
iTraxx Eur Main	47	-1	-1				
iTraxx Eur XO	221	-2	-8	AUD/USD	0.681	-0.53%	-0.55%
iTraxx Eur Snr Fin	55	-1	-3	EUR/USD	1.109	0.13%	0.53%
iTraxx Eur Sub Fin	115	-2	-3	USD/SGD	1.359	0.30%	0.12%
iTraxx Sovx WE	12	-1	0	AUD/SGD	0.926	0.89%	0.67%
USD Swap Spread 10Y	-8	0	2	ASX 200	6,723	1.76%	-0.74%
USD Swap Spread 30Y	-33	1	7	DJIA	27,882	1.38%	0.69%
US Libor-OIS Spread	33	0	-2	SPX	3,133	1.27%	1.47%
Euro Libor-OIS Spread	6	0	0	MSCI Asiax	650	1.31%	-0.40%
				HSI	26,437	1.44%	-1.82%
China 5Y CDS	38	-2	1	STI	3,166	0.19%	-2.31%
Malaysia 5Y CDS	41	0	1	KLCI	1,560	-0.03%	-2.96%
Indonesia 5Y CDS	72	-2	-1	JCI	6,184	0.81%	0.57%
Thailand 5Y CDS	27	0	1	EU Stoxx 50	3,672	1.68%	-0.68%
Australia 5Y CDS	17	0	1				

Source: Bloomberg

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New Issues

- Wynn Macau Ltd priced a USD1.0bn 10NC5 bond at 5.125%, tightening from IPT of 5.375% area.
- Shangrao Investment Holdings International Co., Ltd (Guarantor: Shangrao Investment Holding Group Co., Ltd) priced a USD200mn 3-year bond at 3.98%, tightening from IPT of 4.25% area.
- Kunming Industrial Development & Investment Co., Ltd scheduled investor meetings commencing 11 Dec for its proposed USD bond issuance.

Date	Issuer	Size	Tenor	Pricing
10-Dec-19	Wynn Macau Ltd	USD1.0bn	10NC5	5.125%
10-Dec-19	Shangrao Investment Holdings International Co., Ltd	USD200mn	3-year	3.98%
06-Dec-19	Xingang International Holding Limited	USD100mn	3-year	7.0%
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

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