

Market Commentary

- The SGD swap curve bull flattened yesterday, with the shorter tenors trading 1-2bps lower while the belly and longer tenors traded 2-5bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 2bps to 209bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 8bps to 816bps. The HY-IG Index Spread widened 7bps to 607bps.
- Flows in SGD corporates were heavy, with flows in STANLN5.375%-PERPs, HSBC 4.7%-PERPs, SOCGEN 6.125%-PERPs, CMZB 4.875%'27s, UBS5.875%-PERPs, KITSP 4.75%-PERPs, UBS 4.85%-PERPs and CELSP 3.9%-PERPs.
- 10Y UST Yields gained 2bps to 0.72% after the Federal Reserve expanded corporate bond purchases.

Credit Research

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Credit Summary:

- [Lippo Malls Indonesia Retail Trust \("LMRT"\)](#) | **Issuer Profile: Negative (6)**: LMRT announced that 21 of its retail malls and 6 of its retail spaces have resumed operations by 15 June 2020, with the remaining two malls (Mal Lippo Cikarang and Lippo Plaza Ekalokasari Bogor) scheduled to reopen on 3 Jul 2020 while one retail space (Depok Town Square) will reopen today. This is credit positive as tenants resume operations, though we think LMRT may see some challenges with occupancy and collections of rental during the initial period. LMRT also announced that it will be making distributions for LMRTSP 6.6% PERP, citing stabilisation of COVID-19 in Indonesia on the back of resumption of mall operations.
- [Qantas Airways Ltd \("Qantas"\)](#) | **Issuer Profile: Neutral (5)**: Qantas would be selling its 30%-stake in Jetstar Pacific Airlines Aviation Joint Stock Company ("Jetstar Pacific") to Vietnam Airlines (the current controlling shareholder) pending regulatory approval. Separately, the investigation by the Australian Competition & Consumer Commission ("ACCC") into Qantas' purchase of a 19.9%-interest in Alliance Aviation ("Alliance") is ongoing. Qantas had completed the purchase of its stake in Alliance without first seeking ACCC clearance.
- [Singapore Airlines Ltd \("SIA"\)](#) | **Issuer Profile: Neutral (5)**: SIA announced that it would repay a SGD2.0bn bridge loan which it had obtained from a bank from its recently completed rights issue which raised SGD8.8bn. Another SGD200mn from the rights issue will go towards funding operating expenses. Separately, SIA disclosed operating results for May 2020.

Asian Credit Daily**Credit Headlines****Lippo Malls Indonesia Retail Trust (“LMRT”) | Issuer Profile: Negative (6)**

- LMRT announced that 21 of its retail malls and 6 of its retail spaces have resumed operations by 15 June 2020, with the remaining two malls (Mal Lippo Cikarang and Lippo Plaza Ekalokasari Bogor) scheduled to reopen on 3 Jul 2020 while one retail space (Depok Town Square) will reopen today.
- This is credit positive as tenants resume operations, though we think LMRT may see some challenges with occupancy and collections of rental during the initial period.
- LMRT also announced that it will be making distributions for LMRTSP 6.6% PERP, citing stabilisation of COVID-19 in Indonesia on the back of resumption of mall operations. Earlier, [we had expected LMRT to miss the distributions as LMRT did not accrue distributions to perpetual holders](#).
- We now expect LMRT to similarly make distribution payments towards LMRTSP 7% PERP come September. (Company, OCBC)

Qantas Airways Ltd (“Qantas”) | Issuer Profile: Neutral (5)

- Qantas would be selling its 30%-stake in Jetstar Pacific Airlines Aviation Joint Stock Company (“Jetstar Pacific”) to Vietnam Airlines (the current controlling shareholder) pending regulatory approval. Qantas recognises this 30%-stake as an associate stake. Reportedly, Jetstar Pacific had been mostly loss making since its inception and faces strong competition from other Vietnam based low cost carriers.
- Separately, the investigation by the Australian Competition & Consumer Commission (“ACCC”) into Qantas’ purchase of a 19.9%-interest in Alliance Aviation (“Alliance”) is ongoing. Alliance is also listed on the Australian Stock Exchange and is a competitor on Qantas’ regional market and in the fly-in/fly-out services market for mining customers. Qantas had completed the purchase of its stake in Alliance without first seeking ACCC clearance. Per the ACCC, Qantas has stated publicly that it intends to seek regulatory approval to build on its current shareholding in Alliance, with a longer-term view of taking a majority stake in Alliance. (ACCC, The Age, Sydney Morning Herald, OCBC)

Singapore Airlines Ltd (“SIA”) | Issuer Profile: Neutral (5)

- SIA announced that it would repay a SGD2.0bn bridge loan which it had obtained from a bank from its recently completed rights issue which raised SGD8.8bn. Another SGD200mn from the rights issue will go towards funding operating expenses.
- Separately, SIA disclosed operating results for May 2020. Passenger load factor for the group airlines (including the parent airline SIA, Silkair and Scoot) was 8.6% in May 2020 versus 80.5% in May 2019. Capacity (measured by million seat-km) has fallen by 96.2% y/y while passengers carried (measured by number of passengers) has fallen by 99.7% y/y.
- Cargo load factor encouragingly was 74.9% in May 2020 versus 60.5% in May 2019. (Company, OCBC)

