

Market Commentary

- The SGD swap curve steepened yesterday, with the shorter and the belly tenors trading 1-18bps lower (with the exception of the 10-year tenor trading 1 bps higher), while the longer tenors traded 2-3bps higher.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 3.5bps to 142bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 8bps to 573bps. The HY-IG Index Spread widened 4bps to 431bps.
- Flows in SGD corporates were heavy, with flows in UBS 4.85%-PERPs, SOCGEN 6.125%-PERPs, CAPLSP 3.65%-PERPs, HSBC 4.7%-PERPs, STANLN 5.375%-PERPs, CS 5.625%-PERPs, SPHSP 3.2%'30s, SPHSP 4%-PERPs, HPLSP 4.4%-PERPs, HSBC 5%-PERPs, OCBCSP 4%-PERPs and OLAMSP 5.5%-PERPs.
- 10Y UST Yields gained 1.5bps to 1.165%, while the stock market soared, as investors welcomed stimulus measures from global central banks to help ease the economic impact of COVID-19.

Credit Summary:

- **BreadTalk Group Ltd (“BGL”) | Issuer Profile: Negative (6):** In relation to the [technical breach of financial covenant](#), BGL is intending to launch a consent solicitation exercise (“CSE”) in mid to late March to seek a waiver of the financial covenant breaches, implement financial covenant testing holiday until 30 June 2021, amend financial covenants to provide sufficient operational buffer, and insert a call option which allows the company to call the bonds earlier. In exchange, BGL will be including a consent fee to vote in favour of the above resolutions. We continue to monitor BGL and will provide an update on the CSE when further details are announced.

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Credit Headlines

BreadTalk Group Ltd (“BGL”) | Issuer Profile: Negative (6)

- In relation to the [technical breach of financial covenant](#), BGL is intending to launch a consent solicitation exercise (“CSE”) in mid to late March, which seeks to:
 - Seek a waiver of the financial covenant breaches
 - Implement financial covenant testing holiday until 30 June 2021
 - Amend financial covenants to provide sufficient operational buffer. This includes amending:
 - “Consolidated Tangible Net Worth” to be not less than SGD50mn from 30 June 2021 (original threshold: SGD75mn)
 - “Consolidated Total Borrowings (Net of Cash) to Consolidated Tangible Net Worth” covenant to be not more than 3.5x from 30 June 2021 (original threshold: 3.0x).
 - Insert a call option which allows the company to call the bonds earlier.
- In exchange, BGL will be including a consent fee (amount TBC) to vote in favour of the above resolutions. The indicative timeline is to hold a noteholders meeting in mid-April followed by settlement of consent fee in late April.
- We continue to monitor BGL and will provide an update on the CSE when further details are announced. (Company, OCBC)

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Key Market Movements

	03-Mar	1W chg (bps)	1M chg (bps)		03-Mar	1W chg	1M chg
iTraxx Asiax IG	70	15	13	Brent Crude Spot (\$/bbl)	51.90	-7.82%	-10.76%
iTraxx SovX APAC	39	9	9	Gold Spot (\$/oz)	1,591.75	-2.65%	0.95%
iTraxx Japan	60	13	12	CRB	163.50	-4.14%	-2.71%
iTraxx Australia	67	13	14	GSCI	368.82	-5.25%	-3.28%
CDX NA IG	65	9	15	VIX	33.42	33.52%	85.98%
CDX NA HY	106	-1	-3	CT10 (%)	1.142%	-21.01	-38.52
iTraxx Eur Main	67	16	21				
iTraxx Eur XO	304	52	76	AUD/USD	0.653	-1.09%	-2.39%
iTraxx Eur Snr Fin	80	21	25	EUR/USD	1.114	2.32%	0.68%
iTraxx Eur Sub Fin	158	39	43	USD/SGD	1.389	0.69%	-1.48%
iTraxx Sovx WE	15	4	4	AUD/SGD	0.907	1.77%	0.95%
USD Swap Spread 10Y	-1	5	3	ASX 200	6,512	-5.16%	-5.94%
USD Swap Spread 30Y	-37	1	-5	DJIA	26,703	-4.50%	-5.97%
US Libor-OIS Spread	36	23	19	SPX	3,090	-4.21%	-4.88%
Euro Libor-OIS Spread	12	6	5	MSCI Asiax	645	-2.58%	-1.54%
				HSI	26,292	-1.97%	-0.25%
China 5Y CDS	49	9	9	STI	3,008	-4.28%	-3.48%
Malaysia 5Y CDS	58	14	17	KLCI	1,467	-1.55%	-3.61%
Indonesia 5Y CDS	92	27	26	JCI	5,361	-7.68%	-8.89%
Thailand 5Y CDS	38	9	10	EU Stoxx 50	3,339	-8.47%	-8.81%
Australia 5Y CDS	22	2	3				

Source: Bloomberg

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New Issues

- There were no new issues or mandates.

Date	Issuer	Size	Tenor	Pricing
28-Feb-20	The Bank of East Asia Limited	USD140mn	3-year	3m-US LIBOR+60bps
27-Feb-20	RKPF Overseas 2019 (A) Limited (Guarantor: Road King Infrastructure Limited)	USD300mn	5NC3	5.9%
27-Feb-20	Geely Finance (Hong Kong) Limited (Guarantor: Zhejiang Geely Holding Group Company Limited)	USD400mn	5-year	T+200bps
27-Feb-20	Easy Tactic Ltd. (Guarantors including R&F Properties (HK) Co.)	USD400mn	4NC2	8.625%
27-Feb-20	Modern Land (China) Co., Limited	USD150mn	4NC3	11.95%
27-Feb-20	Excellence Commercial Management Ltd (Guarantor: Excellence Commercial Properties Co Ltd)	USD100mn	3-year	6.8%
26-Feb-20	XiAn Qujiang Culture Holdings Co.	USD300mn	3-year	5.5%
26-Feb-20	Bank of China Limited	USD2.82bn	PERPNC5	3.6%
26-Feb-20	Modern Land (China) Co., Ltd	USD150mn	4-year	12.85%
25-Feb-20	Minmetals Bounteous Finance (BVI) Limited (Guarantor: China Minmetals Corporation)	USD1bn	PERPNC4.5	3.375%
25-Feb-20	Bank of Communications (Hong Kong) Limited	USD500mn	AT1 PERPNC5	3.725%
25-Feb-20	Elect Global Investments Ltd. (Guarantor: Hysan Development Co.)	USD850mn	PERPNC5.5	4.1%

Source: OCBC, Bloomberg

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