

### Market Commentary

- The SGD swap curve slightly rose, with all tenors trading 1-2bps higher while the 20-year traded 3bps lower and the 30-year traded 5bps higher.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 199bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 4bps to 751bps. The HY-IG Index Spread widened 5bps to 552bps.
- Flows in SGD corporates were heavy, with flows in HSBC 4.7%-PERPs, HSBC 5%-PERPs, CMZB 4.875% '27s, SINTEC 4.1%-PERPs and STANLN 5.375%-PERPs.
- 10Y UST Yields fell 3bps to 0.62% despite U.S. stock prices remaining firm.

### Credit Research

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### Credit Summary:

- [Singapore Press Holdings Ltd \("SPH"\)](#) | **Not rated:** SPH provided a 3QFY2020 update. COVID-19 has adversely impacted SPH's business segments with operating profit for FY2020 expected to be significantly lower than FY2019 (SGD187mn). Meanwhile, reported interest coverage ratio has weakened to 4.2x as of 31 May (30 Apr: 5.0x) while cash and equivalents has fallen to SGD810mn as of 31 May (30 Apr: SGD849mn). SPH will be conducting a revaluation of investment properties at the end of FY2020 (as at 31 Aug 2020), with COVID-19 expected to negatively impact the outcome. Going forward, SPH continues to prioritise conservation of cash.
- [Sembcorp Industries Ltd \("SCI"\)](#) | **Issuer Profile: Neutral (4):** The media has reported that SCI is exploring a sale of part of its stake in its India thermal power generation business and has appointed financial advisers for this. Previously in 2018, the company was in the midst of an initial public offering ("IPO") for its India energy business though in mid-2019, the IPO was deferred due to adverse market conditions. The company continues to pursue options to unlock value from this business.
- [Westpac Banking Corporation \("WSTP"\)](#) | **Issuer Profile: Positive (2):** Westpac has announced the appointment of KPMG partner Michael Rowland as its new CFO. Current CFO Gary Thursby was working on an interim basis as current CEO Peter King left the role to be first interim and then permanent CEO following the departure of Brian Hartzer due to anti-money laundering breaches with AUSTRAC.

## Asian Credit Daily

### Credit Headlines

#### Singapore Press Holdings Ltd (“SPH”) | Not rated

- SPH provided a 3QFY2020 update. COVID-19 has adversely impacted SPH’s business segments with operating profit for FY2020 expected to be significantly lower than FY2019 (SGD187mn).
- 3QFY2020 media revenue for the quarter ended 31 May fell 51.4% y/y with display down 55.8% y/y and classified down 42.7% y/y, despite digital subscription rising 9.5% y/y. According to SPH, this is in-line with declines in worldwide advertising due to COVID-19.
- For retail, SPH reported that footfall has yet to recover to pre-COVID-19 levels with new social distancing measures. In addition, revenue may fall with rental reliefs provided.
- Revenue from student accommodation should be impacted by rental refunds of GBP4.6bn though this remains unchanged since [SPH’s previous update in May](#).
- Meanwhile, operating performance is holding up for SPH’s Aged Care businesses in Orange Valley and Japan Aged Care.
- Meanwhile, reported interest coverage ratio has weakened to 4.2x as of 31 May (30 Apr: 5.0x) while cash and equivalents has fallen to SGD810mn as of 31 May (30 Apr: SGD849mn). SPH will be conducting a revaluation of investment properties at the end of FY2020 (as at 31 Aug 2020), with COVID-19 expected to negatively impact the outcome. Going forward, SPH continues to prioritise conservation of cash. (Company, OCBC)

#### Sembcorp Industries Ltd (“SCI”) | Issuer Profile: Neutral (4)

- The media has reported that SCI is exploring a sale of part of its stake in its India thermal power generation business and has appointed financial advisers for this.
- SCI owns two thermal power plants in Andhra Pradesh, collectively with 2,640 MW. India is a key energy market for SCI and in addition to thermal power, SCI owns a portfolio of renewable energy power assets there (mainly wind power).
- Previously in 2018, the company was in the midst of an initial public offering (“IPO”) for its India energy business though in mid-2019, the IPO was deferred due to adverse market conditions. The company continues to pursue options to unlock value from this business. (Livemint, OCBC)

#### Westpac Banking Corporation (“WSTP”) | Issuer Profile: Positive (2)

- Westpac has announced the appointment of KPMG partner Michael Rowland as its new CFO. Current CFO Gary Thursby was working on an interim basis as current CEO Peter King left the role to be first interim and then permanent CEO following the departure of Brian Hartzler due to anti-money laundering breaches with AUSTRAC.
- Prior to being made a partner at KPMG in 2014, Mr Rowland spent fifteen years at Australia & New Zealand Banking Group Ltd (“ANZ” | Issuer Profile: Positive (2)) where he was the CFO of various business divisions including institutional banking and New Zealand wealth. He also worked under current Westpac Chairman John McFarlane when he was CEO of ANZ. (Company, Bloomberg, OCBC)