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Key Market Movements

	16-Jun	1W chg (bps)	1M chg (bps)		16-Jun	1W chg	1M chg
iTraxx Asiax IG	88	4	-26	Brent Crude Spot (\$/bbl)	39.32	-4.52%	20.98%
iTraxx SovX APAC	50	7	-15	Gold Spot (\$/oz)	1,732.61	1.01%	0.00%
iTraxx Japan	63	6	-20	CRB	134.78	-1.98%	8.04%
iTraxx Australia	95	11	-24	GSCI	317.20	-2.22%	11.24%
CDX NA IG	71	-1	-20	VIX	34.4	33.28%	7.87%
CDX NA HY	102	0	8	CT10 (%)	0.753%	-7.25	11.00
iTraxx Eur Main	70	4	-14				
iTraxx Eur XO	401	41	-98	AUD/USD	0.697	0.09%	6.79%
iTraxx Eur Snr Fin	82	6	-21	EUR/USD	1.134	0.04%	3.95%
iTraxx Eur Sub Fin	168	4	-60	USD/SGD	1.387	0.13%	2.23%
iTraxx Sovx WE	20	2	-9	AUD/SGD	0.967	0.10%	-4.28%
USD Swap Spread 10Y	-1	0	1	ASX 200	5,934	-3.43%	9.79%
USD Swap Spread 30Y	-48	-1	-1	DJIA	25,763	-6.56%	8.77%
US Libor-OIS Spread	23	-1	-10	SPX	3,067	-5.13%	7.08%
Euro Libor-OIS Spread	11	1	-9	MSCI Asiax	625	-3.89%	4.79%
				HSI	24,356	-2.80%	2.35%
China 5Y CDS	54	6	3	STI	2,673	-4.32%	5.94%
Malaysia 5Y CDS	80	13	-29	KLCI	1,525	-3.16%	8.69%
Indonesia 5Y CDS	139	23	-57	JCI	4,939	-1.91%	9.57%
Thailand 5Y CDS	47	7	-12	EU Stoxx 50	3,136	-6.83%	13.20%
Australia 5Y CDS	0	1	-2				

Source: Bloomberg

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New Issues

- Castle Peak Power Finance Co. (Guarantor: Castle Peak Power Co.) priced a USD350mn 10-year bond at T+162.5bps, tightening from IPT of T+210bps area.
- Industrial Bank of Korea priced a USD500mn 5-year social bond at T+72.5bps, tightening from IPT of T+115bps area.
- China Huadian Overseas Development 2018 Limited (Guarantor: China Huadian Corporation LTD.) priced a USD500mn Perp-NC5 at 3.375%, tightening from IPT of 3.95% area.
- Henderson Land MTN Limited priced a USD100mn 5-year bond at 2.26%.
- Industrial & Commercial Bank of China Limited/Hong Kong priced a USD100mn re-tap of its ICBCAS Float '23s at 3m-US LIBOR+60bps.
- OUE CT Treasury Pte. Ltd. (Guarantor: OUE Commercial Real Estate Investment Trust) priced a SGD100mn 5-year bond at 4.0%.
- PLDT Inc., Guangdong Hengjian Investment Holding Co., Ltd., China Gold International Resources Corp. Ltd., China Construction Bank Corp., Chailease Holding Company Limited and Ping An Real Estate Company Ltd. have mandated banks for their proposed USD bond offerings respectively.

Date	Issuer	Size	Tenor	Pricing
15-Jun-20	Castle Peak Power Finance Co. (Guarantor: Castle Peak Power Co.)	USD350mn	10-year	T+162.5bps
15-Jun-20	Industrial Bank of Korea	USD500mn	5-year	T+72.5bps
15-Jun-20	China Huadian Overseas Development 2018 Limited (Guarantor: China Huadian Corporation LTD.)	USD500mn	Perp-NC5	3.375%
15-Jun-20	Henderson Land MTN Limited	USD100mn	5-year	2.26%
15-Jun-20	Industrial & Commercial Bank of China Limited of Hong Kong	USD100mn	ICBCAS Float '23s	3m-US LIBOR+60bps
15-Jun-20	OUE CT Treasury Pte. Ltd. (Guarantor: OUE Commercial Real Estate Investment Trust)	SGD100mn	5-year	4.0%
12-Jun-20	Wynn Macau Ltd	USD750mn	5.5NC2	5.5%
12-Jun-20	Industrial & Commercial Bank of China Limited of Hong Kong	USD100mn	3-year	3m-US LIBOR+60bps
12-Jun-20	The Export-Import Bank of China	USD100mn	3-year	0.9%
11-Jun-20	Thaioil Treasury Center Co Ltd (Guarantor: Thai Oil Pcl)	USD400mn USD600mn	10-year 30-year	T+185bps 3.75%

Source: OCBC, Bloomberg

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