

Market Commentary

- The SGD swap curve flattened yesterday, with the shorter tenors around 1bps higher, while the belly and longer tenors traded 3-4bps lower (other than the 7-year tenor which traded 9bps lower).
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 129bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 1bps to 510bps. The HY-IG Index spread was unchanged at 380bps.
- Flows in SGD corporates were heavy, with large ticket flows in CAPLSP 3.65%-PERPs. We also saw flows in UBS 4.85%-PERPs, SPHSP 4%-PERPs, ARASP 5.6%-PERPs and F 4.125%'24s.
- 10Y UST Yields fell 4bps to 1.75%, weighed down by news of delays in the signing of the phase one trade deal between US and China, with negotiations reportedly to extend into next year.

Credit Research

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Credit Summary:

- [Ascott Residence Trust](#) | **Neutral (3)**: ART announced that it has entered into a put and call option agreement with Gemini One Trust (a special purpose trust indirectly wholly owned by City Developments Limited (“CDL”)) for the partial sale of ART’s land at Somerset to CDL for SGD163.3mn. ART currently owns Somerset Liang Court Singapore which is situated on the site. Following the sale, Somerset Liang Court will be torn down, with the site redeveloped into an integrated development. We expect this transaction to be largely credit neutral given the manageable scale of the transaction versus ART’s proforma total asset of SGD7.6bn.

Asian Credit Daily**Credit Headlines****Ascott Residence Trust (“ART”) | Issuer Profile: Neutral (3)**

- ART announced that it has entered into a put and call option agreement with Gemini One Trust (a special purpose trust indirectly wholly owned by City Developments Limited (“CDL”, Issuer Profile: Neutral (3)) for the partial sale of ART’s land at Somerset (land lot with gross floor area (“GFA”) of ~15,170 sqm to be sold) to CDL for SGD163.3mn, excluding tax. Per company, this is 44% above book value of the share of land as at 30 September 2019. 13,034 sqm of GFA will be retained by ART for redevelopment.
- ART currently owns Somerset Liang Court Singapore which is situated on the site. Following the sale, Somerset Liang Court will be torn down, with the site redeveloped into an integrated development which would include a new “Somerset” branded serviced residence property (holding a hotel licence) which would be 100% owned by ART.
- The integrated development was spearheaded by a consortium involving the Sponsor of ART, namely CapitaLand Ltd (“CAPL”, Issuer Profile: Neutral (3)) and CDL, with ART now confirming its involvement. Apart from Somerset Liang Court, Novotel Singapore Clarke Quay and Liang Court Mall are situated on the proposed redevelopment site. Post-redevelopment, the site is expected to have a “Somerset”-branded serviced residence, a new hotel to be owned by CDL’s Sponsored hospitality REIT, two residential towers and a commercial component. The residential and commercial component will be owned by joint venture entities of CAPL and CDL.
- The project development expenditure for the new Somerset service residence property is estimated at ~SGD300mn, comprising SGD140.3mn of ART’s remaining interest in the land and redevelopment cost of SGD157.3mn, including investment outlay to extend the existing land lease to a fresh 99 year land lease (currently 57 years left). Net proceeds from the land sale will be mainly used to fund the redevelopment cost.
- Apart from this redevelopment, ART is also developing lyf co-living space at one-North, with the total development projects still falling within its MAS allowable limits. We expect this transaction to be largely credit neutral given the manageable scale of the transaction versus ART’s proforma total asset of SGD7.6bn. (Company, OCBC)

