

July 22, 2019

**Credit Headlines: CWT International Limited, CapitaLand Ltd, Industry Outlook – Singapore Property**

## **Market Commentary**

- The SGD swap curve was bullish on Friday, with the shorter tenors and belly traded 1-2bps lower, while the longer tenors traded 1bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 130bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 481bps.
- Flows in SGD corporates were heavy, with flows in CS 5.625%-PERPs, CMZB 4.2%'28s, HSBC 4.7%-PERPs, FIRTSP 5.68%-PERPs and MAPLSP 3.95%-PERPs.
- 10Y USTs gained 3bps to 2.06%, after investors dialled back expectations of a 50bps rate cut in July. Spread between 3-month treasury bills and 10-year treasury notes remains inverted though with the spread narrowing to -1bps.

## **Credit Headlines**

### **CWT International Limited (“CWTI”) | Issuer Profile: Unrated**

- CWTI announced that it has reached an agreement with the lenders of the facility agreement (which CWTI defaulted on) to enter into a supplemental agreement to amend and supplement the original facility agreement. The lenders have agreed to (1) Extend the maturity date of the original loan by 12 months from the utilisation date (expected to be on or before 2 August 2019) and (2) Increase their total commitments to up to HKD1.64bn (original facility agreement amount was HKD1.4bn, excluding interest and fees).
- Additional security will be provided by the immediate shareholders of CWTI and affiliates of the controlling shareholder (i.e.: including from HNA Group related entities).
- CWTI expects that on or around the utilisation date, the enforcement actions including the appointment of receivers shall be terminated and released accordingly. In our view, this includes the potential lifting of receivership at CWT Pte Ltd. There has been no update to the proposed sale process of CWT Pte Ltd [since 10 July 2019](#) and we will continue monitoring the situation. (Company, OCBC)

### **CapitaLand Ltd (“CAPL”) | Issuer Profile: Neutral (3)**

#### **Industry Outlook – Singapore Property**

- CapitaLand Ltd sold 160 units over the weekend launch at One Pearl Bank (previously: Pearl Bank Apartments) for SGD2,400 psf. The selling price is at the [lower end of estimates by consultants](#).
- That said, the take-up rate appears to be healthy as the sold units represent 80% of the 200 units released for sale (or 20.7% of the development's 774 units). Reportedly, 80% of the homebuyers were locals, with one-bedroom and two-bedrooms accounting for 87% of the units sold. As such, we think units targeted at the mass market should continue to do well. (Straits Times, Company, OCBC)

**Table 1: Key Financial Indicators**

	22-Jul	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	63	0	-3
iTraxx SovX APAC	39	0	-3
iTraxx Japan	58	-1	-4
iTraxx Australia	62	0	-2
CDX NA IG	54	1	-2
CDX NA HY	107	0	-1
iTraxx Eur Main	49	1	-5
iTraxx Eur XO	253	10	-4
iTraxx Eur Snr Fin	61	3	-7
iTraxx Sovx WE	15	0	-1
AUD/USD	0.704	0.06%	1.15%
EUR/USD	1.122	-0.36%	-1.59%
USD/SGD	1.361	-0.32%	-0.51%
China 5Y CDS	42	0	-2
Malaysia 5Y CDS	51	0	-7
Indonesia 5Y CDS	85	0	-7
Thailand 5Y CDS	33	1	0

	22-Jul	1W chg	1M chg
Brent Crude Spot (\$/bbl)	63.25	-4.86%	-2.99%
Gold Spot (\$/oz)	1,425.24	0.79%	0.39%
CRB	178.59	-3.13%	0.04%
GSCI	415.92	-4.31%	-1.24%
VIX	14.45	16.63%	-6.17%
CT10 (bp)	2.057%	-3.18	0.29
USD Swap Spread 10Y (bp)	-7	0	0
USD Swap Spread 30Y (bp)	-35	-1	-1
US Libor-OIS Spread (bp)	19	-3	1
Euro Libor-OIS Spread (bp)	7	1	2
DJIA	27,154	-0.65%	1.63%
SPX	2,977	-1.23%	0.89%
MSCI Asiax	654	0.32%	0.68%
HSI	28,765	1.03%	1.02%
STI	3,378	0.61%	1.70%
KLCI	1,658	-0.67%	-1.43%
JCI	6,457	1.31%	2.23%

## New issues:

- Bright Scholar Education Holdings Ltd has scheduled investor meetings commencing on 22 July for its potential USD bond issuance.
- Dexin China Holdings Company Ltd has scheduled investor meetings commencing on 22 July for its potential USD bond issuance.
- Greenko Solar Energy Pvt Ltd has mandated banks for its potential USD bond issuance.

<u>Date</u>		<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
18-Jul-19	FWD Group Ltd	USD250mn	FWDGRP 5.75%'24s	5.5%
18-Jul-19	Jingrui Holdings Ltd	USD260mn	3-year	12.0%
18-Jul-19	Xingsheng (BVI) Company Ltd	USD500mn	3-year	T+160bps
18-Jul-19	China Oil and Gas Group Ltd	USD320mn	3.5NC2	5.7%,
18-Jul-19	REC Ltd	USD650mn	5-year	T+167.5bps
18-Jul-19	Eastern Creation II Investment Holdings Ltd	USD100mn	BEIJHK 2.8%'22s	2.8%
18-Jul-19	Korea Expressway Corporation	USD150mn	3-year	3-month US LIBOR+64bps
17-Jul-19	NWD Finance (BVI) Ltd	USD400mn	NWDEVL 6.25%-PERP	5.9%
17-Jul-19	China Grand Automotive Services Ltd	USD75mn	CHIGRA 8.625%'22s	10.0%
17-Jul-19	Wanda Group Overseas Ltd	USD400mn	3-year	7.875%

Source: OCBC, Bloomberg

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