

Jan 8, 2019

Credit Headlines: CapitaLand Ltd, ASL Marine Holdings Ltd

Market Commentary

- The SGD swap curve steepened yesterday, with the shorter tenors trading 1-3bps higher while the longer tenors traded 4-5bps higher.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 166bps and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 12bps to 634bps.
- Flows in SGD corporates were light yesterday, with flows seen in only UBS 5.875%-PERPs.
- 10Y UST yields rose 3bps to close at 2.70%, as trade talks resumed between the United States and China as well as plans of the US Treasury Department to sell USD78bn in notes later this week.

Credit Headlines:

CapitaLand Ltd (“CAPL”) | Issuer Profile: Neutral (3)

- CAPL, in a 50-50 JV with an unrelated third party, is acquiring 70% of Pufa Tower in Shanghai, China for RMB2.752mn (SGD546.3mn). This office property is located in the Lujiazui CBD, which commands the highest rent in the city.
- Pufa Tower will contribute to CAPL's recurring income and this will be positioned as a seed asset for a value-add fund which CAPL is setting up to invest in commercial real estate in key gateway cities in Asia.
- Together with earlier acquisitions including a mixed-use site in Guangzhou for RMB882mn (Nov 2018) and Shanghai's tallest twin towers for RMB12.8bn by its 41.7%-owned fund, we expect net gearing for CAPL to increase to ~56% (3Q2018: 50.5%). (Company, OCBC)

ASL Marine Holdings Ltd (“ASL”) | Issuer Profile: Unrated

- ASL has launched its consent solicitation exercise (“CSE”) for its SGD100mn ASLSP 4.75% ‘17s and SGD50mn ASLSP 5.35% ‘18s (which had been extended once to 2020 and 2021 respectively).
- Extraordinary general meetings will be held on 30 January 2019 for noteholders to vote on the proposed restructuring. (Company, OCBC)

Table 1: Key Financial Indicators

	8-Jan	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	94	-2	-3
iTraxx SovX APAC	70	0	-1
iTraxx Japan	85	-1	2
iTraxx Australia	95	0	1
CDX NA IG	81	-7	-1
CDX NA HY	103	1	0
iTraxx Eur Main	86	-1	-1
iTraxx Eur XO	346	-6	-10
iTraxx Eur Snr Fin	111	3	--
iTraxx Sovx WE	26	1	0
AUD/USD	0.714	1.16%	-0.77%
EUR/USD	1.145	-0.10%	0.85%
USD/SGD	1.357	0.48%	1.25%
China 5Y CDS	66	-1	-6
Malaysia 5Y CDS	107	-3	-6
Indonesia 5Y CDS	135	-3	-10
Thailand 5Y CDS	46	1	1

	8-Jan	1W chg	1M chg
Brent Crude Spot (\$/bbl)	57.33	6.56%	-7.04%
Gold Spot (\$/oz)	1,287.20	0.36%	3.43%
CRB	174.64	2.15%	-5.17%
GSCI	389.19	3.79%	-6.49%
VIX	21.4	-24.49%	-7.88%
CT10 (bp)	2.689%	0.47	-15.61
USD Swap Spread 10Y (bp)	3	0	0
USD Swap Spread 30Y (bp)	-16	2	-1
TED Spread (bp)	40	-3	7
US Libor-OIS Spread (bp)	40	0	0
Euro Libor-OIS Spread (bp)	4	1	0
DJIA	23,531	2.03%	-3.52%
SPX	2,550	2.57%	-3.17%
MSCI Asiax	597	0.06%	-1.38%
HSI	25,770	-0.29%	-1.13%
STI	3,102	1.08%	-0.30%
KLCI	1,682	-0.52%	0.07%
JCI	6,287	1.56%	2.63%

New issues

- New Metro Global Ltd has priced a USD300mn 1-year bond (guaranteed by Seazen Holdings Co Ltd) at 6.93%, below the final price guidance of 6.95%.
- Guotai Junan International Holdings Ltd has priced a USD200mn 3-year bond at T+185bps.
- Powerlong Real Estate Holdings Ltd has priced a USD200mn 2-year bond (subsidiary guarantors: certain non-PRC subsidiaries) at 9.125%, in line with the initial price guidance.
- Republic of Philippines has priced a USD1.5bn 10-year bond at T+110bps, tightening from the initial price guidance of T+130bps.
- Westpac Banking Corp has priced a USD2bn 5-year bond at MS+58bps, below the initial price talk of MS+60bps.
- Malayan Banking Bhd has mandated banks to arrange for investor meetings from 8 Jan for its potential USD Tier 2 bond issuance.
- Dah Sing Bank has scheduled for a group investor call and roadshow on 7 Jan for its potential USD Tier 2 bond issuance, and may price as early as tomorrow.
- Coastal Emerald Ltd (guaranteed by China Shandong Hi-Speed Financial Group Ltd) has scheduled an investor call on 7 Jan for its potential USD bond issuance.

New issues (cont'd):

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
7-Jan-19	Westpac Banking Corp	USD2bn	5-year	MS+58bps
7-Jan-19	Republic of Philippines	USD1.5bn	10-year	T+110bps
7-Jan-19	Powerlong Real Estate Holdings Ltd	USD200mn	2-year	9.5%
7-Jan-19	Guotai Junan International Holdings Ltd	USD200mn	3-year	T+185bps
7-Jan-19	New Metro Global Ltd	USD300mn	1-year	6.93%
3-Jan-19	China Aoyuan Property Group Ltd	USD275mn	CAPG 7.95%'21s	7.939%
28-Dec-18	Macrolink Global Development Ltd	USD168mn	2-year	9.5%
25-Dec-18	Redco Properties Group	USD110.4mn	REDPRO 11.0%'20s	11.0%
17-Dec-18	Wuhan Financial Holdings (Group) Co Ltd	USD142mn	3-year	5.8%
17-Dec-18	CIFI Holdings (Group) Co Ltd	USD400mn	2-year and 2-month	7.625%
17-Dec-18	Redsun Properties Group Ltd	USD200mn	REDSUN 13.5%'20s	13.5%
14-Dec-18	Yuyao Economic Development Zone Construction Investment and Development Co Ltd	USD100mn	3-year	7.0%
14-Dec-18	Hangzhou Fuyang Chengtou Group (HK)	USD70mn	HZFYCT 6.8%'21s	6.8%
13-Dec-18	Fantasia Holdings Group Co Ltd	USD130mn	3NP2	15.0%
13-Dec-18	Chengdu Communications Investment Group Corporation	USD400mn	3-year	5.5%

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