

### Market Commentary

- The SGD swap was little changed last Friday, with all the tenors traded 0-1bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 128bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 2bps to 527bps.
- Flows in SGD corporates were heavy, with large ticket flows in STTGDC 3.59%'24s. We also saw flows in SINTEC 5.0%-PERPs, STANLN 5.375%-PERPs, UBS 4.85%-PERPs, HSBC 4.7%-PERPs, CWTSP 4.8%'20s and F 4.125%'24s.
- 10Y USTs yields fell 6bps to 1.72%, after the Chinese delegation team cancelled scheduled visits to US farms, raising concerns that a trade deal is unlikely to be made in the near term. Spread between 3-month treasury bills and 10-year treasury notes remains inverted, with the spread widening to -17bps.

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### Credit Summary:

- [Commerzbank AG](#) | **Neutral (4)**: CMZB has announced some key details for its draft strategic programme named "Commerzbank 5.0", including ongoing focus on the Private and Small Business Customers but with an emphasis on technology and investments in digitalisation, IT infrastructure and growth. There's also plans for a head count reduction, and a sale of CMZB's stake in Polish mbank S.A.. The draft strategy has been submitted and will be discussed with the Supervisory Board on 25 and 26 September 2019 before becoming final. We will update when the confirmed strategy is announced. We maintain the Neutral (4) issuer profile on CMZB.
- [National Australia Bank Ltd](#) | **Positive (2)**: NAB has confirmed that new Group Chief Executive Officer and Managing Director Ross McEwan will start 2<sup>nd</sup> December. Mr McEwan has previously worked in senior roles with Commonwealth Bank of Australia and is expecting to lead NAB's transformation program. His experience in turning around Royal Bank of Scotland following the global financial crisis and resolving legacy issues is expected to be beneficial given the short comings highlighted at NAB at the Royal Commission.

## Asian Credit Daily

### Credit Headlines

#### **Commerzbank AG (“CMZB”) | Issuer Profile: Neutral (4)**

- CMZB has announced some key details or ‘cornerstones’ for its draft strategic programme named “Commerzbank 5.0”. Key details include:
  - Ongoing focus on the Private and Small Business Customers segment but with emphasis on technology with total investments of EUR1.6bn. ~EUR750mn is related to investments in digitalisation, IT infrastructure and growth with the rest allocated to restructuring costs associated with the planned closure of 200 branches (around 20% of the current domestic network). Growth investments include the acquisition of the remaining stake in online bank Aktiengesellschaft (“Comdirect”) it does not already own.
  - Net head count reduction of 2,300 comprised a 4,300 reduction and the creation of 2,000 positions in strategic area.
  - Sale of CMZB’s stake in Polish mbank S.A. which would provide resources to implement the draft strategy and also reduce risk weighted assets.
- The draft strategy has been submitted and will be discussed with the Supervisory Board on 25 and 26 September 2019 before becoming final. We will update when the confirmed strategy is announced. We maintain the Neutral (4) issuer profile on CMZB. (OCBC, Bloomberg)

#### **National Australia Bank Ltd (“NAB”) | Issuer Profile: Positive (2)**

- NAB has confirmed that new Group Chief Executive Officer and Managing Director Ross McEwan will start December 2 after his current employer Royal Bank of Scotland appointed Alison Rose as his replacement. Mr McEwan’s appointment was previously announced in mid-July.
- Mr McEwan has previously worked in senior roles with Commonwealth Bank of Australia and is expecting to lead NAB’s transformation program which is influenced by industry developments and outcomes from the Royal Commission on misconduct in the Banking industry. His experience in turning around Royal Bank of Scotland following the global financial crisis and resolving legacy issues is expected to be beneficial given the short comings highlighted at NAB at the Royal Commission. (OCBC, Company)

## Key Market Movements

	23-Sep	1W chg (bps)	1M chg (bps)		23-Sep	1W chg	1M chg
iTraxx Asiax IG	72	16	4	Brent Crude Spot (\$/bbl)	65.17	-5.58%	9.82%
iTraxx SovX APAC	35	0	-7	Gold Spot (\$/oz)	1,515.55	1.14%	-0.75%
iTraxx Japan	62	8	1	CRB	177.34	1.46%	5.18%
iTraxx Australia	65	7	1	GSCI	417.41	3.36%	6.12%
CDX NA IG	60	9	1	VIX	15.32	11.50%	-22.90%
CDX NA HY	107	0	2	CT10 (%)	1.722%	-17.43	16.60
iTraxx Eur Main	55	8	2				
iTraxx Eur XO	216	-28	-54	AUD/USD	0.677	-1.35%	0.24%
iTraxx Eur Snr Fin	63	6	-1	EUR/USD	1.102	0.19%	-1.09%
iTraxx Eur Sub Fin	137	18	-6	USD/SGD	1.377	-0.07%	0.76%
iTraxx Sovx WE	14	-1	-4	AUD/SGD	0.932	1.31%	0.54%
USD Swap Spread 10Y	-12	0	-2	ASX 200	6,764	1.36%	3.69%
USD Swap Spread 30Y	-42	0	-2	DJIA	26,935	-1.05%	5.10%
US Libor-OIS Spread	34	4	6	SPX	2,992	-0.51%	5.09%
Euro Libor-OIS Spread	5	0	-1	MSCI Asiax	630	-0.54%	4.04%
China 5Y CDS	45	6	-6	HSI	26,464	-2.44%	1.09%
Malaysia 5Y CDS	48	5	-7	STI	3,158	-1.43%	1.54%
Indonesia 5Y CDS	87	10	-7	KLCI	1,594	-0.42%	-0.92%
Thailand 5Y CDS	29	2	-1	JCI	6,231	-1.63%	-0.39%
Australia 5Y CDS	0	0	-4	EU Stoxx 50	3,571	0.60%	7.11%

Source: Bloomberg

### New Issues

- Skyfame Realty (Holdings) Ltd has priced a USD100mn re-tap of its existing SKYFAM 13.0%'22s at 12.98%.
- Kasikornbank PCL has scheduled investor calls commencing on 20 Sep for its potential USD Tier 2 bond issuance.
- Beijing Haiguo Xintai Investment Holding Center has scheduled investor calls commencing on 20 Sep for its proposed USD bond issuance.
- Shengzhou Investment Holdings Co., Ltd has scheduled investor meetings commencing on 23 Sep for its proposed USD bond issuance.

Date	Issuer	Size	Tenor	Pricing
20-Sep-19	Skyfame Realty (Holdings) Ltd	USD100mn	SKYFAM 13.0%'22s	12.98%
19-Sep-19	Greenland Global Investment Ltd	USD500mn	4-year	6.75%
19-Sep-19	Chongqing International Logistics Hub Park Construction Co., Ltd	USD500mn	5-year	4.3%
19-Sep-19	Xi'An Qujiang Culture Holdings Co., Ltd	USD200mn	2-year	6.0%
19-Sep-19	Zhongliang Holdings Group Co. Ltd	USD200mn	3-year	11.5%
19-Sep-19	Hilong Holding Ltd	USD200mn	3-year	8.25%
19-Sep-19	STT GDC Pte Ltd	SGD225mn	3-year	3.59%
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%

Source: OCBC, Bloomberg

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