

### Market Commentary

- The SGD swap curve bear-flattened last Friday, with the shorter tenors traded 1-3bps higher, while the longer tenors (>5yr) traded 0-1bps higher.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 136bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 9bps to 557bps.
- Flows in SGD corporates were heavy, with large ticket flows in UOBSP 3.58%-PERPs. We also saw flows in KITSP 4.75%-PERPs, CS 5.625%-PERPs, FPLSP 4.98%-PERPs, UOBSP 3.5%'29s and DBSSP 3.98%-PERPs.
- 10Y USTs fell 8bps to close at 1.54% after the US-China trade war escalated once again, with China announcing additional tariffs on US imports. US President Donald Trump subsequently announced that existing tariffs on Chinese imports will rise. The spread between 3-month treasury bills and 10-year treasury notes remains inverted, with the spread widening to -46bps.

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### Credit Summary:

- [GuocoLand Ltd](#) | **Neutral (5)**: GUOL reported 4QFY2019 results for the quarter ended 30 Jun. Revenue increased 81% y/y to SGD323.5mn. For the full year FY2019, revenue fell 19% y/y to SGD927.0mn. We calculate that EBITDA for FY2019 fell 20.8% y/y to SGD219.4mn. Net gearing increased q/q to 79% , while FY2019 EBITDA/Interest fell to 2.0x and net debt to EBITDA rose to 16.7x. We note that liquidity remains ample with SGD823.7mn of cash well covering SGD285.4mn of current borrowings. We continue to maintain GUOL at a Neutral (5) Issuer Profile.
- [National Australia Bank Ltd](#) | **Positive (2)**: The Australian Securities and Investments Commission ("ASIC") has commenced proceedings in Australia's Federal Courts against NAB for breaches of the National Credit Act. The breaches occurred between September 2013 and July 2016 and relate to 297 loans. According to ASIC, the maximum penalty for each breach is AUD1.7-1.8mn meaning that a potential maximum fine would be around AUD500-550mn. NAB ended this program in March and has set up a remediation program to compensate affected customers. We will monitor developments in this case as well as others that are expected to be announced.

## Asian Credit Daily

### Credit Headlines

#### GuocoLand Ltd (“GUOL”) | Issuer Profile: Neutral (5)

- GUOL reported 4QFY2019 results for the quarter ended 30 Jun. Revenue increased 81% y/y to SGD323.5mn, mainly due to progressive revenue recognition of residential projects in Singapore and Malaysia. According to URA caveats, in the quarter, GUOL moved 3 units worth SGD10.1mn at Wallich Residence and 9 units worth SGD21.9mn at Martin Modern.
- For the full year FY2019, revenue fell 19% y/y to SGD927.0mn mainly due to lower inventory of completed unsold units (prior year contributions included Leedon Residence). We calculate that EBITDA for FY2019 fell 20.8% y/y to SGD219.4mn, mainly due to decline in reported EBITDA of GuocoLand Singapore (-13.8% y/y to SGD384.0mn).
- Net gearing increased q/q to 79% (3QFY2019: 75%), mainly due to cash outflows which includes SGD90.6mn for a JV project in Singapore and SGD223.7mn for the payment of land acquisition. While for FY2019 EBITDA/Interest fell to 2.0x (FY2018: 2.3x) and net debt to EBITDA rose to 16.7x (FY2018: 14.6x), we note that liquidity remains ample with SGD823.7mn of cash well covering SGD285.4mn of current borrowings. We continue to maintain GUOL at a Neutral (5) Issuer Profile. (Company, OCBC)

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

- The Australian Securities and Investments Commission (“ASIC”) has commenced proceedings in Australia’s Federal Courts against NAB for breaches of the National Credit Act. Specifically, the breaches relate to NAB’s Introducer Program which used third party referrals to NAB bankers for consumer loan applications.
- The breaches occurred between September 2013 and July 2016 and relate to 297 loans. During this time, NAB received the consumer loan applications from introducers that were not licensed to engage in credit activity. The original intent of the program was for financially experienced professionals (accountants or financial advisors) to introduce names of borrowers only for NAB to conduct appropriate due diligence and not to submit loan applications on applicants behalf. The other contention is the information on some of the loan applications were fictitious with the incentives given to introducers and bank system failings potentially exposing consumers to loans they may not eventually be able to service.
- According to ASIC, the maximum penalty for each breach is AUD1.7-1.8mn meaning that a potential maximum fine would be around AUD500-550mn. NAB ended this program in March and has set up a remediation program to compensate affected customers.
- This action represents the first case against a bank since the release of the final report from the Royal Commission on misconduct in the Banking industry. We will monitor developments in this case as well as others that are expected to be announced. (OCBC, Company)

