

### Market Commentary

- The SGD swap curve rose yesterday, with the shorter and belly tenors trading 0-3bps higher (with the exception of the 2-year tenor trading 5bps higher), while the longer tenors remain mostly unchanged.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 122bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 5bps to 491bps. The HY-IG Index Spread widened 5bps to 370bps.
- Flows in SGD corporates were heavy, with flows in GUOLSP 3.4%'25s, SIASP 3.13%'27s, SLHSP 3.5%'30s, ARASP 5.6%-PERPs, STANLN 5.375%-PERPs, TMGSP 4.05%'25s, UBS 4.85%-PERPs and ESRCA 6.75%'22s.
- 10Y UST Yields fell 6bps to 1.58%, as concerns about the outbreak of the 2019 Novel Coronavirus outweighed positive data on the U.S. labour market.

### Credit Research

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### Credit Summary:

- [Frasers Property Ltd \("FPL"\)](#) | **Issuer Profile: Neutral (4)**: FPL reported 1QFY2020 results for the quarter ended 31 Dec 2019. Revenue increased 8.8% y/y, with reported PBIT before fair value change and exceptional items ("Adjusted PBIT") rising 24.4% y/y as most business segments outperformed. Net gearing rose q/q to 97% (4QFY2019: 86%). We remain comfortable with FPL's credit profile, with EBITDA/Interest at 3.3x (FY2019: 2.4x) and net debt/EBITDA at 9.0x (FY2019: 13x). However, should FPL continue to undertake significant acquisitions/capex, we may look to downgrade FPL's Issuer Profile.

**Asian Credit Daily****Credit Headlines****Frasers Property Ltd (“FPL”) | Issuer Profile: Neutral (4)**

- FPL reported 1QFY2020 results for the quarter ended 31 Dec 2019. Revenue increased 8.8% y/y to SGD1.18bn, with reported PBIT before fair value change and exceptional items (“Adjusted PBIT”) rising 24.4% y/y to SGD461.mn as most business segments (with the exception of Australia) outperformed.
  - Singapore: Adjusted PBIT rose by 32% y/y to SGD134.1mn despite 14.5% y/y decline in revenue to SGD207.5mn. The divergence in revenue and PBIT was due to an increase in investment properties portfolio (which commands high margins with PBIT increasing 34% y/y to SGD120mn) due to contributions from PGIM ARF while revenue from residential properties fell 80% y/y to SGD24mn.
  - Australia: Adjusted PBIT declined 59.2% y/y to SGD37.3mn as revenue declined 52.6% y/y to SGD186.2mn due to fewer completion and settlements of residential projects.
  - Industrial & Logistics: Adjusted PBIT rose 14.9% y/y to SGD67.3mn due to revenue increase of 14.7% y/y driven by development gains in Australia.
  - Hospitality: Adjusted PBIT rose 9.8% y/y to SGD43.7mn with revenue increasing 2.2% y/y to SGD214.7mn with maiden contributions from Capri by Fraser China Square in Singapore and Fraser Suites Hamburg in Germany.
  - Thailand & Vietnam: Adjusted PBIT rose 59.5% y/y to SGD40.5m due to consolidation of Golden Land Property Development PCL post Aug 2019.
  - Others: Aside from the business segments above, UK & China recorded 104% y/y increase in PBIT to SGD142.6mn due to timing of completion and settlement of projects in China.
- Net gearing rose q/q to 97% (4QFY2019: 86%) mainly due to lease liabilities of SGD774.6mn accounted as debt from accounting changes of SFRS(I) 16, acquisition of non-controlling interests of SGD279mn due to acquisition of shares in PGIM ARF and acquisition/expenditure on investment properties of SGD72.4mn which should largely relate to properties in Australia.
- We remain comfortable with FPL’s credit profile as REITs and investment properties anchor the portfolio, with EBITDA/Interest at 3.3x (FY2019: 2.4x) and net debt/EBITDA at 9.0x (FY2019: 13x). However, should FPL continue to undertake significant acquisitions/capex, we may look to downgrade FPL’s Issuer Profile. (Company, OCBC)

