

Market Commentary

- The SGD swap curve bull-flattened yesterday, with the shorter tenors traded 2-3bps lower, while the longer tenors (>5yr) traded 3-5bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 3bps to 126bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 1bps to 516bps.
- Flows in SGD corporates were heavy, with large ticket flows in UBS 4.85%-PERPs. We also saw flows in UOBSP 3.58%-PERPs, MAPLSP 3.15%'31s, CS 5.625%-PERPs, F 4.125%'24s, and TMGSP 4.8%'22s.
- 10Y UST yields was little changed at 1.80%, after the FOMC lowered the fed funds target range by 25bps, which was widely expected, but tempered expectations for additional cuts by the end of the year. Intraday moves was relatively significant, with treasuries rallying to as low as 1.74% before reversing, as market digested the press conference. Spread between 3-month treasury bills and 10-year treasury notes remains inverted, with the spread tightening to -11bps.

Credit Summary:

- **[OUE Ltd](#) | Neutral (5):** An indirect wholly-owned subsidiary of OUE has entered into a sale and purchase agreement to sell its serviced apartment asset located in OUE Downtown building for a total purchase consideration of SGD289mn. We see the asset monetisation transaction as credit positive for OUE, especially for the short dated bonds.

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

- An indirect wholly-owned subsidiary of OUE has entered into a sale and purchase agreement with DHI Holding (S) Pte Ltd to sell its serviced apartment asset located in OUE Downtown building (“Oakwood Premier”) to DHI Holding (S) Pte Ltd (“DHI”) for SGD287.1mn. A deposit of SGD28.9mn had been paid by the buyer and held in escrow pending completion while the remaining consideration will be paid at completion.
- A separate SGD1.9mn would also be paid to OUE as purchase consideration of the business connected to the asset, bringing the total purchase consideration to SGD289mn. The independent valuation for the property is not provided. Oakwood Premier, which holds a hotel license since 1H2019, has 286 rooms implying a price of ~SGD1.1mn per room, which point towards being a fair valuation in our view.
- The proposed ultimate buyer of the property is a joint venture between Dorsett Hospitality International Limited (“Dorsett”), an indirect wholly-owned subsidiary of Far East Consortium International Limited (“Far East Consortium”) and AMTD Group Company Limited, a financial services group with investment banking and asset management businesses. Far East Consortium owns the Dorsett Singapore hotel and is seeking to build a stronger presence in Singapore.
- OUE Hospitality Trust (“OUE-HT”, which is now a sub-trust of OUE Commercial REIT (“OUE-CT”)), held rights of first offer on the serviced apartment though it had declined the offer to purchase the property. We had recently on 17 September [lowered OUE’s issuer profile to Neutral \(5\) from Neutral \(4\)](#). We see the asset monetisation transaction as credit positive for OUE, especially for the short dated bonds. (Company, OCBC)

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Key Market Movements

	19-Sep	1W chg (bps)	1M chg (bps)		19-Sep	1W chg	1M chg
iTraxx Asiax IG	54	-1	-13	Brent Crude Spot (\$/bbl)	63.71	5.52%	6.65%
iTraxx SovX APAC	35	1	-7	Gold Spot (\$/oz)	1,490.86	-0.56%	-0.34%
iTraxx Japan	54	0	-8	CRB	177.63	2.25%	4.01%
iTraxx Australia	58	0	-9	GSCI	417.01	3.17%	4.43%
CDX NA IG	51	1	-4	VIX	13.95	-4.52%	-17.36%
CDX NA HY	108	0	1	CT10 (%)	1.814%	4.21	20.73
iTraxx Eur Main	48	3	-3				
iTraxx Eur XO	248	13	-22	AUD/USD	0.681	-0.79%	0.71%
iTraxx Eur Snr Fin	58	4	-7	EUR/USD	1.103	-0.32%	-0.43%
iTraxx Eur Sub Fin	125	9	-13	USD/SGD	1.377	-0.14%	0.70%
iTraxx Sovx WE	15	0	-4	AUD/SGD	0.938	0.64%	0.03%
USD Swap Spread 10Y	-13	-1	-3	ASX 200	6,730	1.13%	4.06%
USD Swap Spread 30Y	-43	-1	-2	DJIA	27,147	0.04%	3.87%
US Libor-OIS Spread	32	3	6	SPX	3,007	0.19%	2.84%
Euro Libor-OIS Spread	5	3	0	MSCI Asiax	630	-0.34%	3.30%
				HSI	26,754	-1.23%	1.76%
China 5Y CDS	39	1	-10	STI	3,173	-0.68%	1.43%
Malaysia 5Y CDS	42	-1	-14	KLCI	1,599	-0.23%	0.13%
Indonesia 5Y CDS	77	2	-16	JCI	6,277	-1.65%	-0.32%
Thailand 5Y CDS	27	0	-4	EU Stoxx 50	3,528	0.32%	4.71%
Australia 5Y CDS	18	0	-4				

Source: Bloomberg

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New Issues

- Shandong Iron & Steel Xinheng International Company Ltd (Guarantor: Shandong Iron & Steel Group Co., Ltd) has priced a USD500mn 3-year bond at 6.85%, tightening from IPT of 7.15% area.
- Yango Cayman Investment Ltd (Guarantor: Fujian Yango Group Co., Ltd) has priced a USD152mn 3-year bond at 12.5%.
- Yancheng Oriental Investment & Development Group Co., Ltd has scheduled investor meetings commencing on 19 Sep for its potential USD bond issuance.

Date	Issuer	Size	Tenor	Pricing
18-Sep-19	Shandong Iron & Steel Xinheng International Company Ltd	USD500mn	3-year	6.85%
18-Sep-19	Yango Cayman Investment Ltd	USD152mn	3-year	12.5%
17-Sep-19	Wuhan Metro Group Co., Ltd	USD300mn	5-year	T+129bps
17-Sep-19	Joy Treasure Assets Holdings Inc	USD400mn USD500mn	5-year 10-year	T+145bps T+185bps
17-Sep-19	Azure Power Solar Energy Private Ltd	USD350.1mn	5.25NC3	5.65%
16-Sep-19	Bangkok Bank PCL ,Hong Kong Branch	USD1.2bn	15NC10	T+190bps
16-Sep-19	Agricultural Bank of China Limited, Singapore Branch	USD500mn	3-year FRN	3m-US LIBOR +66bps
12-Sep-19	The Bank of East Asia, Ltd	USD650mn	NC5-Perpetual	5.875%
12-Sep-19	Huai'an Traffic Holding Co., Ltd	USD300mn	3-year	6.0%
11-Sep-19	Zhaobing Investment (BVI) Ltd	USD300mn	3-year	6.0%
10-Sep-19	Guangxi Communications Investment Group Corporation Ltd	USD300mn	3-year	3.7%
10-Sep-19	FWD Group Ltd	USD600mn	NC5-Perpetual	6.375%
10-Sep-19	Shuifa International Holdings (BVI) Co., Ltd	USD400mn	3-year	4.15%
10-Sep-19	SK Hynix Inc.	USD500mn	5-year	T+162.5bps
10-Sep-19	Country Garden Holdings Co., Ltd	USD500mn	6NC4	6.15%

Source: OCBC, Bloomberg

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