## Key Market Movements

	26-Aug	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	67	1	10
iTraxx SovX APAC	42	0	5
iTraxx Japan	61	-1	6
iTraxx Australia	64	-2	5
CDX NA IG	59	3	8
CDX NA HY	106	-1	-2
iTraxx Eur Main	53	2	5
iTraxx Eur XO	270	0	28
iTraxx Eur Snr Fin	64	0	6
iTraxx Sovx WE	18	-1	2
USD Swap Spread 10Y	-9	1	-1
USD Swap Spread 30Y	-40	1	-4
US Libor-OIS Spread	28	2	7
Euro Libor-OIS Spread	6	1	1
China 5Y CDS	50	1	11
Malaysia 5Y CDS	55	0	8
Indonesia 5Y CDS	94	0	16
Thailand 5Y CDS	31	-1	-1

	26-Aug	1W chg	1M chg
Brent Crude Spot (\$/bbl)	58.53	-2.03%	-7.77%
Gold Spot (\$/oz)	1,545.33	3.30%	8.91%
CRB	168.61	-1.05%	-4.83%
GSCI	393.36	-0.64%	-5.60%
VIX	19.87	7.58%	63.40%
CT10 (%)	1.481%	-12.51	-58.91
AUD/USD	0.673	-0.52%	-2.63%
EUR/USD	1.114	0.58%	0.13%
USD/SGD	1.390	-0.21%	-1.43%
DJIA	25,629	-0.99%	-5.75%
SPX	2,847	-1.44%	-5.91%
MSCI Asiax	606	-0.66%	-6.66%
HSI	26,179	1.73%	-7.81%
STI	3,110	-0.58%	-7.53%
KLCI	1,609	0.81%	-2.34%
JCI	6,256	-0.49%	-1.10%

Source: Bloomberg

### New Issues

- SPH REIT Management Pte. Ltd (in its capacity as manager of SPH REIT) has priced a SGD300mn NC5-Perpetual bond at 4.1%, tightening from IPT of 4.3% area.

Date	Issuer	Size	Tenor	Pricing
23-Aug-19	SPH REIT Management Pte. Ltd	SGD300mn	NC5-Perpetual	4.1%
22-Aug-19	CapitaLand Treasury Limited	SGD800mn	10-year	3.15%
21-Aug-19	Yanlord Land (HK) Co., Ltd	USD400mn	4.5NC2.5	6.8%
20-Aug-19	Singtel Group Treasury Pte. Ltd	USD750mn	10-year	T+90bps
19-Aug-19	Haichuan International Investment Co., Ltd	USD180mn	FANGYA 7.5%'21s	7.5%
16-Aug-19	Fujian Zhanglong Group Co., Ltd	USD500mn	3-year	6.15%
15-Aug-19	Qingdao Jimo District Urban Development Investment Co. Ltd	USD300mn	3-year	4.9%
15-Aug-19	Hanhui International Ltd	USD300mn	3-year	4.37%
14-Aug-19	Greenko Mauritius Ltd	USD350mn	3.5NC1.5	6.25%
13-Aug-19	Orient Securities Co., Ltd	USD300mn	3-year FRN	6M-US LIBOR+125bps
13-Aug-19	Zhenro Properties Group Ltd	USD110mn	ZHPRHK 9.15%'22s	8.55%
9-Aug-19	Excellence Commercial Management Ltd	USD150mn	3-year	6.8%
8-Aug-19	Dongxing Voyage Co. Ltd	USD400mn	5-year	T+180bps
8-Aug-19	Changde Economic Construction Investment Group Co., Ltd	USD200mn	3-year	6.6%
1-Aug-19	Central China Real Estate Ltd	USD300mn	3NC2	7.25%
1-Aug-19	Sinopec Group Overseas Development (2018) Ltd	USD800mn USD700mn USD500mn	5-year 10-year 30-year	T+88bps T+110bps 3.68%

Source: OCBC, Bloomberg

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