

Market Commentary

- The SGD swap curve bear-steepened yesterday, with the shorter tenors trading 2-4bps higher while the belly and the longer tenors traded 3-5bps higher.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 2bps to 222bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 12bps to 884bps. The HY-IG Index Spread tightened 10bps to 663bps.
- Flows in SGD corporates were heavy, with flows in HSBC 4.7%-PERPs, SOCGEN 6.125%-PERPs, BAERVX 5.9%-PERPs, UBS 4.85%-PERPs, CTRAIJ 4.85%'21s, HSBC 5%-PERPs, SGREIT 3.15%'25s, STANLN 5.375%-PERPs, HRINTH 3.8%'25s, CS 5.625%-PERPs and CMZB 4.875%'27s.
- 10Y UST Yields gained 3bps to 0.69% despite street protests and violence in the U.S., fuelled by a strong session for WTI futures and signs of economic recovery.

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Credit Summary:

- [Singapore Airlines Ltd \("SIA"\)](#) | **Issuer Profile: Neutral (5)**: SIA announced results from its renounceable rights issue, comprising of (a) up to ~1.78bn of new ordinary shares in the capital of the company ("Rights Shares") at an issue price of SGD3.00 for each rights share and (b) up to ~SGD3.5bn in aggregate principal amount of mandatory convertible bonds ("Rights MCB"). For Rights Shares, including Temasek's proportionate share, valid acceptances and excess applications were received for ~2.13bn Rights Shares, representing 119.5% of the Rights Shares available. For Rights MCBs, the valid acceptances and excess applications were only received for SGD2.08bn of the principal amount of the Rights MCBs, representing ~59.6% in aggregate principal amount available. This includes SGD1.94bn in aggregate principal taken up by Temasek in proportion of its shareholding in SIA. In our view, this indicates lacklustre reception to the Rights MCBs by SIA's minority shareholders. Nonetheless, Temasek will be taking up the remaining ~SGD1.41bn pursuant to the undertaking.

Asian Credit Daily

Credit Headlines

Singapore Airlines Ltd ("SIA") | Issuer Profile: Neutral (5)

- SIA announced results from its renounceable rights issue, comprising of (a) up to ~1.78bn of new ordinary shares in the capital of the company ("Rights Shares") at an issue price of SGD3.00 for each rights share and (b) up to ~SGD3.5bn in aggregate principal amount of mandatory convertible bonds ("Rights MCB").
- **Rights Shares:** Including Temasek's proportionate share, valid acceptances and excess applications were received for ~2.13bn Rights Shares, representing 119.5% of the Rights Shares available. In our view, this means that Temasek's shareholding in SIA would be likely unchanged at ~55.5% (excluding the possible future dilution from the Rights MCB).
- **Rights MCBs:** The valid acceptances and excess applications were only received for SGD2.08bn of the principal amount of the Rights MCBs, representing ~59.6% in aggregate principal amount available. This includes SGD1.94bn in aggregate principal taken up by Temasek in proportion of its shareholding in SIA. In our view, this indicates lacklustre reception to the Rights MCBs by SIA's minority shareholders. Nonetheless, Temasek will be taking up the remaining ~SGD1.41bn pursuant to the undertaking. In total, Temasek will be taking SGD3.35bn of the Rights MCB. (Company, OCBC)

Key Market Movements

	3-Jun	1W chg (bps)	1M chg (bps)		3-Jun	1W chg	1M chg
iTraxx Asiax IG	98	-3	-25	Brent Crude Spot (\$/bbl)	40.14	15.54%	51.82%
iTraxx SovX APAC	52	-3	-19	Gold Spot (\$/oz)	1,726.64	1.00%	1.44%
iTraxx Japan	68	-3	-10	CRB	134.12	1.90%	14.02%
iTraxx Australia	98	-4	-27	GSCI	312.67	5.17%	21.90%
CDX NA IG	76	-4	-15	VIX	26.84	-4.18%	-27.83%
CDX NA HY	101	3	7	CT10 (%)	0.703%	2.13	9.14
iTraxx Eur Main	67	-5	-20				
iTraxx Eur XO	385	-45	-137	AUD/USD	0.693	4.68%	7.84%
iTraxx Eur Snr Fin	78	-5	-30	EUR/USD	1.119	1.65%	2.58%
iTraxx Eur Sub Fin	169	-5	-64	USD/SGD	1.399	1.54%	1.29%
iTraxx Sovx WE	22	-2	-9	AUD/SGD	0.970	-3.03%	-6.13%
USD Swap Spread 10Y	-1	0	0	ASX 200	5,889	1.97%	12.26%
USD Swap Spread 30Y	-49	-2	-2	DJIA	25,743	2.99%	8.51%
US Libor-OIS Spread	28	-3	-21	SPX	3,081	2.98%	8.84%
Euro Libor-OIS Spread	15	-4	-6	MSCI Asiax	624	4.26%	2.94%
China 5Y CDS	51	1	0	HSI	24,250	4.07%	-1.60%
Malaysia 5Y CDS	82	-5	-30	STI	2,668	5.90%	1.67%
Indonesia 5Y CDS	146	-19	-75	KLCI	1,515	4.33%	7.59%
Thailand 5Y CDS	51	-3	-17	JCI	4,954	7.08%	5.04%
Australia 5Y CDS	0	0	-1	EU Stoxx 50	3,159	5.33%	7.89%

Source: Bloomberg

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New Issues

- Sands China Ltd priced a USD1.5bn debt offering in 2 parts: (1) a USD800mn 5-year bond at T+350bps, (2) a USD700mn 10-year bond at T+375bps, tightening from IPT of T+437.5bps and T+475bps area respectively.
- Hongkong Electric Finance Limited (Guarantor: The Hongkong Electric Company, Limited) priced a USD500mn 10-year bond at T+165bps, tightening from IPT of T+220bps area.
- Doosan Infracore Co Ltd has mandated banks for a possible USD bond offering.

Date	Issuer	Size	Tenor	Pricing
02-Jun-20	Sands China Ltd	USD800mn USD700mn	5-year 10-year	T+350bps T+375bps
02-Jun-20	Hongkong Electric Finance Limited (Guarantor: The Hongkong Electric Company, Limited)	USD500mn	10-year	T+165bps
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%

Source: OCBC, Bloomberg

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