

Market Commentary

- The SGD swap curve mostly fell last Thursday, with 5-6bps decline in the shorter to the belly parts of the curve and 4-5bps decline in the longer tenors. This follows movements in the USD curve, which saw 10Y yields compressing 5bps to 0.72%.
- The Bloomberg Barclays Asia USD IG Bond Index traded 2bps tighter to 271bps while the Bloomberg Barclays Asia USD IG Bond Index compressed 33bps to 1084bps. As a result, the IG-HY index tightened by 31bps to 812bps.
- Moderate flows were seen with trades in UOBSP 3.58% PERP, CATHAY 3.375% '22s and MAPLSP 4.5% PERP last Thursday.
- Meanwhile, the market was quiet last Friday to observe Good Friday with most indices remaining broadly unchanged.

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Credit Summary:

- [GuocoLand Ltd \("GUOL"\)](#) | **Issuer Profile: Neutral (5)**: GUOL announced that its indirect wholly-owned subsidiary, Shanghai Xinhaolong Property Development Co Ltd, has sold Guoman Hotel in Shanghai for RMB1.44bn (~SGD290.7mn). GUOL will book a net gain of approximately ~SGD90.6mn and will receive payments over 4 instalments, with the first instalment of RMB288.2mn received upfront. This is credit positive for GUOL, with the proceeds adding to the cash balance of SGD690.4mn as of end 30 Dec 2019, which should in turn meet the debt maturing in the short term of SGD776.6mn.
- [Industry Outlook – Financial Institutions](#); **UBS Group AG ("UBS")** | **Issuer Profile: Neutral (3)**; **Credit Suisse Group AG ("CS")** | **Issuer Profile: Neutral (4)**: In somewhat of a deviation from trends for other European banks, both CS and UBS have announced that they have elected to pay 2019 dividends. However, dividends will be paid in phases. Both banks appear confident in their ability to negotiate the future, with Credit Suisse offering Institutional clients, family offices and billionaires to keep their cash with Credit Suisse through structured notes paying 2% pa (against negative rates of 0.75% in Switzerland). Further UBS reportedly announced 1Q2020 profit was up by a third y/y, the best quarterly performance in two years. That said, the future still remains unknown and the situation remains fluid with both banks continuing to support the regulator in providing credit to the economy.

Asian Credit Daily**Credit Headlines****GuocoLand Ltd (“GUOL”) | Issuer Profile: Neutral (5)**

- GUOL announced that its indirect wholly-owned subsidiary, Shanghai Xinhaolong Property Development Co Ltd, has sold Guoman Hotel in Shanghai with 256 underground car parking spaces for RMB1.44bn (~SGD290.7mn).
- GUOL will book a net gain of approximately ~SGD90.6mn and will receive payments over 4 instalments, with the first instalment of RMB288.2mn received upfront.
- This is credit positive for GUOL, with the proceeds adding to the cash balance of SGD690.4mn as of end 30 Dec 2019, which should in turn meet the debt maturing in the short term of SGD776.6mn.
- We expect net gearing to fall to ~89% when the full amount of the payments is received. (Company, OCBC)

Industry Outlook – Financial Institutions; UBS Group AG (“UBS”) | Issuer Profile: Neutral (3); Credit Suisse Group AG (“CS”) | Issuer Profile: Neutral (4)

- In somewhat of a deviation from trends for other European banks, both CS and UBS have announced that they have elected to pay 2019 dividends. However, in line with a request from the Swiss Financial Market Supervisory Authority (“FINMA”) in late March for Swiss banks to reconsider their dividend proposals, it will be paid in phases. Credit Suisse will pay half first and the rest later in the year subject to an assessment of the economic impact of the virus and shareholder approval, while UBS will also pay its previously announced 2019 dividend in two instalments.
- In line with FINMA’s previous statements, any dividends paid will be deducted from any capital relief previously provided by FINMA to provide balance sheet capacity to lend to businesses.
- Both banks appear confident in their ability to negotiate the future, with Credit Suisse offering Institutional clients, family offices and billionaires since early March to keep their cash with Credit Suisse through structured notes paying 2% pa (against negative rates of 0.75% in Switzerland) and then using those funds to lend out. Further UBS reportedly announced 1Q2020 profit was up by a third y/y to USD\$1.5bn, the best quarterly performance in two years.
- That said, the future still remains unknown and the situation remains fluid with both banks continuing to support the regulator in providing credit to the economy. To support this, CS previously announced the suspension of its CHF1.5bn share buyback given current developments with COVID-19. UBS in turn has announced it has provided around CHF2.1bn in funding to over 16,000 small and medium sized companies since FINMA’s government guaranteed lending program. That said, UBS like other banks appear to be remaining selective in who it provides credit to, preferring to lend to good businesses in a bad situation that were basically solid credits pre-crisis in terms of their business profile and balance sheet with good banking relationships. (Company, Bloomberg, OCBC)

