

Market Commentary

- The SGD swap curve flattened yesterday, with the shorter tenors trading 0-1bps higher while the belly and longer tenors traded 1bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS remained mostly unchanged at 117bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 1bps to 442bps. The HY-IG Index tightened 1bps to 324bps.
- Flows in SGD corporates were heavy, with flows in CATHAY 3.375%'23s, UBS 4.85%-PERPs, ARASP 5.6%-PERPs, WINGTA 3.68%'30s, STANLN 5.375%-PERPs and HSBC 4.7%-PERPs.
- 10Y UST Yields fell by 3bps to close at 1.81%, following a report which stated that existing China tariffs are likely to remain until after the U.S. presidential election this year.

Credit Research

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Credit Summary:

- [OUE Ltd \("OUE"\)](#) | **Issuer Profile: Neutral (5)**: OUE announced that it has sold 635.5mn shares in Gemdale Properties and Investment Corporation Limited ("Gemdale") for an aggregate consideration of HKD578mn (~SGD100.2mn), likely in a profitable trade for OUE. Post the disposal, OUE's stake in Gemdale would fall to ~23.8% from 27.8% (its stake in Gemdale immediately before the sale). There is no indication of the use of proceeds though net-net we see it as a credit positive that OUE is monetising assets that may help generate liquidity amidst its impending maturity of the OUE 3.8%'20s (amount outstanding of SGD300mn) in April. Beyond the OUESP 3.8%'20s, liquidity continues to be thin. Based on our preliminary asset coverage analysis for debt holders, we find asset-to-debt coverage at OUE (excluding OUE Commercial Trust, its Sponsored REIT) at 2.9x, indicating that there are assets available for OUE to monetize.
- [CWT International Limited \("CWTI"\)](#) | **Issuer Profile: Unrated and CWT Pte Ltd ("CWT SG")** | **Issuer Profile: Unrated**: CWTI has announced that, it has entered into a conditional agreement to sell its 65%-stake in Dongguan Hillview Golf Co., Ltd ("Hillview"). Hillview owns certain golf courses located in Dongguan and related assets. The proposed buyer for the 65%-stake is wholly-owned by two individuals Xie Yinghui and Xu Tingting. The remaining 35% is held by Guangzhou HNA Assets Management Limited. Apart from deeming the golf course assets as non-core, the proposed sale will allow the company to increase its liquidity and pare down part of [the HKD1.63bn loan](#).

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

- OUE announced that it has sold and transferred 635.5mn shares in Gemdale Properties and Investment Corporation Limited (“Gemdale”), representing 4.0%-stake in Gemdale for an aggregate consideration of HKD578mn (~SGD100.2mn) at HKD0.91 per share, likely in a profitable trade for OUE.
- Post the disposal, OUE’s stake in Gemdale would fall to ~23.8% from 27.8% (its stake in Gemdale immediately before the sale).
- In 2019, OUE bought additional stakes in Gemdale in two separate tranches. In August 2019, OUE had increased its stake in Gemdale to 27.9%, from 21.8%, at HKD0.85 per share. Earlier in May 2019, OUE increased its stake in Gemdale to 21.8% from 14.8% (making Gemdale an associate) at HKD0.88 per share. In September 2019, we had raised that the timing of these increased stakes in Gemdale came at a puzzling time given the thin liquidity situation at the company.
- There is no indication of the use of proceeds of this SGD100.2mn though net-net we see it as a credit positive that OUE is monetising assets that may help generate liquidity amidst its impending maturity of the OUE 3.8%’20s (amount outstanding of SGD300mn) in April. In November 2019, OUE had completed the sale of the OUE Downtown serviced apartment property for SGD289mn while we estimate another SGD170mn to be collected within 12 months from previously sold units at OUE TwinPeaks under deferred payment schemes that have not been collected.
- Beyond the OUESP 3.8%’20s, liquidity continues to be thin. Based on our preliminary asset coverage analysis for debt holders, we find asset-to-debt coverage at OUE (excluding OUE Commercial Trust, its Sponsored REIT) at 2.9x, indicating that there are assets available for OUE to monetize and this continues to underpin the credit profile of OUE, although timing of asset sales is uncertain. (Company, OCBC)

CWT International Limited (“CWTI”) | Issuer Profile: Unrated and CWT Pte Ltd (“CWT SG”) | Issuer Profile: Unrated

- CWTI has announced that (via an indirect wholly-owned subsidiary), it has entered into a conditional agreement to sell its 65%-stake in Dongguan Hillview Golf Co., Ltd (“Hillview”). Hillview owns certain golf courses located in Dongguan and related assets. The proposed buyer for the 65%-stake is wholly-owned by two individuals Xie Yinghui and Xu Tingting. The remaining 35% is held by Guangzhou HNA Assets Management Limited.
- As consideration, the buyer will pay HKD180mn in cash to the seller and has agreed to assume the liability for loans totalling RMB506mn (~HKD564mn).
- Apart from deeming the golf course assets as non-core, the proposed sale will allow the company to increase its liquidity and pare down part of [the HKD1.63bn loan](#). (Company, OCBC)

