

### Market Commentary

- The SGD swap curve traded lower yesterday, with all tenors traded 0-2bps lower (with exception of the 1-year tenor which was 1bps higher).
- The Bloomberg Barclays Asia USD IG Bond Index average OAS and the Bloomberg Barclays Asia USD HY Bond Index average OAS were both unchanged at 126bps and 496bps respectively. The HY-IG Index spread remained unchanged at 370bps.
- Flows in SGD corporates were heavy, with large ticket flows in MFCCN 3.0%'29s and SPHSP 4.0%-PERPs. We also saw flows in CAPLSP 3.65%-PERPs, UBS 4.85%-PERPs, ARASP 5.6%-PERPs, SRBJNG 4.11%'25s OLAMSP 5.5%-PERPs and FPL 4.98%-PERPs.
- Cash market for US Treasuries were closed yesterday due to the Veteran's Day holiday.

### Credit Summary:

- [Commonwealth Bank of Australia](#) | **Positive (2)**: CBA announced its high level 1QFY2020 trading update for the quarter ended 30 September 2019. Unaudited statutory net profit was ~AUD3.8bn, including a AUD1.5bn gain on sale of Colonial First State Global Asset Management (AUD2.45bn reported in 1QFY2019). Credit quality remains manageable, though showing signs of weakening. Capital ratios were still solid with APRA compliant CET1 ratio at 10.6% as at 30 September 2019. CBA's results are consistent with its Positive (2) issuer profile.

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**Asian Credit Daily****Credit Headlines****Commonwealth Bank of Australia (“CBA”) | Issuer Profile: Positive (2)**

- CBA announced its high level 1QFY2020 trading update for the quarter ended 30 September 2019. Highlights include:
  - Unaudited statutory net profit of ~AUD3.8bn, including a AUD1.5bn gain on sale of Colonial First State Global Asset Management (AUD2.45bn reported in 1QFY2019).
  - Unaudited cash net profit from continuing operations of ~AUD2.3bn up 5% excluding notable items, which are likely non-recurring items such as remediation provisions (AUD2.5bn reported in 1QFY2019).
  - Manageable, albeit weakening, credit quality with loan impairment expense (measured in bps as individual and collective credit provisions as a proportion of average annualized gross loans and acceptances) were stable at a low level as higher credit provisions are being offset by volume growth (provision coverage of credit risk weighted assets of 1.03% as at 30 September 2019 was 2bps lower than 1.05% as at 30 June 2019). Conversely however, corporate troublesome and gross impaired assets rose 4.1% q/q and 22.8% y/y due to single name exposures and continued weak operating conditions in discretionary retail, construction and agriculture.
  - Still solid capital ratios with its APRA compliant CET1 ratio at 10.6% as at 30 September 2019, down 10bps q/q due to statutory adjustments and model refinements (-23bps), dividend payments (-90bps) and higher credit risk weighted assets/other changes (-14bps) which offset earnings generation (+49bps) and the positive impact from sale of Colonial First State Global Asset Management (+68bps). Including previously announced divestments, the proforma APRA compliant CET1 ratio is 11.2%, above APRA’s minimum 10.5% CET1 benchmark for ‘unquestionably strong’ capital ratios in Australia’s banking sector (comes into force January 2020).
- Compared to the 2HFY2019 quarterly average, 1QFY2020 operating income was up 4% on 7% growth in non-interest income (favourable derivative valuation adjustment, asset sales in Structured Asset Finance, better insurance performance from fewer weather events and global markets sales) and 3% y/y growth in net interest income (lower basis risk and volume growth in home lending, business lending and household deposits that offset lower net interest margins) .
- At the same time, operating expenses were down 9% over the same comparative periods due mostly to the absence of remediation provisions recognized in 2HFY2019 (AUD2.17bn in cumulative related spending for customer remediation programs) that offset a 2% rise in expenses from higher staff costs and software amortisation.
- CBA’s results are consistent with its Positive (2) issuer profile. (Company, OCBC)