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Key Market Movements

	21-Nov	1W chg (bps)	1M chg (bps)		21-Nov	1W chg	1M chg
iTraxx Asiax IG	66	0	-4	Brent Crude Spot (\$/bbl)	62.40	0.05%	5.02%
iTraxx SovX APAC	31	1	-1	Gold Spot (\$/oz)	1,474.63	0.22%	-0.66%
iTraxx Japan	54	-1	-7	CRB	178.96	-0.75%	2.42%
iTraxx Australia	57	-1	-4	GSCI	415.38	-0.63%	2.81%
CDX NA IG	53	0	-1	VIX	12.78	-1.69%	-8.71%
CDX NA HY	107	0	-1	CT10 (%)	1.718%	-10.11	-8.18
iTraxx Eur Main	50	0	-1				
iTraxx Eur XO	236	-5	11	AUD/USD	0.679	0.09%	-1.11%
iTraxx Eur Snr Fin	60	-1	2	EUR/USD	1.108	0.49%	-0.66%
iTraxx Eur Sub Fin	125	-1	11	USD/SGD	1.363	-0.05%	-0.12%
iTraxx Sovx WE	13	0	1	AUD/SGD	0.926	-0.13%	0.99%
USD Swap Spread 10Y	-10	-1	-4	ASX 200	6,658	-1.14%	0.09%
USD Swap Spread 30Y	-38	1	-2	DJIA	27,821	0.13%	3.70%
US Libor-OIS Spread	36	0	3	SPX	3,108	0.47%	3.38%
Euro Libor-OIS Spread	5	0	1	MSCI Asiax	653	1.07%	2.78%
				HSI	26,890	1.20%	0.61%
China 5Y CDS	40	0	0	STI	3,230	-0.29%	2.89%
Malaysia 5Y CDS	43	0	-2	KLCI	1,601	0.25%	1.92%
Indonesia 5Y CDS	75	0	-6	JCI	6,155	0.21%	-0.71%
Thailand 5Y CDS	27	1	0	EU Stoxx 50	3,684	-0.42%	2.33%
Australia 5Y CDS	17	1	0				

Source: Bloomberg

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New Issues

- China Overseas Finance (Cayman) VIII Limited (Guarantor : China Overseas Land & Investment Limited) priced a USD294mn 10-year bond at T+140bps, tightening from IPT of T+168bps area.
- Zhuhai Da Heng Qin Investment Co., Ltd. priced a USD450mn 3-year bond at 3.8%, tightening from IPT of 4.3% area.
- AAC Technologies Holdings Inc. priced a USD388mn 5NC3 bond at T+150bps, tightening from IPT of T+175bps area.
- Posco scheduled investor meetings commencing 28 Nov for its proposed USD bond issuance.
- Oil and Natural Gas Corporation Limited scheduled investor meetings commencing 21 Nov for its proposed USD bond issuance.
- Jiangxi Provincial Water Conservancy Investment Group Corp. scheduled investor meetings commencing 21 Nov for its proposed USD green bond issuance.

Date	Issuer	Size	Tenor	Pricing
20-Nov-19	China Overseas Finance (Cayman) VIII Limited	USD294mn	10-year	T+140bps
20-Nov-19	Zhuhai Da Heng Qin Investment Co., Ltd	USD450mn	3-year	3.8%
20-Nov-19	AAC Technologies Holdings Inc	USD388mn	5NC3	T+150bps
19-Nov-19	PCGI Intermediate Holdings (II) Limited	USD250mn	5-year	5.5%
19-Nov-19	China Development Bank Corporation of Hong Kong	USD250mn	SDBC Float '24s	3m-US LIBOR+64bps
19-Nov-19	Housing & Development Board	SGD700mn	5-year	1.75%
18-Nov-19	Agile Group Holdings Limited	USD200mn	NC5.5-year perpetual	7.75%
18-Nov-19	Shaanxi Xixian New Area Fengxi New City Development and Construction (Group) Co., Ltd	USD120mn	3-year	3.5%
18-Nov-19	Korea Expressway Corporation	USD200mn	3-year FRN	3m-US LIBOR+60bps
15-Nov-19	Zhenjiang Cultural Tourism Industry Group Co., Ltd	USD230mn	3-year	7.5%
15-Nov-19	Phoenix Charm International Investment Limited	USD205mn	3-year	7.0%
14-Nov-19	Adani Transmission Limited	USD500mn	16.5-year	4.25%
14-Nov-19	Shanghai Electric Group Global Investment Limited	USD500mn	5-year	T+102.5bps

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