

Apr 17, 2019

Credit Headlines: Mapletree Logistics Trust

Market Commentary

- The SGD swap curve steepened yesterday, with most tenors trading within 1bps higher with the exception of the 12-year swap rate inverting at 2bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 131bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 3bps to 464bps.
- Flows in SGD corporates were heavy, with comprising mainly of ARASP 4.15%'24s. Other flows were seen in FPLSP 4.98%-PERPs, WINGTA 4,35%-PERPs, SIASP 3.13%'26s, GUOLSP 4.6%-PERPs and LLCAU 3.9%'27s.
- 10Y UST yields rose 4bps to four-week highs of 2.59%, on the back of improved risk sentiments ahead of the US retail sales and major Chinese economic data (gross domestic product, retail sales and others) this week.

Credit Headlines

Mapletree Logistics Trust (“MLT”) | Issuer Profile: Neutral (4)

- MLT had issued an update following [developments at CWT International Ltd \(“CWTI”\) \(Issuer Profile: Negative \(6\)\), parent company of CWT Pte Ltd \(“CWT SG”\)](#).
- CWT SG and its subsidiaries are tenants of five MLT properties and in the third quarter for the financial year ended 31 March 2019 (“3QFY2019”), MLT contributed 9.1% to MLT’s revenue. These properties were purchased from CWT SG via sales and leaseback transactions in September 2018, ~12 months after CWT SG was sold to CWTI.
- Per MLT, CWT SG and its subsidiaries have not defaulted on its rental payments under the various lease agreements and there are no arrears due as of 16 April 2018. Additionally, MLT holds security deposits of 6 months in rent on these leases. Our base case is that CWT SG would be able to redeem its bonds due tomorrow although we are unable to give a definitive view of its bonds due in March 2020 given the significant uncertainties at CWTI. At time of writing, there has been no further updates from CWTI.
- Separately, another two REITs listed in Singapore, which also has CWT SG as main tenants has also updated the market. In a similar vein, CWT SG has not defaulted on those rental payments with no arrears due either.
- We are maintaining MLT’s issuer profile at Neutral (4) for now and we continue to monitor the situation at CWT SG and its impact on MLT. (Company, OCBC)

Table 1: Key Financial Indicators

	17-Apr	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	64	-4	-1
iTraxx SovX APAC	42	-2	-7
iTraxx Japan	54	-3	-2
iTraxx Australia	68	-3	1
CDX NA IG	57	-2	0
CDX NA HY	108	0	1
iTraxx Eur Main	58	-2	-1
iTraxx Eur XO	249	-5	-17
iTraxx Eur Snr Fin	70	-3	0
iTraxx Sovx WE	18	-1	-2
AUD/USD	0.719	0.31%	1.25%
EUR/USD	1.130	0.23%	-0.33%
USD/SGD	1.354	-0.16%	-0.20%
China 5Y CDS	41	-2	-4
Malaysia 5Y CDS	52	-4	-8
Indonesia 5Y CDS	95	-4	-1
Thailand 5Y CDS	38	-3	-4

	17-Apr	1W chg	1M chg
Brent Crude Spot (\$/bbl)	72.00	0.38%	7.21%
Gold Spot (\$/oz)	1,277.08	-2.36%	-2.04%
CRB	187.28	-0.68%	1.86%
GSCI	450.97	-0.63%	4.28%
VIX	12.18	-14.71%	-5.43%
CT10 (bp)	2.598%	13.27	1.05
USD Swap Spread 10Y (bp)	-1	1	-3
USD Swap Spread 30Y (bp)	-23	2	-1
US Libor-OIS Spread (bp)	18	-2	-4
Euro Libor-OIS Spread (bp)	5	0	0
DJIA	26,453	1.16%	2.34%
SPX	2,907	1.00%	3.00%
MSCI Asiax	684	0.03%	4.10%
HSI	30,155	0.12%	3.94%
STI	3,349	0.64%	4.65%
KLCI	1,624	-0.94%	-3.36%
JCI	6,482	-0.04%	0.32%

New issues

- Industrial & Commercial Bank of China Ltd (Singapore Branch) has priced a USD900mn 3-year FRN at 3-month US LIBOR +72bps (tightening from IPT of +95bps area) and a USD600mn 5-year 3-month LIBOR +83bps (tightening from IPT of +105bps area).
- New Dian Group Pte Ltd has priced a USD200mn 2-year bond (guarantor: Kunming Iron & Steel Holding Co Ltd) at 8.0%, in line with final guidance.
- SMC Global Power Holdings Corp has priced a USD500mn NC5-perpetual bond at 6.5%, tightening from IPT of 6.75% area.

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
16-Apr-19	Industrial & Commercial Bank of China Ltd	USD900mn USD600mn	3-year 5-year	3M US LIBOR+72bps 3M US LIBOR +83bps
16-Apr-19	New Dian Group Pte Ltd	USD200mn	2-year	8.0%
16-Apr-19	SMC Global Power Holdings Corp	USD500mn	NC5-perpetual	6.5%
15-Apr-19	China Evergrande Group	USD200mn USD400mn USD400mn	EVERRE 9.5%'22s EVERRE 10.0%'23s EVERRE 10.5%'24s	9.5% 10.0% 10.5%
15-Apr-19	Central China Real Estate Limited	USD300mn	4NC2	7.5%
15-Apr-19	RongXingDa Development (BVI) Ltd	USD325mn	3NC2	8.375%
15-Apr-19	Shinhan Bank	USD400mn	10-year	T+157.5bps
15-Apr-19	Shriram Transport Finance Co Ltd	USD500mn	3.5-year	5.95%
15-Apr-19	ARA Asset Management Ltd	SGD100mn	5-year	4.15%
12-Apr-19	Yuyao Economic Development Zone Construction Investment & Development Co Ltd	USD100mn	3-year	6.0%
12-Apr-19	Guangzhou Fineland Real Estate Development Co Ltd	USD300mn	2-year	14.6%
11-Apr-19	Nuoxi Capital Ltd	USD300mn	3.5-year	7.45%
11-Apr-19	Vedanta Resources Finance II PLC	USD400mn USD600mn	4-year 7NC4	8.0% 9.25%

Source: OCBC, Bloomberg

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