

Market Commentary

- The SGD swap curve bull-flattened yesterday, with the shorter tenors trading 8-11bps lower, while the belly and the longer tenors traded 10-13bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS remained mostly unchanged at 144bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 5bps to 574bps. The HY-IG Index Spread widened 5bps to 430bps.
- Flows in SGD corporates were heavy, with flows in UBS 4.85%-PERPs, UBS 5.875%-PERPs, STANLN 5.375%-PERPs, SLHSP 3.5%'30s, CS 5.625%-PERPs, SOCGEN 6.125%-PERPs, BAERVX 5.75%-PERPs, ARASP 5.2%-PERPs, BACR 3.75%'30s, HSBC 4.7%-PERPs and HSBC 5%-PERPs.
- 10Y UST Yields gained 5bps to 1.05%, as the U.S. stock market rebounded.

Credit Research

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Credit Summary:

- [Golden-Agri Resources Ltd \("GGR"\)](#) | **Issuer Profile: Neutral (5):** GGR's 92%-owned subsidiary PT Sinar Mas Agro Resources and Technology Tbk ("PT SMART") announced that it is selling 3 year and 5 year IDR bonds amounting to IDR1 trillion (~USD71mn). Half of the proceeds is intended to increase capacity of PT SMART's biodiesel plants and increasing productivity of its palm oil refineries. Assuming working capital-related debt gets rolled over, this implies ~USD0.7bn of debt to be refinanced and PT SMART's continued access to the IDR bond market is welcomed.
- [China Aoyuan Group Ltd \("CAPG"\)](#) | **Issuer Profile: Neutral (5):** Reportedly, CAPG has become the subject of a short seller report which is alleging that the company has overstated certain historical financial figures leading to an overstatement of profits, non-controlling interest at development projects are in practice debt instruments rather than equity (which understates its leverage level) and that certain financing arrangements are contravening regulations. We do not know if any of these claims are substantiated especially as this report is unnamed though we are monitoring the developments.
- [National Australia Bank Ltd \("NAB"\)](#) | **Issuer Profile: Positive (2):** Chief Customer Officer of Consumer Banking Mike Baird has resigned from his position as head of Consumer Banking. The move comes ahead of the expected announcement of a new strategic direction under NAB's new Group CEO and Managing Director Ross McEwan who commenced in early December 2019. Mr Baird reportedly leaves the role on April 15th with NAB's new strategy expected to be announced together with its 1H FY2020 results in early May 2020.

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Credit Headlines

Golden-Agri Resources Ltd (“GGR”) | Issuer profile: Neutral (5)

- GGR’s 92%-owned subsidiary PT Sinar Mas Agro Resources and Technology Tbk (“PT SMART”) announced that it is selling 3 year and 5 year IDR bonds amounting to IDR1 trillion (~USD71mn) as part of PT SMART’s IDR3 trillion (~USD211.7mn) bond programme.
- Half of the proceeds is intended to increase capacity of PT SMART’s biodiesel plants and increasing productivity of its palm oil refineries.
- As at 31 December 2019, GGR’s consolidated short term debt was USD1.9bn. We estimate that GGR’s working capital needs would be ~USD1.0bn to USD1.3bn for 2020. Assuming working capital-related debt gets rolled over, this implies ~USD0.7bn of debt to be refinanced and PT SMART’s continued access to the IDR bond market is welcomed. (Company, Kontan, OCBC)

China Aoyuan Group Ltd (“CAPG”) | Issuer profile: Neutral (5)

- Reportedly, CAPG has become the subject of a short seller report which is alleging that the company has overstated certain historical financial figures leading to an overstatement of profits, non-controlling interest at development projects are in practice debt instruments rather than equity (which understates its leverage level) and that certain financing arrangements are contravening regulations.
- We do not know if any of these claims are substantiated especially as this report is unnamed though we are monitoring the developments. As at 30 June 2019, non-controlling interest was RMB22.0bn (representing 62% of its consolidated book value equity). For 1H2019, total profit of the company was RMB2.8bn of which profit attributable to non-controlling interest was RMB0.5bn. (Caijing, OCBC)

