

Market Commentary

- The SGD swap curve bull-steepened yesterday, with the shorter tenors trading 14-21bps lower, while the belly and the longer tenors traded 5-13bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 17bps to 180bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 58bps to 719bps. The HY-IG Index Spread widened 41bps to 539bps.
- Flows in SGD corporates were heavy, with flows in SOCGEN 6.125%-PERPs, CS 5.625%-PERPs, UBS 4.85%-PERPs, MAPLSP 3.95%-PERPs, STANLN 5.375%-PERPs, FPLSP 4.98%-PERPs, OLAMSP 6%'22s, FPLSP 4.15%'27s and TMGSP 4.05%'25s.
- 10Y UST Yields fell 6bps to 0.81%, even as the New York Federal Reserve took drastic measures to boost liquidity in the financial system. President Trump also announced some support for corporates and a 30-day travel ban from Europe. On the other hand, ECB surprised markets by not cutting rates and solely relying on stimulus to cushion the economic impacts of COVID-19.

Credit Research

Andrew Wong

+65 6530 4736

WongVKAM@ocbc.com

Ezien Hoo, CFA

+65 6722 2215

EzienHoo@ocbc.com

Wong Hong Wei, CFA

+65 6722 2533

WongHongWei@ocbc.com

Seow Zhi Qi, CFA

+65 6530 7348

zhiqiseow@ocbc.com

Credit Summary:

- [Landesbank Baden-Württemberg \("LBBW"\)](#) | **Issuer Profile: Neutral (4):** LBBW's FY2019 results announced yesterday were overall positive however the 2020 outlook is now materially diminished given the current COVID-19 outbreak. Consolidated profit before tax was up 11.4% y/y and the cost to income ratio fell y/y to 71.8% in FY2019 from 73.1% in FY2018. Its non-performing loan ratio was constant y/y at 0.6% in FY2019. LBBW's capital position was lower y/y due to risk weighted asset growth with its fully loaded common equity Tier 1 capital ratio at 14.6% as at 31 December 2019 against 15.1% last year. That said, it continues to be above its 2020 minimum common equity Tier 1 capital ratio regulatory capital requirement of 9.75% which is set annually by the European Central Bank. We continue to monitor the banks under our coverage given current stressed conditions from a fundamental and liquidity perspective. LBBW has a somewhat unique public policy and commercial role. Its ownership structure, together with its less commercial role as the central bank for local savings banks, evidences a strong public policy mandate for the bank and strategic importance for its related states.

Credit Headlines**Landesbank Baden-Württemberg ("LBBW") | Issuer Profile: Neutral (4)**

- LBBW's FY2019 results announced yesterday were overall positive however the 2020 outlook is now materially diminished given the current COVID-19 outbreak.
- In any case, the positive performance with consolidated profit before tax up 11.4% y/y to EUR612mn (7.5% y/y growth in net interest income and 8.7% y/y growth in net fee and commission income from growth in lending business, increased lending, brokerage and payments and higher proceeds in the custody and securities business) and the cost to income ratio falling y/y to 71.8% in FY2019 from 73.1% in FY2018 from cost containment provides some buffer for what lies ahead. Its non-performing loan ratio was constant y/y at 0.6% in FY2019 while the coverage ratio improved to 48.4% in FY2019 (45.7% in FY2018) on higher provisions and lower non-performing loans y/y.
- LBBW's capital position was lower y/y due to risk weighted asset growth with its fully loaded common equity Tier 1 capital ratio at 14.6% as at 31 December 2019 against 15.1% y/y. That said, it continues to be above its 2020 minimum common equity Tier 1 capital ratio regulatory capital requirement of 9.75% which is set annually by the European Central Bank based on the Supervisory Review and Evaluation Process. It's total capital position has also been reinforced (fully loaded total capital ratio at 22.9% as at 31 December 2019 against 21.9% as at 31 December 2018) following the issuance of EUR750mn in Additional Tier 1 capital in October 2019, its first Additional Tier 1 issue and first issue for a Landesbank.
- We continue to monitor the banks under our coverage given current stressed conditions from a fundamental and liquidity perspective. LBBW has a somewhat unique public policy and commercial role. As a Landesbank, LBBW is regionally focused and state owned that is tasked with supporting economic development in its related regions. LBBW also acts as a provider of wholesale funding for regional savings banks in its core markets which are the German states of Baden-Württemberg, Rhineland-Palatinate and Saxony. Its ownership structure, together with its less commercial role as the central bank for local savings banks, evidences a strong public policy mandate for the bank and strategic importance for its related states.
- Our Neutral (4) issuer profile holds for now. (Company, OCBC)