## Asian Credit Daily

### Key Market Movements

	10-Feb	1W chg (bps)	1M chg (bps)		10-Feb	1W chg	1M chg
iTraxx Asiax IG	54	-3	-1	Brent Crude Spot (\$/bbl)	54.01	-0.81%	-16.88%
iTraxx SovX APAC	29	-2	2	Gold Spot (\$/oz)	1,573.14	-0.23%	0.69%
iTraxx Japan	44	-4	-1	CRB	170.12	-0.11%	-7.61%
iTraxx Australia	50	-4	3	GSCI	386.20	-0.67%	-10.21%
CDX NA IG	46	-4	2	VIX	15.47	-17.89%	23.17%
CDX NA HY	109	1	-1	CT10 (%)	1.566%	3.91	-25.33
iTraxx Eur Main	44	-3	0				
iTraxx Eur XO	216	-13	10	AUD/USD	0.668	-0.19%	-3.22%
iTraxx Eur Snr Fin	49	-5	-1	EUR/USD	1.095	-0.97%	-1.51%
iTraxx Eur Sub Fin	102	-13	-6	USD/SGD	1.391	-1.62%	-3.08%
iTraxx Sovx WE	11	-1	-1	AUD/SGD	0.929	-1.43%	0.15%
USD Swap Spread 10Y	-5	0	0	ASX 200	6,988	0.94%	0.85%
USD Swap Spread 30Y	-32	0	0	DJIA	29,103	3.00%	0.97%
US Libor-OIS Spread	16	-1	-10	SPX	3,328	3.17%	1.91%
Euro Libor-OIS Spread	6	-1	0	MSCI Asiax	680	3.88%	-3.32%
				HSI	27,404	4.15%	-4.31%
China 5Y CDS	37	-3	4	STI	3,181	0.88%	-2.29%
Malaysia 5Y CDS	39	-2	3	KLCI	1,554	1.53%	-2.32%
Indonesia 5Y CDS	65	-1	2	JCI	6,000	1.00%	-4.39%
Thailand 5Y CDS	28	-1	5	EU Stoxx 50	3,798	4.33%	0.24%
Australia 5Y CDS	17	0	0				

Source: Bloomberg

## Asian Credit Daily

### New Issues

- There were no new issues or mandates.

Date	Issuer	Size	Tenor	Pricing
06-Feb-20	CSSC Capital 2015 Limited (Guarantor: CSSC (Hong Kong) Shipping Company Limited)	USD400mn USD400mn	5-year 10-year	T+110bps T+137.5bps
06-Feb-20	ANZ New Zealand (International) Ltd. (Guarantor: ANZ Bank New Zealand Ltd.)	USD750mn USD750mn	3-year 10-year	T+48bps T+93bps
06-Feb-20	Indian Railway Finance	USD700mn USD300mn	10-year 30-year	3.249% 3.95%
05-Feb-20	Central China Real Estate Limited	USD300mn	364-day	7.0%
05-Feb-20	Pioneer Reward Limited (Guarantor: Huatai Securities Company Limited)	USD400mn	3-year	3m-US LIBOR+95bps
05-Feb-20	Export-Import Bank of Korea	USD500mn	5-year	T+47.5bps
05-Feb-20	Adani Electricity Mumbai Ltd	USD1bn	10-year	T+230bps
05-Feb-20	Hyundai Capital America (Guarantor: Hyundai Motor Co)	USD1bn USD500mn USD 500mn	3-year 5-year 7-year	T+95bps T+122.5bps T+147.5bps
04-Feb-20	Jiayuan International Group Limited	USD60mn	JIAYUA 13.75%'23s	13.75%
03-Feb-20	GLL IHT Pte. Ltd. (Guarantor: GuocoLand Limited)	SGD200mn	5.5-year	3.4%
29-Jan-20	Suntec REIT MTN Pte. Ltd	SGD200mn	7-year	2.95%
23-Jan-20	Westpac Banking Corp	USD1.5bn	10NC5	T+135bps
22-Jan-20	Cyprus Investments, Inc.	USD140mn	3-year	3m-US LIBOR+90bps

Source: OCBC, Bloomberg

# Treasury Research & Strategy

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## Macro Research

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