

June 21, 2019

Credit Headlines: Wing Tai Holdings Ltd

Market Commentary

- The SGD swap curve bull-steepened over yesterday, with the shorter tenors and belly trading 5-8bps lower, while the longer tenors traded 4-6bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 2bps to 135bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 10bps to 497bps.
- Flows in SGD corporates were light, with flows in SOCGEN 6.125%-PERPs and OUESP 3.8%'20s.
- 10Y UST yields gained 1bps to 2.03%, bouncing back after briefly falling to 1.97%, due to investors weighing the upcoming G20 summit, where Trump and Xi are scheduled to meet to resume trade talks. Spread between 3-month treasury bills and 10-year treasury notes continued to be inverted, with the spread narrower at -11bps. .

Credit Headlines

Wing Tai Holdings Ltd (“WTH”) | Issuer Profile: Neutral (4)

- WTH announced the acquisition of Red Planet Hotel Asakusa Tokyo for JPY4.25bn (~SGD53.7mn), which is a 134-room hotel located within the Asakusa district in Tokyo, Japan.
- This follows the acquisition of a [land parcel at Middle Road for SGD492.0mn in Apr 2019](#). Putting both acquisitions together, net gearing is expected to increase to ~15% (3QFY2019: net cash). Adjusting for WTH's perps as debt, adjusted net gearing would rise to ~21% (3QFY2019: 4.2%). (Company, OCBC)

Table 1: Key Financial Indicators

	21-Jun	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	64	-9	-7
iTraxx SovX APAC	42	-5	-5
iTraxx Japan	65	-3	3
iTraxx Australia	63	-8	-9
CDX NA IG	54	-8	-9
CDX NA HY	108	2	1
iTraxx Eur Main	54	-8	-11
iTraxx Eur XO	253	-22	-26
iTraxx Eur Snr Fin	68	-11	-14
iTraxx Sovx WE	17	-1	-1
AUD/USD	0.693	0.83%	0.67%
EUR/USD	1.130	0.79%	1.22%
USD/SGD	1.355	1.22%	1.62%
China 5Y CDS	41	-10	-8
Malaysia 5Y CDS	57	-10	-7
Indonesia 5Y CDS	89	-14	-15
Thailand 5Y CDS	33	-2	-3

	21-Jun	1W chg	1M chg
Brent Crude Spot (\$/bbl)	64.93	4.71%	-10.04%
Gold Spot (\$/oz)	1,395.72	4.03%	9.50%
CRB	178.63	2.41%	-1.84%
GSCI	420.16	3.74%	-5.18%
VIX	14.75	-6.76%	-1.34%
CT10 (bp)	2.008%	-7.26	-41.86
USD Swap Spread 10Y (bp)	-6	1	-1
USD Swap Spread 30Y (bp)	-33	1	-5
US Libor-OIS Spread (bp)	21	3	6
Euro Libor-OIS Spread (bp)	6	1	1
DJIA	26,753	2.48%	3.38%
SPX	2,954	2.16%	3.14%
MSCI Asiax	651	4.23%	4.60%
HSI	28,582	5.40%	3.34%
STI	3,313	2.79%	4.07%
KLCI	1,676	2.25%	4.48%
JCI	6,336	1.00%	6.46%

New issues:

- Liang Shan International Development Limited (guarantor: Liangshan Development (Holdings Group Co., Ltd) has priced a USD300mn 3-year bond at 7.0%, in line with final guidance.
- CRCC Chengan Ltd (guarantor: China Railway Construction Corporation Ltd) has priced a USD1bn NC5-perpetual at 3.97%, tightening from IPT of 4.4% area.
- Kunming Traffic Investment Co., Ltd has priced a USD300mn 3-year bond at 6.2%, tightening from IPT of 6.4% area.
- SriLankan Airlines Ltd has priced a USD175mn 5-year bond at 7.0%, tightening from IPT of 7.5% area.
- Hopson Development Holdings Ltd has priced a USD500mn 3NCNP2 bond at 7.5%, in line with final guidance.
- Philippine National Bank has priced a USD750mn 5.25-year bond at T+165bps.
- Celestial Dynasty Ltd (guarantor: NWS Holdings Ltd) has priced a USD650mn 10-year bond at T+230bps, tightening from IPT of T+260bps area.
- Haichuan International Investment Co., Ltd (guarantor: Jiangsu Fang Yang Group Co., Ltd) has priced a USD180mn re-tap of its existing 7.5%'21s at 7.2%, in line with IPT.
- Sichuan Railway Investment Group Co., Ltd has priced a USD300mn 3-year bond at 3.8%, tightening from IPT of 4.25% area.
- The Export-Import Bank of China has priced a USD100mn 4-year FRN at 3-Month US LIBOR+60bps.
- Weibo Corporation has mandated banks for its potential USD bond issuance.
- Southern Energy Holdings Group Ltd has mandated banks for its potential USD bond issuance.
- Taizhou Xintai Group Co., Ltd has scheduled investor meetings commencing from 12 June for its potential USD bond issuance.

New issues (cont'd):

<u>Date</u>		<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
20-Jun-19	Liang Shan International Development Ltd	USD300mn	3-year	7.0%
20-Jun-19	CRCC Chengan Ltd	USD1.0bn	NC5-perpetual	3.97%
20-Jun-19	Kunming Traffic Investment Co., Ltd	USD300mn	3-year	6.2%
20-Jun-19	SriLankan Airlines Ltd	USD175mn	5-year	7.0%
20-Jun-19	Hopson Development Holdings Ltd	USD500mn	3NCNP2	7.5%
20-Jun-19	Philippine National Bank	USD750mn	5.25-year	T+165bps
20-Jun-19	Celestial Dynasty Ltd	USD650mn	10-year	T+230bps
20-Jun-19	Haichuan International Investment Co., Ltd	USD180mn	7.5%'21s	7.2%
20-Jun-19	Sichuan Railway Investment Group Co., Ltd	USD300mn	3-year	3.8%
20-Jun-19	The Export-Import Bank of China	USD100mn	4-year	3M-US LIBOR+60bps
19-Jun-19	Yangzhou Economic & Technological Development Zone Development Corp.	USD300mn	3-year	5.5%
19-Jun-19	Zhangzhou Transportation Development Group Co., Ltd	USD500mn	3-year	6.5%
19-Jun-19	Nuoxi Capital Ltd	USD250mn	2-year	7.875%
19-Jun-19	Kunming Dianchi Investment Co., Ltd	USD300mn	3-year	6.7%
19-Jun-19	Xiangyu Investment (BVI) Co., Ltd	USD300mn	3-year	6.9%
19-Jun-19	City Developments Ltd	SGD200mn	4-year	2.8%

Source: OCBC, Bloomberg

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