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Key Market Movements

	13-Apr	1W chg (bps)	1M chg (bps)		13-Apr	1W chg	1M chg
iTraxx Asiax IG	128	-14	-1	Brent Crude Spot (\$/bbl)	32.89	-3.58%	-2.84%
iTraxx SovX APAC	68	-11	-9	Gold Spot (\$/oz)	1,684.59	1.42%	10.12%
iTraxx Japan	87	-33	-42	CRB	127.82	2.38%	-15.16%
iTraxx Australia	136	-40	-5	GSCI	276.41	0.35%	-13.33%
CDX NA IG	82	-34	-24	VIX	41.67	-18.15%	-11.90%
CDX NA HY	99	7	1	CT10 (%)	0.733%	6.35	-22.70
iTraxx Eur Main	79	-25	-29				
iTraxx Eur XO	467	-117	-53	AUD/USD	0.634	4.11%	2.18%
iTraxx Eur Snr Fin	93	-25	-37	EUR/USD	1.093	1.27%	-1.59%
iTraxx Eur Sub Fin	0	-48	-58	USD/SGD	1.417	1.09%	-0.15%
iTraxx Sovx WE	27	1	-2	AUD/SGD	0.898	-2.91%	-2.26%
USD Swap Spread 10Y	7	3	7	ASX 200	5,387	4.52%	-9.30%
USD Swap Spread 30Y	-36	6	23	DJIA	23,719	10.77%	-5.19%
US Libor-OIS Spread	114	-13	46	SPX	2,790	10.40%	-3.21%
Euro Libor-OIS Spread	24	10	17	MSCI Asiax	581	3.36%	-0.12%
				HSI	24,300	4.38%	-4.30%
China 5Y CDS	41	-14	-33	STI	2,570	7.54%	-9.29%
Malaysia 5Y CDS	97	-21	-50	KLCI	1,359	1.28%	1.05%
Indonesia 5Y CDS	201	-42	18	JCI	4,643	0.41%	-11.08%
Thailand 5Y CDS	78	-13	1	EU Stoxx 50	2,893	7.60%	-0.59%
Australia 5Y CDS	0	-2	-11				

Source: Bloomberg

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New Issues

- There were no new deals or mandates.

Date	Issuer	Size	Tenor	Pricing
07-Apr-20	Qatar	USD2bn USD3bn USD5bn	5-year 10-year 30-year	T+300bps T+305bps 4.4%
07-Apr-20	Korea Development Bank	USD500mn	3-year	3m-US LIBOR+145bps
06-Apr-20	Republic of Indonesia	USD1.65bn USD1.65bn USD1bn	10.5-year 30.5-year 50-year	3.9% 4.25% 4.5%
06-Apr-20	Mitsubishi UFJ Lease & Finance Co Ltd	USD450mn USD350mn	5-year 10-year	3m-US LIBOR+320bps 3m-US LIBOR+330bps
01-Apr-20	Baidu Inc	USD600mn USD400mn	5-year 10-year	T+275bps T+285bps
31-Mar-20	Guizhou Shuanglong Airport Development & Investment (Group) Co. Ltd.	USD26mn	2-year 354-day	4%
31-Mar-20	AIA Group Limited	USD1bn	10-year	T+275bps
26-Mar-20	State Bank of India of London	USD100mn	2-year	3m-US LIBOR+80bps
25-Mar-20	Binjiang Guotou Limited (Guarantor: Taizhou Xinbinjiang Development Co Ltd)	USD219mn	3-year	7.0%
25-Mar-20	HSBC Holdings PLC	USD2.5bn	10-year	T+415bps
25-Mar-20	SATS Ltd	SGD200mn	5-year	2.88%
23-Mar-20	Maybank Singapore Limited	SGD500mn	10-year	3.7%

Source: OCBC, Bloomberg

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