

June 27, 2019

Credit Headlines: Frasers Commercial Trust

Market Commentary

- The SGD swap curve bear-flattened yesterday, with the shorter tenors and belly trading 1-2bps higher, while the longer tenors traded 1bps higher.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 134bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 6 bps to 488bps.
- Flows in SGD corporates were heavy, with flows in SOCGEN 6.125%-PERPs, FPLSP 4.98%-PERPs, HSBC 4.7%-PERPs, DBSSP 3.98%-PERPs, FPLSP 4.38%-PERPs, UBS 5.875%-PERPs, CMZB 4.2%'28s, UOBSP 4.0%-PERPs, OCBCSP 4.0%-PERPs, HSBC 5.0%-PERPs, and MAPLSP 3.95%-PERPs.
- 10Y UST yields gained 6bps to 2.05%, after US Treasury Secretary Steven Mnuchin was quoted as saying that the trade deal between the US and China is about 90% complete, alleviating concerns about ongoing trade tensions and moderating expectations of the magnitude of rate cuts. Spread between 3-month treasury bills and 10-year treasury notes continued to be inverted, with the spread narrower at -8bps.

Credit Headlines

Frasers Commercial Trust (“FCOT”) | Issuer Profile: Neutral (4)

- FCOT has declined the opportunity to acquire a 50% interest in Frasers Tower (a 38 storey Grade A commercial development located in Tanjong Pagar, Singapore) from its parent Frasers Property Ltd under the right of first refusal (“ROFR”) agreement.
- FCOT cited the reason that the opportunity would not be accretive to the distribution per unit of FCOT. FCOT continues to have the ROFR to the balance 50% interest FPL has in the property after the sale. (OCBC, Company)

Table 1: Key Financial Indicators

	27-Jun	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	66	2	-8
iTraxx SovX APAC	42	0	-7
iTraxx Japan	64	-1	0
iTraxx Australia	65	3	-8
CDX NA IG	57	3	-7
CDX NA HY	107	-1	1
iTraxx Eur Main	55	1	-13
iTraxx Eur XO	264	11	-29
iTraxx Eur Snr Fin	67	-1	-20
iTraxx Sovx WE	17	0	-1
AUD/USD	0.700	1.07%	1.14%
EUR/USD	1.137	0.69%	1.58%
USD/SGD	1.355	0.13%	1.53%
China 5Y CDS	45	4	-8
Malaysia 5Y CDS	56	-1	-11
Indonesia 5Y CDS	92	3	-16
Thailand 5Y CDS	33	0	-3

	27-Jun	1W chg	1M chg
Brent Crude Spot (\$/bbl)	66.23	2.76%	-5.53%
Gold Spot (\$/oz)	1,408.24	1.43%	9.56%
CRB	182.36	3.95%	2.09%
GSCI	430.87	5.48%	0.88%
VIX	16.21	13.12%	2.27%
CT10 (bp)	2.047%	1.84	-27.34
USD Swap Spread 10Y (bp)	-7	-1	-2
USD Swap Spread 30Y (bp)	-34	-2	-6
US Libor-OIS Spread (bp)	17	0	1
Euro Libor-OIS Spread (bp)	5	-1	0
DJIA	26,537	0.12%	3.72%
SPX	2,914	-0.43%	3.10%
MSCI Asiax	647	-0.56%	5.02%
HSI	28,345	-0.72%	3.87%
STI	3,314	-0.02%	4.52%
KLCI	1,674	-0.10%	4.52%
JCI	6,310	-0.45%	3.47%

New issues:

- Qingdao Jiaozhou Bay Development Group Co., Ltd has priced a USD300mn 3-year bond at 5.8%, tightening from IPT of 6.25% area.
- Gansu Provincial Highway Aviation Tourism Investment Group Co., Ltd has priced a USD300mn 3-year bond at 3.95%, tightening from IPT of 4.35% area.
- Adani Ports and Special Economic Zone Ltd has priced a USD750mn 10-year bond at T+237.5bps, tightening from IPT of T+265bps area.
- Weibo Corporation has priced a USD800mn 5-year bond at T+172.5bps, tightening from IPT of T+195bps area.
- Liuzhou Dongtong Investment & Development Co., Ltd has priced a USD40mn re-tap of its existing LZDTID 7.0%'22s bond at 7.0%, in line with final guidance.
- New Momentum International Ltd (guarantor: GoHo Asset Management Co., Ltd) has priced a USD100mn 2-year bond at 9.5%, tightening from IPT of 10.0% area.
- Celestial Miles Ltd (guarantor: NWS Holdings Ltd) has priced a USD1.3bn NC4.5-perpetual bond at 5.75%.

<u>Date</u>		<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
26-Jun-19	Qingdao Jiaozhou Bay Development Group Co., Ltd	USD300mn	3-year	5.8%
26-Jun-19	Gansu Provincial Highway Aviation Tourism Investment Group Co. Ltd	USD300mn	3-year	3.95%
26-Jun-19	Adani Ports and Special Economic Zone Ltd	USD750mn	10-year	T+237.5bps
26-Jun-19	Weibo Corporation	USD800mn	5-year	T+172.5bps
26-Jun-19	Liuzhou Dongtong Investment & Development Co., Ltd	USD40mn	LZDTID 7.0%'22s	7.0%
26-Jun-19	New Momentum International Ltd	USD100mn	2-year	9.5%
26-Jun-19	Celestial Miles Ltd	USD1.3bn	NC4.5-perpetual	5.75%
25-Jun-19	Standard Chartered PLC	SGD750mn	NC5.25-perpetual	5.375%
25-Jun-19	Kookmin Bank	USD500mn	NC5-perpetual	4.35%
25-Jun-19	Qingdao Jiaozhouwan Development Co., Ltd	USD300mn	3-year	5.8%

Source: OCBC, Bloomberg

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