

Market Commentary

- The SGD swap curve flattened yesterday, with the shorter tenors trading 0-1bps higher, while the belly and longer tenors traded 1-2bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 122bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 12bps to 513bps. The HY-IG Index spread tightened 11bps to 392bps.
- There were no flows in SGD corporates yesterday.
- 10Y UST Yields rose by 5bps to close at 1.87%, with investors taking an optimistic view on the US-China Phase One trade deal, together with better than expected economic data from China and the US.

Credit Research

Andrew Wong
+65 6530 4736
WongVKAM@ocbc.com

Ezien Hoo, CFA
+65 6722 2215
EzienHoo@ocbc.com

Wong Hong Wei, CFA
+65 6722 2533
WongHongWei@ocbc.com

Seow Zhi Qi
+65 6530 7348
zhiqiseow@ocbc.com

Credit Summary:

- [Oxley Holdings Ltd \(“OHL”\)](#) | **Issuer Profile: Neutral (5)**: OHL has entered into a memorandum of agreement to sell No.3 Dublin Landings, 72-80 North Wall Quay, Dublin 1 in Ireland for EUR115mn (~SGD174mn). OHL is entitled to receive 77.8% of the sale price.
- [Westpac Banking Corporation \(“WSTP”\)](#) | **Issuer Profile: Positive (2)**: The Australian Prudential Regulation Authority (“APRA”) announced the application of AUD500mn in additional capital requirements to reflect Westpac’s heightened operational risk profile. Combined with a previously announced application of additional capital requirements in July 2019, the total increase in minimum capital requirements for Westpac is now AUD1bn. At the same time, APRA is also launching an investigation into Westpac’s risk governance, control and risk management framework (including pay and culture) and whether the bank, its directors and senior management breached the Banking Act and the Banking Executive Accountability Regime. Per current Westpac Chairman Lindsay Maxsted, the additional capital requirement will lower Westpac’s CET1 ratio by 16bps. Its APRA compliant CET1 ratio as at 30 September 2019 was 10.67%.

Asian Credit Daily**Credit Headlines****Oxley Holdings Ltd (“OHL”) | Issuer Profile: Neutral (5)**

- OHL has entered into a memorandum of agreement to sell No.3 Dublin Landings, 72-80 North Wall Quay, Dublin 1 in Ireland for EUR115mn (~SGD174mn). OHL is entitled to receive 77.8% of the sale price.
- The buyer is Iput PLC and a deposit of EUR11mn has been made. The completion of sale is expected to take place by end of 2019. (Company, OCBC)

Westpac Banking Corporation (“WSTP”) | Issuer Profile: Positive (2)

- Financial repercussions from the [commencement of civil proceedings and receipt of a statement of claim from Australia’s financial crimes regulator \(‘AUSTRAC’\)](#) for alleged systemic breaches by Westpac under the Anti-Money Laundering and Counter-Terrorism Financing Act have begun with the Australian Prudential Regulation Authority (“APRA”) announcing the application of AUD500mn in additional capital requirements to reflect Westpac’s heightened operational risk profile.
- Combined with a previously [announced application of additional capital requirements in July 2019](#) to address higher operational risk in each bank’s risk governance self-assessments following customer remediation issues, the total increase in minimum capital requirements for Westpac is now AUD1bn. This level is now on par with the AUD1bn additional capital requirement on Commonwealth Bank of Australia following a [Prudential Inquiry in May 2018](#) which resulted in a request for other Australian banks to review their own management of non-financial risks. Currently, Australia & New Zealand Banking Group Ltd and National Australia Bank Ltd have AUD500mn in additional capital requirements address higher operational risk.
- At the same time, APRA is also launching an investigation into Westpac’s risk governance, control and risk management framework (including pay and culture) and whether the bank, its directors and senior management breached the Banking Act and the Banking Executive Accountability Regime. Breaches could lead to fines and disqualification of senior management.
- Per current Westpac Chairman Lindsay Maxsted, the additional capital requirement will lower Westpac’s CET1 ratio by 16bps. Its APRA compliant CET1 ratio as at 30 September 2019 was 10.67%. As such, the impact will mean Westpac is only just at APRA’s minimum 10.5% CET1 benchmark for ‘unquestionably strong’ capital ratios in Australia’s banking sector (comes into force January 2020).
- APRA deputy chairman John Lonsdale indicated that the investigation would take time to complete given the large scope and was necessary given AUSTRAC’s proceedings highlighted risk governance gaps but reiterated that Westpac remained financially sound. While impacts to Westpac from these proceedings will be material, we think regulators may seek to make these impacts manageable to ensure banking system stability. (APRA, Company, OCBC)