## Asian Credit Daily

### Key Market Movements

	12-Nov	1W chg (bps)	1M chg (bps)		12-Nov	1W chg	1M chg
iTraxx Asiax IG	64	1	-10	<b>Brent Crude Spot (\$/bbl)</b>	62.06	-1.43%	2.56%
iTraxx SovX APAC	29	0	-5	<b>Gold Spot (\$/oz)</b>	1,456.67	-1.82%	-2.45%
iTraxx Japan	54	-2	-6	<b>CRB</b>	179.41	-0.93%	1.92%
iTraxx Australia	57	1	-8	<b>GSCI</b>	416.52	-0.64%	1.73%
CDX NA IG	52	0	-5	<b>VIX</b>	12.69	-1.09%	-18.55%
CDX NA HY	108	0	1	<b>CT10 (%)</b>	1.923%	6.41	19.35
iTraxx Eur Main	49	0	-7				
iTraxx Eur XO	230	1	-15	<b>AUD/USD</b>	0.685	-0.59%	1.14%
iTraxx Eur Snr Fin	58	3	-5	<b>EUR/USD</b>	1.103	-0.39%	0.05%
iTraxx Eur Sub Fin	119	3	-12	<b>USD/SGD</b>	1.361	-0.16%	0.67%
iTraxx Sovx WE	12	0	-1	<b>AUD/SGD</b>	0.932	0.43%	-0.46%
<b>USD Swap Spread 10Y</b>	-9	-1	-1	<b>ASX 200</b>	6,737	0.60%	1.97%
<b>USD Swap Spread 30Y</b>	-39	-1	-2	<b>DJIA</b>	27,691	0.84%	3.26%
<b>US Libor-OIS Spread</b>	35	1	-1	<b>SPX</b>	3,087	0.28%	3.93%
<b>Euro Libor-OIS Spread</b>	6	1	1	<b>MSCI Asiax</b>	653	-1.82%	4.68%
				<b>HSI</b>	26,927	-2.73%	2.35%
<b>China 5Y CDS</b>	37	--	-7	<b>STI</b>	3,256	0.22%	4.56%
<b>Malaysia 5Y CDS</b>	40	1	-10	<b>KLCI</b>	1,613	0.36%	3.58%
<b>Indonesia 5Y CDS</b>	73	1	-14	<b>JCI</b>	6,149	-0.51%	0.70%
<b>Thailand 5Y CDS</b>	26	-1	-3	<b>EU Stoxx 50</b>	3,697	0.86%	3.55%
<b>Australia 5Y CDS</b>	17	0	-3				

Source: Bloomberg

## Asian Credit Daily

### New Issues

- RKPF Overseas 2019 (E) Limited (Guarantor: Road King Infrastructure Limited) priced a USD300mn NC5-Perpetual bond at 7.75%, tightening from IPT of 8% area.
- Dexin China Holdings Company Limited (Subsidiary Guarantors: Certain of the Issuer's Restricted Subsidiaries incorporated outside the PRC) priced a USD100mn re-tap of its existing DEXICN 12.875%'21s at 13.875%, in line with final guidance.
- XI HAI AN 2019 LIMITED (Guarantor: Qingdao West Coast Development (Group) Co., Ltd) priced a USD300mn 3-year bond at 3.9%, tightening from IPT of 4.5% area.
- Nanyang Commercial Bank, Limited scheduled investor meetings commencing 11 Nov for its proposed USD Tier 2 subordinated notes issuance.

Date	Issuer	Size	Tenor	Pricing
11-Nov-19	RKPF Overseas 2019 (E) Limited	USD300mn	NC5-Perpetual	7.75%
11-Nov-19	Dexin China Holdings Company Limited	USD100mn	DEXICN 12.875%'21s	13.875%
11-Nov-19	XI HAI AN 2019 LIMITED	USD300mn	3-year	3.9%
7-Nov-19	Redsun Properties Group Limited	USD150mn	REDSUN 9.95%'22s	12.7%
7-Nov-19	Huarong Finance 2019 Co., Ltd	USD500mn USD500mn	5-year 10-year	T+160bps T+200bps
7-Nov-19	Changsha Pilot Investment Holdings Group Co., Ltd	USD350mn	3-year	3.8%
7-Nov-19	City Development Company of LanZhou	USD300mn	3-year	4.15%
7-Nov-19	Central Plaza Development Ltd	USD500mn	NC5-Perpetual	5.75%
7-Nov-19	Skyfame Realty (Holdings) Limited	USD69mn	SKYFAM 13%'22s	13.0%
6-Nov-19	Haitong International Securities Group Ltd	USD400mn	5.5-year	T+160bps
6-Nov-19	Guangzhou Metro Investment Finance (BVI) Limited	USD200mn	5-year	T+97.5bps
6-Nov-19	Zhengzhou Urban Construction Investment Group Co., Ltd	USD300mn	3-year	3.8%
6-Nov-19	Sun Hung Kai & Co. (BVI) Limited	USD350mn	5-year	5.75%
6-Nov-19	Chengdu Jiaozi Financial Holding Group Co., Ltd	USD300mn	3-year	3.24%

Source: OCBC, Bloomberg

# Treasury Research & Strategy

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## Macro Research

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