

### Market Commentary

- The SGD swap curve steepened yesterday, with the 1-year and 2-year tenors trading 0-2bps lower while the 3-year to 10-year tenors traded 0-1bp higher and the longer tenors traded 3-10bps higher.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS remained mostly unchanged at 224bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 1bp to 896bps. The HY-IG Index Spread widened 1bp to 672bps.
- Flows in SGD corporates were heavy, with flows in HSBC 4.7%-PERPs, STANLN 5.375%-PERPs, SOCGEN 6.125%-PERPs, UBS 5.875%-PERPs, BAERVX 5.9%-PERPs, AREIT 4.75%-PERPs, KREITS 4.98%-PERPs, OLAMSP 6%'22s, SOCGEN 4.3%'26s and CMZB 4.875%'27s.
- 10Y UST Yields gained 1bps to 0.66%, while U.S. stocks rallied due to signs of economic recovery.

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### Credit Summary:

- [Australia and New Zealand Banking Group Ltd \("ANZ"\)](#) | **Issuer Profile: Positive (2):** ANZ has announced the sale of New Zealand-based vehicle finance unit UDC Finance ('UDC') to Shinsei Bank Limited for NZD762mn. UDC has long been targeted for divestment or restructuring. According to ANZ, the sale provides AUD439mn or 10bps of level 2 Group CET1 capital and will release more than NZD2bn of funding provided by ANZ New Zealand. The sale is subject to regulatory approval with completion in 2HCY2020. This is a credit positive development in both simplifying ANZ's business and fortifying its capital position as banks deal with the impact of COVID-19.

## Asian Credit Daily

### Credit Headlines

#### Australia and New Zealand Banking Group Ltd (“ANZ”) | Issuer Profile: Positive (2)

- ANZ has announced the sale of New Zealand-based vehicle finance unit UDC Finance (‘UDC’) to Shinsei Bank Limited for NZD762mn. UDC has long been targeted for divestment or restructuring with a previous agreement in 2017 to sell UDC to HNA Group for NZD660mn cancelled as HNA Group’s application to New Zealand’s Overseas Investment Office was declined and ANZ previously considering an initial public offering of UDC.
- According to ANZ, the sale provides AUD439mn or 10bps of level 2 Group CET1 capital and will release more than NZD2bn of funding provided by ANZ New Zealand.
- The sale is subject to regulatory approval with completion in 2H CY2020. This is a credit positive development in both simplifying ANZ’s business and fortifying its capital position as banks deal with the impact of COVID-19. We maintain our Positive (2) issuer profile on ANZ. (Company, OCBC)

## Asian Credit Daily

## Key Market Movements

	2-Jun	1W chg (bps)	1M chg (bps)		2-Jun	1W chg	1M chg
iTraxx Asiax IG	101	-3	-22	Brent Crude Spot (\$/bbl)	38.45	6.30%	45.42%
iTraxx SovX APAC	54	-3	-17	Gold Spot (\$/oz)	1,739.44	1.69%	2.20%
iTraxx Japan	69	-7	-9	CRB	132.35	2.17%	12.51%
iTraxx Australia	102	-4	-23	GSCI	307.35	1.27%	19.83%
CDX NA IG	79	-4	-12	VIX	28.23	0.25%	-24.09%
CDX NA HY	99	3	6	CT10 (%)	0.651%	-4.55	3.92
iTraxx Eur Main	70	-3	-17				
iTraxx Eur XO	412	-34	-111	AUD/USD	0.678	1.91%	5.48%
iTraxx Eur Snr Fin	81	-4	-27	EUR/USD	1.112	1.28%	1.98%
iTraxx Eur Sub Fin	174	-11	-59	USD/SGD	1.407	0.66%	0.70%
iTraxx Sovx WE	23	-2	-8	AUD/SGD	0.954	-1.17%	-4.57%
USD Swap Spread 10Y	-1	0	0	ASX 200	5,813	0.56%	10.80%
USD Swap Spread 30Y	-49	-3	-2	DJIA	25,475	4.13%	7.38%
US Libor-OIS Spread	29	-3	-20	SPX	3,056	3.39%	7.95%
Euro Libor-OIS Spread	16	-3	-4	MSCI Asiax	616	2.69%	1.55%
				HSI	23,836	1.93%	-3.28%
China 5Y CDS	52	2	1	STI	2,577	1.86%	-1.78%
Malaysia 5Y CDS	85	-9	-27	KLCI	1,490	3.71%	5.85%
Indonesia 5Y CDS	157	-15	-65	JCI	4,844	6.57%	2.72%
Thailand 5Y CDS	51	-3	-17	EU Stoxx 50	3,078	3.59%	5.12%
Australia 5Y CDS	0	0	-1				

Source: Bloomberg

## Asian Credit Daily

### New Issues

- Industrial & Commercial Bank of China Ltd. of Sydney priced a USD100mn 3-year bond at 3m-US LIBOR+60bps.
- Starhill Global REIT MTN Pte Ltd (Guarantor: Starhill Global REIT) priced a SGD100mn 5-year bond at 3.15%, tightening from IPT of 3.35% area.

Date	Issuer	Size	Tenor	Pricing
01-Jun-20	Industrial & Commercial Bank of China Ltd. of Sydney	USD100mn	3-year	3m-US LIBOR+60bps
01-Jun-20	Starhill Global REIT MTN Pte Ltd (Guarantor: Starhill Global REIT)	SGD100mn	5-year	3.15%
29-May-20	Bank of Communications Co., Ltd. Hong Kong Branch	USD100mn	3-year	3m-US LIBOR+75bps
29-May-20	Export-Import Bank of Korea	USD100mn	5-year	1.3265%
29-May-20	Industrial & Commercial Bank of China Ltd. of Sydney	USD100mn	3-year	3m-US LIBOR+60bps
29-May-20	Xiangtan Urban & Rural Development Group Co Ltd	USD105mn	3-year	4%
29-May-20	Hejun Shunze Investment Co., Limited (Guarantor: Sichuan Languang Development Co Ltd)	USD250mn	2-year	11%
28-May-20	Keppel Corporation Limited	USD300mn	5-year	T+210bps
28-May-20	Hongkong Ideal Investment Ltd. (Parent Guarantor: Beijing Hongkun Weiye Real Estate Development Co.)	USD55mn	BJHHWY 14.75%'22s	14.75%
28-May-20	Blue Bright Ltd. (Guarantor: AVIC Capital Co.)	USD400mn	5-year	T+225bps
28-May-20	Jiangsu Yueda Group Co.,Ltd	USD100mn	3-year	5.7%
27-May-20	National University of Singapore	SGD300mn	10-year	1.565%
27-May-20	Tencent Holdings Ltd	USD1bn USD2.25bn USD2bn USD750mn	5-year 10-year 30-year 40-year	T+145bps T+170bps T+180bps T+185bps

Source: OCBC, Bloomberg

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