Asian Credit Daily

Key Market Movements

	13-Mar	1W chg (bps)	1M chg (bps)		13-Mar	1W chg	1M chg
iTraxx Asiax IG	130	54	81	Brent Crude Spot (\$/bbl)	33.18	-26.71%	-41.11%
iTraxx SovX APAC	85	39	57	Gold Spot (\$/oz)	1,581.11	-5.54%	0.32%
iTraxx Japan	114	48	72	CRB	141.94	-12.58%	-17.61%
iTraxx Australia	145	65	97	GSCI	300.45	-17.75%	-23.75%
CDX NA IG	140	57	96	VIX	75.47	90.48%	433.36%
CDX NA HY	93	-10	-17	CT10 (%)	0.724%	-3.86	-89.36
iTraxx Eur Main	122	42	80				
iTraxx Eur XO	566	185	354	AUD/USD	0.628	-5.44%	-6.61%
iTraxx Eur Snr Fin	149	58	101	EUR/USD	1.116	-1.09%	2.95%
iTraxx Eur Sub Fin	303	116	205	USD/SGD	1.412	-2.39%	-1.62%
iTraxx Sovx WE	28	12	18	AUD/SGD	0.886	3.20%	5.34%
USD Swap Spread 10Y	-5	-13	0	ASX 200	4,946	-20.43%	-30.37%
USD Swap Spread 30Y	-70	-36	-38	DJIA	21,201	-18.84%	-27.95%
US Libor-OIS Spread	61	22	49	SPX	2,481	-17.97%	-26.48%
Euro Libor-OIS Spread	4	-3	0	MSCI Asiax	585	-9.60%	-15.23%
				HSI	24,309	-9.19%	-12.34%
China 5Y CDS	92	36	58	STI	2,679	-11.25%	-16.81%
Malaysia 5Y CDS	164	90	129	KLCI	1,419	-4.80%	-7.78%
Indonesia 5Y CDS	219	110	158	JCI	4,896	-13.17%	-16.62%
Thailand 5Y CDS	77	27	51	EU Stoxx 50	2,545	-24.33%	-33.83%
Australia 5Y CDS	47	19	31				

Source: Bloomberg

Asian Credit Daily

New Issues

- There were no new issues or mandates.

Date	Issuer	Size	Tenor	Pricing
11-Mar-20	China Cinda (2020) I Management Ltd. (Guarantor: China Cinda (HK) Holdings Co.)	USD700mn USD500mn USD300mn USD500mn	3-year 5-year 7-year 10-year	T+160bps T+195bps T+240bps T+255bps
11-Mar-20	Beijing Capital Polaris Investment Co. Ltd. (Guarantor: Beijing Capital Group Co. Ltd.)	USD300mn	3-year	2.8%
11-Mar-20	Xiang Sheng Holding Limited (Guarantor: Shinsun Real Estate Group Co. Ltd.)	USD53mn	SHXREG 12.5%'22s	12.5%
10-Mar-20	Huantaihu International Investment Co., Ltd. (Guarantor: Huzhou Economic Development Group Co., Ltd.)	USD200mn	3-year	4.5%
09-Mar-20	Aspial Corporation Limited	SGD50mn	3-year	6.5%
09-Mar-20	PSA Treasury Pte. Ltd. (Guarantor: PSA International Pte Ltd)	SGD500mn	10-year	1.63%
06-Mar-20	Zensun Enterprises Limited	USD200mn	2.5-year	13%
06-Mar-20	Xi'an Aerospace Science & Technology Industry Company	USD200mn	3-year	6.5%
05-Mar-20	Industrial and Commercial Bank of China Limited of Luxembourg	USD150mn	3-year	3m-US LIBOR+50bps
05-Mar-20	Haitong International Finance Holdings 2015 Limited (Guarantor: Haitong Securities Co.,Ltd.)	USD670mn	5-year	T+142.5bps
05-Mar-20	MCC Holding (Hong Kong) Corporation Limited (Guarantor: Metallurgical Corporation of China Ltd.)	USD400mn	PERPNC3	3.25%

Source: OCBC, Bloomberg

Treasury Research & Strategy

Macro Research

Selena Ling

Head of Research & Strategy

LingSSSelena@ocbc.com

Howie Lee

Thailand, Korea &

Commodities

HowieLee@ocbc.com

Tommy Xie Dongming

Head of Greater China

Research

XieD@ocbc.com

Carie Li

Hong Kong & Macau

carierli@ocbcwh.com

Wellian Wiranto

Malaysia & Indonesia

WellianWiranto@ocbc.com

Dick Yu

Hong Kong & Macau

dicksnyu@ocbcwh.com

Terence Wu

FX Strategist

TerenceWu@ocbc.com

Credit Research

Andrew Wong

Credit Research Analyst

WongVKAM@ocbc.com

Ezien Hoo

Credit Research Analyst

EzienHoo@ocbc.com

Wong Hong Wei

Credit Research Analyst

WongHongWei@ocbc.com

Seow Zhi Qi

Credit Research Analyst

ZhiQiSeow@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).