

Market Commentary

- The SGD swap curve bear-steepened last Friday, with the shorter tenors trading 0-3bps higher, while the belly and longer tenors traded 4-6bps higher.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS remained unchanged at 123bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 525bps. The HY-IG Index spread tightened 2bps to 402bps.
- Flows in SGD corporates were moderate, with flows in KITSP 4.75%-PERPs, CELSP 3.9%-PERPs and UBS 4.85%-PERPs.
- 10Y UST Yields fell by 7bps to close at 1.82%, with investors buying after the steep fall in Treasury prices, having already priced in the US-China Phase one trade deal. The US retail sales report for November was also lacklustre, showing that retail sales in the US grew by a lower-than-expected 0.2%.

Credit Research

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Credit Summary:

- [Keppel Corp Ltd \("KEP"\)](#) | **Issuer Profile: Neutral (4)**: KEP has announced that Keppel Offshore & Marine Ltd ("KOM"), via a KOM subsidiary has delivered a jackup rig (named Cantarell III) to Grupo R, a driller based in Mexico. Grupo R has entered into a sale and leaseback arrangement with KOM, where KOM will purchase Cantarell III from Grupo R for ~USD190mn and leased back to Grupo R for ten years on a bareboat charter basis. Separately, Keppel Land Limited ("KPLD")'s wholly-owned subsidiary has entered into an agreement with two joint venture partners to jointly develop an integrated township in Thane district, Mumbai. We see these events as credit neutral to KEP given the small scale.

Asian Credit Daily

Credit Headlines

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

- KEP has announced that Keppel Offshore & Marine Ltd (“KOM”), via a KOM subsidiary has delivered a jackup rig (named Cantarell III) to Grupo R, a driller based in Mexico. Grupo R has entered into a sale and leaseback arrangement with KOM, where KOM will purchase Cantarell III from Grupo R for ~USD190mn and leased back to Grupo R for ten years on a bareboat charter basis. No further cash outlay for the purchase by KOM is required as the ~USD190mn represents the balance contract value of the rig. This is the second sale and leaseback jackup rig arrangement which KOM has entered into with Grupo R.
- Separately, Keppel Land Limited (“KPLD”)’s wholly-owned subsidiary has entered into an agreement with two joint venture partners to jointly develop an integrated township in Thane district, Mumbai. KPLD (via its wholly-owned subsidiary) will be subscribing Compulsorily Convertible Preference Shares (“CCPS”) and compulsorily convertible debentures. Assuming full conversion of the CCPS and compulsorily convertible debentures, KPLD will be acquiring a 49%-voting rights of the joint venture company at a consideration of ~SGD78.2mn in cash. We see these events as credit neutral to KEP given the small scale. (Company, OCBC)

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Key Market Movements

	16-Dec	1W chg (bps)	1M chg (bps)		16-Dec	1W chg	1M chg
iTraxx Asiax IG	60	-3	-4	Brent Crude Spot (\$/bbl)	64.98	1.14%	2.65%
iTraxx SovX APAC	29	-2	-1	Gold Spot (\$/oz)	1,473.57	0.81%	0.14%
iTraxx Japan	47	-5	-6	CRB	183.81	1.45%	1.55%
iTraxx Australia	53	-2	-3	GSCI	428.05	1.26%	1.80%
CDX NA IG	48	-2	-3	VIX	12.63	-7.27%	4.81%
CDX NA HY	109	1	2	CT10 (%)	1.835%	1.57	0.39
iTraxx Eur Main	46	-1	-2				
iTraxx Eur XO	215	-6	-17	AUD/USD	0.688	0.78%	0.95%
iTraxx Eur Snr Fin	53	-3	-6	EUR/USD	1.113	0.57%	0.50%
iTraxx Eur Sub Fin	108	-7	-13	USD/SGD	1.354	0.38%	0.47%
iTraxx Sovx WE	11	-1	-2	AUD/SGD	0.931	-0.40%	-0.55%
USD Swap Spread 10Y	-7	0	4	ASX 200	6,826	1.43%	0.48%
USD Swap Spread 30Y	-31	2	9	DJIA	28,135	0.43%	0.47%
US Libor-OIS Spread	34	0	-2	SPX	3,169	0.73%	1.55%
Euro Libor-OIS Spread	5	0	1	MSCI Asiax	675	3.69%	3.94%
				HSI	27,688	4.50%	5.17%
China 5Y CDS	35	-3	-2	STI	3,207	0.86%	-0.98%
Malaysia 5Y CDS	38	-3	-3	KLCI	1,569	0.40%	-1.62%
Indonesia 5Y CDS	69	-4	-4	JCI	6,197	0.17%	1.13%
Thailand 5Y CDS	25	-1	-1	EU Stoxx 50	3,731	1.05%	0.52%
Australia 5Y CDS	17	-1	0				

Source: Bloomberg

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New Issues

- Excellence Commercial Management Ltd priced a USD100mn 3-year bond at 6.8%, tightening from IPT of 7.0% area.
- China Construction Bank Corporation of Luxembourg priced a USD300mn 2.5-year bond at 3m-US LIBOR+63bps.

Date	Issuer	Size	Tenor	Pricing
13-Dec-19	Excellence Commercial Management Ltd	USD100mn	3-year	6.8%
13-Dec-19	China Construction Bank Corporation of Luxembourg	USD300mn	2.5-year	3m-US LIBOR+63bps
12-Dec-19	Hydoo International Holding Limited	USD193.5mn	2-year	14.0%
12-Dec-19	Zensun Enterprises Limited	USD120mn	ZENENT 12.8%'21s	ZENENT 12.8%'21s
11-Dec-19	HBIS Group Hong Kong Co., Limited	USD300mn	3-year	4.0%
10-Dec-19	Wynn Macau Ltd	USD1.0bn	10NC5	5.125%
09-Dec-19	China Construction Bank (Asia) Corporation Limited	USD500mn	Perp-NC5	4.31%
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

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