National Australia Bank Ltd (“NAB”) | Issuer Profile: Positive (2)

- Chief Customer Officer of Consumer Banking Mike Baird has resigned from his position as head of Consumer Banking. Mr Baird has been in the role for less than three years.
- The move comes ahead of the expected announcement of a new strategic direction under NAB’s new Group CEO and Managing Director Ross McEwan who commenced in early December 2019.
- Mr Baird reportedly leaves the role on April 15th with NAB’s new strategy expected to be announced together with its 1HFY2020 results in early May 2020. (Company, Bloomberg, OCBC)

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Key Market Movements

	5-Mar	1W chg (bps)	1M chg (bps)		5-Mar	1W chg	1M chg
iTraxx Asiax IG	66	7	15	Brent Crude Spot (\$/bbl)	51.93	-0.48%	-6.06%
iTraxx SovX APAC	38	4	10	Gold Spot (\$/oz)	1,639.19	-0.35%	5.35%
iTraxx Japan	61	9	16	CRB	164.67	-0.97%	-2.87%
iTraxx Australia	67	8	18	GSCI	370.11	0.60%	-4.19%
CDX NA IG	65	1	20	VIX	31.99	16.07%	111.16%
CDX NA HY	106	0	-4	CT10 (%)	1.013%	-24.73	-63.74
iTraxx Eur Main	64	8	21				
iTraxx Eur XO	290	20	78	AUD/USD	0.662	0.81%	-1.84%
iTraxx Eur Snr Fin	72	4	22	EUR/USD	1.114	1.25%	1.26%
iTraxx Eur Sub Fin	142	4	37	USD/SGD	1.386	0.64%	-0.36%
iTraxx Sovx WE	14	2	4	AUD/SGD	0.918	-0.16%	1.50%
USD Swap Spread 10Y	-1	5	3	ASX 200	6,390	-4.03%	-8.40%
USD Swap Spread 30Y	-40	-2	-8	DJIA	27,091	0.49%	-7.51%
US Libor-OIS Spread	53	31	37	SPX	3,130	0.44%	-6.13%
Euro Libor-OIS Spread	8	2	2	MSCI Asiax	655	0.28%	-2.65%
				HSI	26,519	-0.97%	-1.00%
China 5Y CDS	44	-1	11	STI	3,034	-2.51%	-5.21%
Malaysia 5Y CDS	53	3	17	KLCI	1,492	-0.90%	-2.91%
Indonesia 5Y CDS	86	7	24	JCI	5,640	1.89%	-5.66%
Thailand 5Y CDS	39	6	13	EU Stoxx 50	3,421	-4.39%	-9.46%
Australia 5Y CDS	24	2	6				

Source: Bloomberg

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New Issues

- Sinic Holdings (Group) Company Limited priced a USD280mn 364-day bond at 13.25%, tightening from IPT of 13.5% area.
- Jingrui Holdings Limited priced a USD180mn 2-year bond at 12.75%, same as IPT of 12.75% area.

Date	Issuer	Size	Tenor	Pricing
04-Mar-20	Sinic Holdings (Group) Company Limited	USD280mn	364-day	13.25%
04-Mar-20	Jingrui Holdings Limited	USD180mn	2-year	12.75%
03-Mar-20	CNAC (HK) Finbridge Company Limited (Guarantor: China National Chemical Corporation Limited)	USD200mn	HAOHUA 3.375%'24s	2.65%
03-Mar-20	Gemstones International Ltd (Guarantors include LVGEM (China) Real Estate Investment Company Ltd.)	USD450mn	3-year	12.0%
03-Mar-20	Korea Development Bank Singapore	USD100mn	2-year	3m-US LIBOR+33.5bps
02-Mar-20	Jinxinyue Development (BVI) Co., Limited (Keepwell provider: Ji'an Jinggangshan Development Zone Jinluling Economic Development Co., Ltd)	USD200mn	3-year	4.0%
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%

Source: OCBC, Bloomberg

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