

### Market Commentary

- The SGD swap curve bull-flattened yesterday, with the shorter tenors traded 3-6bps lower, while the longer tenors (>5yr) traded 6-7bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 136bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 4bps to 561bps.
- Flows in SGD corporates were heavy, with large ticket flows in SPHRSP 4.1%-PERPs, SPHSP 4.1%-PERPs, CAPLSP 3.15%'29s, UOBSP 3.58%-PERPs, HSBC 4.7%-PERPs and FPLSP 4.98%-PERPs. We also saw flows in STANLN 5.375%-PERPs, F 4.125%'24s, SPHSP 4.5%-PERPs, TMGSP 4.8%'22s, WINGTA 4.35%-PERPs, GUOLSP 4.6%-PERPs and DBSSP 3.98%-PERPs.
- 10Y USTs closed unchanged at 1.54%, after rebounding from a three-year low of 1.443%, after trade worries were somewhat subsided as both the US and Chinese leaders signalled willingness to make a trade deal. Spread between the 2-year treasury notes and 10-year treasury notes has inverted again, albeit only at -0.4bps, while the spread between 3-month treasury bills and 10-year treasury notes remains inverted, with the spread narrowing to -40bps.

### Credit Summary:

- **[Credit Suisse Group AG](#) | Neutral (4):** CS has announced a reorganization of its Swiss Universal Bank division (“SUB”). The Swiss Universal Bank provides the broadest range of services through its Private Clients business and Corporate & Institutional Clients business which serves individual and business clients respectively located in Switzerland. Retail and commercial clients will be organized under a new ‘Direct Banking’ business area with a focus on core banking products and services. As for SUB’s Corporate & Institutional Clients business, the investment banking unit will be managed as a separate business area to provide services to more clients both within and outside of SUB. These changes appear consistent with CS’s credit trajectory – as we mentioned in our [Singapore Mid-Year 2019 Credit Outlook](#), CS is better positioned going forward following the completion of its three year restructuring program that commenced in October 2015 and the changes in CS’s SBU reflect management’s next stage in its improvement.

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**Asian Credit Daily****Credit Headlines****Credit Suisse Group AG (“CS”) | Issuer Profile: Neutral (4)**

- CS has announced a reorganisation of its Swiss Universal Bank division (“SUB”). This division focuses on CS’s home market which it views as a key strength of its business offerings given Switzerland’s strong operating environment. The Swiss Universal Bank provides the broadest range of services through its Private Clients business and Corporate & Institutional Clients business which serves individual (Private, Wealth Management and Premium Clients) and business clients (Corporate & Investment Banking as well as Institutional Clients) respectively located in Switzerland.
- CS’s contemplated changes are to address shifting industry dynamics and improve its relatively low market share in Swiss retail banking and younger clients. Retail and commercial clients will be organized under a new ‘Direct Banking’ business area from 1 September 2019 with a focus on core banking products and services and additional significant investment in digitisation, client advisory and marketing over the next three years. These investments are expected to be funded internally according to management and are expected to result in a “needs-oriented product and service offering” that will combine digital solutions and higher interaction with personal advice.
- As for SUB’s Corporate & Institutional Clients business, the investment banking unit will be managed as a separate business area to provide services to more clients both within and outside of SUB while CS is expanding its advisory teams for Wealth Management and Premium clients as well as in its Corporate Banking and Institutional business areas.
- These changes appear consistent with CS’s credit trajectory – as we mentioned in our [Singapore Mid-Year 2019 Credit Outlook](#), CS is better positioned going forward following the completion of its three year restructuring program that commenced in October 2015 and the changes in CS’s SBU reflect management’s next stage in its improvement. This restructuring appears to be driven more from an improved position compared to 2015 rather than a weakened one with medium term financial goals for the SBU division remaining.
- CS’s Swiss Universal Bank division is one of three regionally focused divisions along with (1) International Wealth Management which provides Private Banking and Asset Management services to private clients, asset managers, governments and corporates in Europe, the Middle East, Africa and Latin America; and (2) the Asia Pacific division which services high net worth individuals, corporates and institutional clients through its Private Banking and Investment Banking businesses. Supporting CS’s regional divisions are more global scale businesses in Global Markets (sales, trading and execution, prime brokerage and comprehensive investment research on equities, solutions and credit) and Investment Banking & Capital Markets (mergers & acquisitions, equity underwriting, and leveraged finance). (Company, OCBC)

## Asian Credit Daily

### Key Market Movements

	27-Aug	1W chg (bps)	1M chg (bps)		27-Aug	1W chg	1M chg
iTraxx Asiax IG	66	0	8	Brent Crude Spot (\$/bbl)	58.90	-1.88%	-7.19%
iTraxx SovX APAC	42	0	5	Gold Spot (\$/oz)	1,528.80	1.43%	7.15%
iTraxx Japan	63	2	8	CRB	168.91	-1.09%	-4.66%
iTraxx Australia	66	1	8	GSCI	392.51	-1.71%	-5.80%
CDX NA IG	56	0	3	VIX	19.32	14.45%	58.88%
CDX NA HY	106	0	-2	CT10 (%)	1.525%	-3.06	-54.54
iTraxx Eur Main	53	0	3				
				AUD/USD	0.677	-0.09%	-1.88%
iTraxx Eur XO	269	-4	22	EUR/USD	1.110	0.04%	-0.37%
iTraxx Eur Snr Fin	65	-1	3	USD/SGD	1.388	-0.24%	-1.29%
iTraxx Sovx WE	18	-1	2				
				DJIA	25,899	-0.91%	-4.76%
USD Swap Spread 10Y	-8	2	0	SPX	2,878	-1.55%	-4.87%
USD Swap Spread 30Y	-39	1	-2	MSCI Asiax	598	-2.11%	-7.92%
US Libor-OIS Spread	27	1	6	HSI	25,680	-2.33%	-9.57%
Euro Libor-OIS Spread	6	1	1	STI	3,065	-2.25%	-8.87%
China 5Y CDS	49	1	9	KLCI	1,601	-0.14%	-2.88%
Malaysia 5Y CDS	54	1	7	JCI	6,215	-1.31%	-1.75%
Indonesia 5Y CDS	93	0	16				
Thailand 5Y CDS	31	0	0				

Source: Bloomberg

### New Issues

- Ascott Residence Trust has priced a SGD150mn NC5-Perpetual bond at 3.88%, tightening from IPT of 4.125% area.
- Suzhou City Construction Investment Group (Holding) Co., Ltd has scheduled investor meetings commencing on 27 Aug for its potential USD bond issuance.

Date	Issuer	Size	Tenor	Pricing
26-Aug-19	Ascott Residence Trust	SGD150mn	NC5-Perpetual	3.88%
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	Change Economic Construction Investment Group Co., Ltd	USD200mn	3-year	6.6%
1-Aug-19	Central China Real Estate Ltd	USD300mn	3NC2	7.25%

Source: OCBC, Bloomberg

# Treasury Research & Strategy

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