

Market Commentary

- The SGD swap curve traded slightly higher yesterday with tenors around 0-1bps higher across the curve.
- Flows in SGD corporates were somewhat heavy, with ticket flows in CAPLSP 3.65%-PERPs, SOCGEN 6.125%-PERPs and FPLSP 4.38%-PERPs.
- The Bloomberg Barclays Asia USD IG and HY Bond Indices were unchanged yesterday while 10Y UST Yields were also unchanged due to the Thanksgiving holiday.

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Credit Summary:

- [Westpac Banking Corporation \(“WSTP”\)](#) | **Issuer Profile: Positive (2)** : This week has been about seeking a balance between accountability for what’s happened and ensuring stability for the way forward. With CEO Brian Hartzler stepping down, Chairman Lindsay Maxsted bringing forward his planned 2020 departure to the first half of next year, and the appointment of current CFO Peter King as interim CEO, both objectives appear to have been achieved, at least in the short term. We published a [credit update on Westpac](#) earlier this week and recent developments reinforce our view of a destabilizing period ahead that may put pressure on spreads for Westpac’s capital instruments.

Asian Credit Daily**Credit Headlines****Westpac Banking Corporation (“WSTP”) | Issuer Profile: Positive (2)**

- As a follow up to recent developments regarding [last week's news](#) of proceedings by Australia's financial crimes intelligence agency ('AUSTRAC') for alleged systemic breaches under the Anti-Money Laundering and Counter-Terrorism Financing Act, this week has been about seeking a balance between accountability for what's happened and ensuring stability for the way forward.
- With CEO Brian Hartzler stepping down, Chairman Lindsay Maxsted bringing forward his planned 2020 departure to the first half of next year, and the appointment of current CFO Peter King as interim CEO, both objectives appear to have been achieved, at least in the short term. Institutional investors also appear to be somewhat satisfied with recent actions thus far (Chair of the risk and compliance committee Ewen Crouch also announced he would not seek re-election to the board in the upcoming annual general meeting on December 12) although continue to watch developments.
- Westpac has announced that it has hired IBM subsidiary Promontory as the independent expert to review the breaches. In addition, following discussions with the Australian Securities and Investments Commission (“ASIC”), Westpac has announced that it will give retail shareholders who subscribed for AUD500mn of the bank's recent AUD2.5bn capital raising the option of cancelling their participation. This may not halt ASIC looking into whether Westpac breached any disclosure obligations during the capital raising.
- We published a [credit update on Westpac](#) earlier this week and recent developments reinforce our view of a destabilizing period ahead that may put pressure on spreads for Westpac's capital instruments. It's current CET1 ratio at 10.7% remains above the Australian Prudential Regulation Authority's minimum 10.5% CET1 benchmark for 'unquestionably strong' capital ratios in Australia's banking sector (comes into force January 2020), however with the spectre of material fines, a spike in compliance investment and rising capital requirements we expect additional capital raising activities to ensure sufficient capital buffers against future minimum requirements. (Bloomberg, AFR, OCBC)

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Key Market Movements

	29-Nov	1W chg (bps)	1M chg (bps)		28-Nov	1W chg	1M chg
iTraxx Asiax IG	65	-1	-1	Brent Crude Spot (\$/bbl)	63.73	0.54%	3.47%
iTraxx SovX APAC	30	0	1	Gold Spot (\$/oz)	1,457.09	-0.33%	-2.06%
iTraxx Japan	53	-1	-6	CRB	180.35	0.77%	1.16%
iTraxx Australia	56	-2	-3	GSCI	420.34	1.19%	1.52%
CDX NA IG	49	-2	-5	VIX	11.75	-8.06%	-10.37%
CDX NA HY	108	1	0	CT10 (%)	1.769%	-0.17	-6.96
iTraxx Eur Main	48	-2	-3				
iTraxx Eur XO	222	-12	-10	AUD/USD	0.677	-0.29%	-1.44%
iTraxx Eur Snr Fin	57	-3	-2	EUR/USD	1.101	-0.09%	-0.91%
iTraxx Eur Sub Fin	120	-6	0	USD/SGD	1.366	-0.12%	-0.26%
iTraxx Sovx WE	13	0	1	AUD/SGD	0.924	0.16%	1.18%
USD Swap Spread 10Y	-8	2	1	ASX 200	6,868	2.36%	1.82%
USD Swap Spread 30Y	-34	4	5	DJIA	28,164	1.23%	3.96%
US Libor-OIS Spread	36	-1	0	SPX	3,154	1.45%	3.76%
Euro Libor-OIS Spread	5	0	1	MSCI Asiax	656	1.17%	1.90%
China 5Y CDS	39	-2	1	HSI	26,444	-0.57%	-1.28%
Malaysia 5Y CDS	42	-1	0	STI	3,186	-1.24%	-0.35%
Indonesia 5Y CDS	74	-1	-1	KLCI	1,581	-1.01%	0.19%
Thailand 5Y CDS	27	0	1	JCI	5,979	-1.98%	-4.81%
Australia 5Y CDS	18	0	1	EU Stoxx 50	3,704	0.67%	2.27%

Source: Bloomberg

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New Issues

- Bengbu Gaoxin Investment Group Co., Ltd (Standby Letter of Credit Provider: Industrial Bank Co., Ltd. Hefei Branch) priced a USD100mn 3-year bond at 3.60%.
- Tianfeng Securities Co. Ltd priced a USD200mn 3NC1 bond at 4.30%, tightening from IPT of 5.0% area.

Date	Issuer	Size	Tenor	Pricing
28-Nov-19	Bengbu Gaoxin Investment Group Co., Ltd	USD100mn	3-year	3.60%
28-Nov-19	Tianfeng Securities Co. Ltd	USD200mn	3NC1	4.30%
27-Nov-19	Bank of China Group Investment Ltd	USD600mn	5-year	2.50%
27-Nov-19	Wanda Properties Overseas Limited	USD400mn	3-year	6.95%
27-Nov-19	Geely Automobile Holdings Limited	USD500mn	NC5-Perpetual	4.00%
27-Nov-19	Oil and Natural Gas Corp	USD300mn	10-year	T+170bps
26-Nov-19	PTTEP Treasury Center Co.	USD650mn	40-year	T+172.5bps
26-Nov-19	The Ministry of Finance of the People's Republic of China	USD1.5bn USD2.0bn USD2.0bn USD500mn	3-year 5-year 10-year 20-year	T+35bps T+40bps T+50bps T+70bps
26-Nov-19	Yichun Development Investment HaiTong Co., Ltd	USD300mn	3-year	4.2%
26-Nov-19	AC Energy Finance International Ltd	USD400mn	NC3-Perpetual	5.65%
26-Nov-19	Melco Resorts Finance Ltd (MPEL)	USD900mn	10NC5	5.375%
25-Nov-19	China State Construction Finance (Cayman) III Limited	USD500mn	NC5-Perpetual	T+241bps
25-Nov-19	TMB Bank Public Company Limited	USD400mn	NC5-Perpetual	4.9%

Source: OCBC, Bloomberg

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