Asian Credit Daily

Key Market Movements

	17-Dec	1W chg (bps)	1M chg (bps)		17-Dec	1W chg	1M chg
iTraxx Asiax IG	59	-5	-5	Brent Crude Spot (\$/bbl)	65.32	1.52%	3.19%
iTraxx SovX APAC	28	-2	-2	Gold Spot (\$/oz)	1,475.13	0.73%	0.25%
iTraxx Japan	46	-5	-8	CRB	185.21	2.23%	2.33%
iTraxx Australia	53	-2	-3	GSCI	431.09	2.24%	2.52%
CDX NA IG	46	-4	-5	VIX	12.14	-23.46%	0.75%
CDX NA HY	109	2	2	CT10 (%)	1.868%	2.63	3.71
iTraxx Eur Main	45	-2	-3				
iTraxx Eur XO	209	-12	-23	AUD/USD	0.687	0.85%	0.82%
iTraxx Eur Snr Fin	52	-3	-7	EUR/USD	1.114	0.42%	0.61%
iTraxx Eur Sub Fin	108	-7	-13	USD/SGD	1.356	0.21%	0.37%
iTraxx Sovx WE	11	-1	-1	AUD/SGD	0.931	-0.62%	-0.52%
USD Swap Spread 10Y	-6	2	5	ASX 200	6,853	2.18%	0.87%
USD Swap Spread 30Y	-30	3	10	DJIA	28,236	1.17%	0.82%
US Libor-OIS Spread	34	0	-2	SPX	3,191	1.77%	2.27%
Euro Libor-OIS Spread	5	0	0	MSCI Asiax	674	3.67%	3.79%
				HSI	27,508	4.05%	4.49%
China 5Y CDS	34	-4	-3	STI	3,207	1.40%	-0.98%
Malaysia 5Y CDS	38	-3	-4	KLCI	1,572	0.67%	-1.41%
Indonesia 5Y CDS	67	-6	-6	JCI	6,212	0.29%	1.36%
Thailand 5Y CDS	25	-2	-1	EU Stoxx 50	3,773	2.74%	1.65%
Australia 5Y CDS	0	-1	0				

Source: Bloomberg

Asian Credit Daily

New Issues

- There were no new issues or mandates.

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

Source: OCBC, Bloomberg

Treasury Research & Strategy

Macro Research

Selena Ling*Head of Research & Strategy*LingSSSelena@ocbc.com**Howie Lee***Thailand, Korea &**Commodities*HowieLee@ocbc.com**Tommy Xie Dongming***Head of Greater China**Research*XieD@ocbc.com**Carie Li***Hong Kong & Macau*carierli@ocbcwh.com**Wellian Wiranto***Malaysia & Indonesia*WellianWiranto@ocbc.com**Dick Yu***Hong Kong & Macau*dicksnyu@ocbcwh.com**Terence Wu***FX Strategist*TerenceWu@ocbc.com

Credit Research

Andrew Wong*Credit Research Analyst*WongVKAM@ocbc.com**Ezien Hoo***Credit Research Analyst*EzienHoo@ocbc.com**Wong Hong Wei***Credit Research Analyst*WongHongWei@ocbc.com**Seow Zhi Qi***Credit Research Analyst*ZhiQiSeow@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).