

### Market Commentary

- The SGD swap curve bull-flattened yesterday, with the shorter tenors traded 0-3bps lower, while the belly and longer tenors broadly traded above 3bps higher (with the exception of the 7yr and 12yr rates).
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 2bps to 138bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 48bps to 557bps.
- Flows in SGD corporates were light, with flows in STANLN 5.375%-PERPs.
- 10Y USTs continue to fall with yields down 7bps to close at 1.53% as weak September ISM services data drove concerns about the U.S. economy ahead of the U.S. jobs report due Friday. The spread between 3-month treasury bills and 10-year treasury notes widened to -17bps and remains inverted.

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### Credit Summary:

- [Ascendas Real Estate Investment Trust \("AREIT"\)](#) | Issuer Profile: **Neutral (3)**: AREIT bought a yet-to-be constructed suburban office building in Melbourne for AUD110.9mn (~SGD104.4mn).

## Asian Credit Daily

### Credit Headlines

#### **Ascendas Real Estate Investment Trust (“AREIT”) | Issuer Profile: Neutral (3)**

- AREIT announced that it has bought a yet-to-be constructed suburban office building in Melbourne for AUD110.9mn (~SGD104.4mn). Transaction cost is estimated at AUD1.3mn (~SGD1.2mn), including stamp duty, professional advisory fees and acquisition fees.
- While the building has not been constructed, ~65% of the space has been pre-committed for 10 years to Nissan Motor Co. (Australia) Pty Ltd upon completion while the vendor will provide a 3 year rental guarantee for the remaining vacant space.
- The building is targeted to be completed in the second quarter of 2020. The purchase consideration comprises of freehold land and development cost.
- While we take a dimmer view over asset purchases with rental guarantee (increases upfront amount paid to vendor and heightens risk of future downward revaluation), this transaction is small against AREIT’s total asset of SGD12.0bn as at 30 June 2019. We estimate unadjusted aggregate leverage to rise marginally to ~38% (30 June 2019: 37.2%). (Company, OCBC)

## Asian Credit Daily

### Key Market Movements

	04-Oct	1W chg (bps)	1M chg (bps)		04-Oct	1W chg	1M chg
iTraxx Asiax IG	79	3	18	<b>Brent Crude Spot (\$/bbl)</b>	57.78	-6.67%	-4.81%
iTraxx SovX APAC	37	1	-2	<b>Gold Spot (\$/oz)</b>	1,507.45	0.70%	-2.90%
iTraxx Japan	64	1	4	<b>CRB</b>	173.41	-1.60%	0.41%
iTraxx Australia	69	2	7	<b>GSCI</b>	397.36	-3.41%	-1.58%
CDX NA IG	63	1	9	<b>VIX</b>	19.12	18.98%	10.33%
CDX NA HY	106	-1	-1	<b>CT10 (%)</b>	1.538%	-14.25	7.19
iTraxx Eur Main	60	3	10				
iTraxx Eur XO	253	20	-2	<b>AUD/USD</b>	0.676	-0.13%	-0.62%
iTraxx Eur Snr Fin	69	3	8	<b>EUR/USD</b>	1.098	0.37%	-0.50%
iTraxx Eur Sub Fin	146	3	6	<b>USD/SGD</b>	1.379	0.17%	0.37%
iTraxx Sovx WE	13	0	-2	<b>AUD/SGD</b>	0.932	0.31%	1.00%
<b>USD Swap Spread 10Y</b>	-10	2	2	<b>ASX 200</b>	6,503	-3.18%	-0.77%
<b>USD Swap Spread 30Y</b>	-40	1	2	<b>DJIA</b>	26,201	-2.57%	-0.59%
<b>US Libor-OIS Spread</b>	40	7	9	<b>SPX</b>	2,911	-2.25%	-0.92%
<b>Euro Libor-OIS Spread</b>	4	-1	-2	<b>MSCI Asiax</b>	615	-0.28%	0.13%
				<b>HSI</b>	26,110	0.64%	-1.56%
<b>China 5Y CDS</b>	49	0	6	<b>STI</b>	3,088	-1.20%	-1.36%
<b>Malaysia 5Y CDS</b>	54	1	6	<b>KLCI</b>	1,564	-1.26%	-2.24%
<b>Indonesia 5Y CDS</b>	94	3	10	<b>JCI</b>	6,039	-3.08%	-3.69%
<b>Thailand 5Y CDS</b>	30	0	1	<b>EU Stoxx 50</b>	3,417	-3.25%	-0.97%
<b>Australia 5Y CDS</b>	20	0	2				

Source: Bloomberg

## Asian Credit Daily

### New Issues

- Adani Renewable Energy (RJ) Limited, Kodangal Solar Parks Private Limited and Wardha Solar (Maharashtra) Private Limited (all subsidiaries of Adani Green Energy Limited) co-issued and co-guaranteed a USD362.5mn 20 year (average life of 13.47yrs) sinkable green bond at 4.625%, tightening from IPT of 5% area.

Date	Issuer	Size	Tenor	Pricing
03-Oct-19	Adani Renewable Energy (RJ) Ltd Kodangal Solar Parks Pte Ltd Wardha Solar (Maharashtra) Pte Ltd	USD362.5mn	20-year	4.625%
27-Sep-19	Zhongliang Holdings Group Co. Ltd	USD100mn	ZHLGHD 11.5%'21s	11.75%
27-Sep-19	Hongkong Ideal Investment Ltd	USD100mn	3NP2	14.75%
26-Sep-19	BOC Aviation Ltd	USD150mn	BOCAVI 3.0%'29s	T+150bps
26-Sep-19	Li & Fung Ltd	USD400mn	5-year	T+290bps
26-Sep-19	PCPD Capital Ltd	USD130mn	PCPDC 4.75%'22s	4.53%
26-Sep-19	ReNew Power Ltd	USD90mn	RPVIN 6.67%'24s	6.3%
26-Sep-19	Central China Real Estate Ltd	USD200mn	CENCHI 6.75%'21s	7.375%
26-Sep-19	Jinan Hi-tech Holding Group Co., Ltd	USD300mn	3-year	4.5%
25-Sep-19	CNOOC Finance (2013) Ltd	USD1.0bn USD500mn	10-year 30-year	T+120bps 3.3%
25-Sep-19	Woori Bank	USD550mn	Perp-NC5	4.25%
25-Sep-19	Hongkong International (Qingdao) Co., Ltd	USD300mn	5-year	4.0%
25-Sep-19	Guangxi Liuzhou Dongcheng Investment Development Group Co., Ltd	USD300mn	3-year	7.0%
25-Sep-19	RKPF Overseas 2019 (A) Ltd	USD480mn	5NC3	6.7%

Source: OCBC, Bloomberg

# Treasury Research & Strategy

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