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Key Market Movements

	15-Jan	1W chg (bps)	1M chg (bps)		15-Jan	1W chg	1M chg
iTraxx Asiax IG	53	-2	-6	Brent Crude Spot (\$/bbl)	64.38	-1.62%	-1.29%
iTraxx SovX APAC	26	-2	-2	Gold Spot (\$/oz)	1,547.39	-0.58%	4.82%
iTraxx Japan	44	-3	-2	CRB	183.64	-1.76%	-0.09%
iTraxx Australia	47	-2	-6	GSCI	427.72	-3.31%	-0.08%
CDX NA IG	45	0	-1	VIX	12.39	-10.15%	-1.90%
CDX NA HY	110	0	0	CT10 (%)	1.814%	-5.94	-0.82
iTraxx Eur Main	44	0	-2				
iTraxx Eur XO	210	2	0	AUD/USD	0.690	0.50%	0.22%
iTraxx Eur Snr Fin	51	-1	-1	EUR/USD	1.113	0.23%	-0.12%
iTraxx Eur Sub Fin	107	-3	-1	USD/SGD	1.347	0.27%	0.53%
iTraxx Sovx WE	11	-1	0	AUD/SGD	0.930	-0.24%	0.31%
USD Swap Spread 10Y	-4	2	1	ASX 200	6,988	2.50%	3.69%
USD Swap Spread 30Y	-31	3	-2	DJIA	28,940	1.25%	2.86%
US Libor-OIS Spread	25	-1	-9	SPX	3,283	1.42%	3.61%
Euro Libor-OIS Spread	6	0	1	MSCI Asiax	712	3.60%	5.47%
				HSI	28,922	2.97%	4.46%
China 5Y CDS	31	-1	-3	STI	3,274	0.87%	1.87%
Malaysia 5Y CDS	34	-2	-3	KLCI	1,578	-0.68%	0.46%
Indonesia 5Y CDS	62	-2	-5	JCI	6,333	1.72%	2.19%
Thailand 5Y CDS	22	-2	-3	EU Stoxx 50	3,775	0.42%	1.17%
Australia 5Y CDS	17	0	0				

Source: Bloomberg

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New Issues

- HBIS Group Hong Kong Co., Limited priced a USD200mn re-tap of its existing TSSTEE 3.75%'22s at 3.78%, tightening from IPT of 4.0% area.
- Theta Capital Pte. Ltd (wholly-owned by PT Lippo Karawaci Tbk) priced a USD325mn 5NC3 bond at 8.125%, tightening from IPT of 8.5% area.
- SMC Global Power Holdings Corp priced a USD600mn PERP NC6 bond at 5.7%, tightening from IPT of 6.125% area.
- Future Retail Limited priced a USD500mn 5NC3 bond at 5.6%, tightening from IPT of 6.0% area.
- Australia and New Zealand Banking Group Ltd priced a USD1.25bn 10.5NC5.5 Tier 2 bond at T+133bps, tightening from IPT of T+160bps area.
- Macquarie Bank Ltd priced a USD1.25bn 5-year bond at T+70bps, tightening from IPT of T+85bps area.
- China Development Bank Corporation of Hong Kong priced a USD100mn 2-year bond at 3m-US LIBOR+40bps and a USD180mn 2-year bond at 3m-US LIBOR+40bps.
- City Developments Limited priced a SGD200mn 5-year bond at 2.7%, tightening from IPT of 2.8% area.
- Mercatus Co-operative Limited priced a SGD100mn 10-year bond at 3.08%.
- Bengbu Gaoxin Investment Group Co., Ltd has mandated banks for its proposed USD bond offering.
- Glenmark Pharmaceuticals Ltd arranged investor meetings commencing 15 Jan for its proposed USD bond offering.

New Issues

Date	Issuer	Size	Tenor	Pricing
14-Jan-20	HBIS Group Hong Kong Co., Limited	USD200mn	TSSTEE 3.75%'22s	3.78%
14-Jan-20	Theta Capital Pte. Ltd (wholly-owned by PT Lippo Karawaci Tbk)	USD325mn	5NC3	8.125%
14-Jan-20	SMC Global Power Holdings Corp	USD600mn	PERP NC6	5.7%
14-Jan-20	Future Retail Limited	USD500mn	5NC3	5.6%
14-Jan-20	Australia and New Zealand Banking Group Ltd	USD1.25bn	10.5NC5.5	T+133bps
14-Jan-20	Macquarie Bank Ltd	USD1.25bn	5-year	T+70bps
14-Jan-20	China Development Bank Corporation of Hong Kong	USD100mn USD180mn	2-year 2-year	3m-US LIBOR+40bps 3m-US LIBOR+40bps
14-Jan-20	City Developments Limited	SGD200mn	5-year	2.7%
14-Jan-20	Mercatus Co-operative Limited	SGD100mn	10-year	3.08%
13-Jan-20	PT Pertamina (Persero)	USD500mn USD1bn	10-year 30-year	3.10% 4.175%
13-Jan-20	Sun Hung Kai Properties (Capital Market) Limited	USD500mn	10-year	T+110bps
13-Jan-20	Changsha Pilot Investment Holdings Group Co., Ltd	USD150mn	CSPLIN 3.8%'22s	100.316
13-Jan-20	China Merchants Securities Co., Ltd	USD300mn	3-year	T+105bps
13-Jan-20	Posco	USD500mn USD440mn	3-year 5-year	T+82.5bps T+97.5bps
13-Jan-20	BOC Aviation Limited	USD400mn	5-year	T+100bps
13-Jan-20	PT Tower Bersama Infrastructure Tbk	USD350mn	5NC3	4.25%
13-Jan-20	China South City Holdings Limited	USD200mn	CSCHCN 11.5%'22s	12.125%
13-Jan-20	Redsun Properties Group Limited	USD300mn	3.5NC2	10.25%
13-Jan-20	Cathay Pacific MTN Financing (HK) Limited	SGD175mn	3-year	3.375%

Source: OCBC, Bloomberg

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