## Key Market Movements

	14-Jul	1W chg (bps)	1M chg (bps)		14-Jul	1W chg	1M chg
iTraxx Asiax IG	79	-1	-9	Brent Crude Spot (\$/bbl)	42.20	-2.04%	8.96%
iTraxx SovX APAC	43	0	-7	Gold Spot (\$/oz)	1,800.49	0.31%	4.37%
iTraxx Japan	60	2	-3	CRB	140.68	-0.16%	4.73%
iTraxx Australia	81	0	-14	GSCI	336.24	0.59%	6.99%
CDX NA IG	75	1	4	VIX	32.19	15.21%	-10.81%
CDX NA HY	100	0	-2	CT10 (%)	0.620%	-1.96	-8.33
iTraxx Eur Main	61	-2	-9				
iTraxx Eur XO	369	4	-32	AUD/USD	0.694	-0.17%	0.23%
iTraxx Eur Snr Fin	73	1	-8	EUR/USD	1.135	0.65%	0.21%
iTraxx Eur Sub Fin	151	0	-17	USD/SGD	1.391	0.27%	0.04%
iTraxx Sovx WE	18	0	-2	AUD/SGD	0.965	0.45%	-0.22%
USD Swap Spread 10Y	-2	1	-1	ASX 200	5,948	-1.07%	1.72%
USD Swap Spread 30Y	-47	3	2	DJIA	26,086	-0.77%	1.88%
US Libor-OIS Spread	20	0	-4	SPX	3,155	-0.77%	3.75%
Euro Libor-OIS Spread	3	-1	-8	MSCI Asiax	700	1.75%	9.55%
				HSI	25,772	-2.15%	6.05%
China 5Y CDS	45	-1	-10	STI	2,631	-0.82%	-1.99%
Malaysia 5Y CDS	65	0	-15	KLCI	1,606	1.87%	3.91%
Indonesia 5Y CDS	123	2	-16	JCI	5,064	1.51%	3.77%
Thailand 5Y CDS	43	2	-4	EU Stoxx 50	3,350	0.00%	6.22%

Source: Bloomberg

## Asian Credit Daily

### New Issues

- VLL International Inc. (Guarantor: Vista Land & Lifescapes Inc.) priced a USD200mn 7NC4 bond at 7.25%, tightening from IPT of 7.375% area.
- Bank of Communications Co., Ltd. Hong Kong Branch priced a USD650mn 3-year FRN at 3m-US LIBOR+80bps, tightening from IPT of 3m-US LIBOR+120bps and another USD400mn 5-year FRN at 3m-US LIBOR+90bps, tightening from IPT of 3m-US LIBOR+130bps area.
- RongXingDa Development (BVI) Limited (Guarantor: RiseSun Real Estate Development Co., Ltd.) priced a USD250mn 364-day bond at 9.25%, tightening from IPT of 9.375% area.
- NongHyup Bank priced a USD500mn 5-year bond at T+100bps, tightening from IPT of T+140bps area.
- Industrial and Commercial Bank of China Limited, Hong Kong Branch priced a USD800mn 3-year bond at T+93bps, tightening from IPT of CT3+130bps area and another USD800mn 5-year bond at T+103bps, tightening from IPT of CT5+140bps area.
- CIFI Holdings (Group) Co. Ltd. priced a USD300mn 5.25NC3 green bond at 5.95%, tightening from IPT of 6.40% area.
- Jiu An Finance Co., Ltd (Guarantor: Tongchuangjiuding Investment Management Group Co., Ltd.) priced a USD300mn 3-year bond at 9.5%.
- The Government of the Emirate of Sharjah, Adani Ports and Special Economic Zone Ltd. and Yunnan Construction and Investment Holding Group Co. have arranged investor calls commencing 13 July 2020 for their proposed USD bond offerings respectively.

### New Issues

Date	Issuer	Size	Tenor	Pricing
13-Jul-20	VLL International Inc. (Guarantor: Vista Land & Lifescapes Inc.)	USD200mn	7NC4	7.25%
13-Jul-20	Bank of Communications Co., Ltd. Hong Kong Branch	USD650mn USD400mn	3-year 5-year	3m-US LIBOR+80bps 3m-US LIBOR+90bps
13-Jul-20	RongXingDa Development (BVI) Limited (Guarantor: RiseSun Real Estate Development Co., Ltd.)	USD250mn	364-day	9.25%
13-Jul-20	NongHyup Bank	USD500mn	5-year	T+100bps
13-Jul-20	Industrial and Commercial Bank of China Limited, Hong Kong Branch	USD800mn USD800mn	3-year 5-year	T+93bps T+103bps
13-Jul-20	CIFI Holdings (Group) Co. Ltd.	USD300mn	5.25NC3	5.95%
13-Jul-20	Jiu An Finance Co., Ltd (Guarantor: Tongchuangjiuding Investment Management Group Co., Ltd.)	USD300mn	3-year	9.5%
09-Jul-20	Shandong Energy Australia Pty (Guarantor: Shandong Energy Group Co.)	USD100mn	3-year	4.2%
09-Jul-20	Yankuang Group (Cayman) Limited (Guarantor: Yankuang Group Company Limited)	USD400mn	3-year	4.2%
09-Jul-20	PTT Treasury Center Co. (Guarantor: PTT Public Co.)	USD700mn	50-year	3.7%
09-Jul-20	ZhongAn Online P&C Insurance Company Limited	USD600mn	5-year	T+285bps
09-Jul-20	HFI International (HK) Limited (Guarantor: Hangzhou Finance And Investment Group Co. Ltd.)	USD260mn	5-year	3.2%
08-Jul-20	Kaisa Group Holdings Ltd.	USD400mn USD300mn	3.2NC2.2 4.75NC2.75	10% 11.5%
08-Jul-20	Overseas Chinese Town (Asia) Holdings Limited (Guarantor: Overseas Chinese Town Enterprises Limited Company)	USD500mn	Perp-NC3	4.5%
08-Jul-20	Yango Justice International Limited (Guarantor: Yango Group Co., Ltd.)	USD300mn	3.75NCNP2.25	7.85%
08-Jul-20	Inventive Global Investments Ltd. (Guarantor: ABC International Holdings Ltd.)	USD450mn	3-year	T+140bps

Source: OCBC, Bloomberg

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