

Market Commentary

- The SGD swap curve rose yesterday, with most of the tenors trading 0-1bps higher while the 1-year traded 1bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 169bps, while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 3bps to 675bps. The HY-IG Index Spread tightened 4bps to 506bps.
- Flows in SGD corporates were heavy, with flows in CAPLSP 2.9%'32s, STANLN 5.375%-PERPs, UBS 4.85%-PERPs, SOCGEN 6.125%-PERPs, OLAMSP 4%'26s, LBBW 3.75%'27s, CS 5.625%-PERPs, SPHSP 3.2%'30s, CMZB 4.875%'27s and HSBC 5%-PERPs.
- 10Y UST Yields gained 1bps to 0.68%, on the back of a decent performance from the sale of USD22bn 20-year bonds and upbeat US manufacturing data and August import prices. Additionally, the Fed's two-day meeting kicked off yesterday.

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:

- [Keppel Corporation Ltd \("KEP"\)](#) | **Issuer Profile: Neutral (4)**: KEP's 50%-owned associate Floatel International Ltd has managed to get an extension of the forbearance agreement to 30 September 2020. In other developments, KEP announced that its wholly-owned subsidiary Kepventure Pte Ltd has entered into a joint venture with Liquid Group Pte. Ltd. to develop and implement a customer reward program for KEP entities. While little further details were provided, customer reward program is a new business for KEP but a potentially profitable one in our view.
- [Singapore Airlines Ltd \("SIA"\)](#) | **Issuer Profile: Neutral (5)**: SIA reported its August 2020 operating data. On a group airline basis, passenger load factor was at 18.8% in August 2020, lower than July 2020's 21.6%. SIA cargo load factor was at 81.8% in August 2020, lower versus 84.6% in July 2020. Per SIA, the Singapore government has opened up more destinations from which passengers can transfer through Singapore to other destinations in SIA's network. However, demand for air travel continues to be curtailed. SIA has announced difficult retrenchment plans and is in the midst of reviewing its fleet and network plans. As yet there are no updates on its capex deferral discussions.

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Credit Headlines

Keppel Corporation Ltd (“KEP”) | Issuer Profile: Neutral (4)

- KEP’s 50%-owned associate [Floatel International Ltd \(“Floatel”\)](#) has managed to get an extension of the forbearance agreement to 30 September 2020.
- In other developments, KEP announced that its wholly-owned subsidiary Kepventure Pte Ltd (“Kepventure”) has entered into a joint venture with Liquid Group Pte. Ltd. (“Liquid Group”) to develop and implement a customer reward program for KEP entities. While little further details were provided, customer reward program is a new business for KEP but a potentially profitable one in our view.
- Customer facing KEP-linked entities include M1 Ltd (the telecommunications provider), Keppel Electric Pte Ltd (electricity retailer) and City Gas Pte Ltd (piped town gas and natural gas utilities provider).
- Liquid Group is a regional mobile payment services group headquartered in Singapore with a regional presence. (Company, OCBC)

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

- SIA reported its August 2020 operating data. On a group airline basis, passenger load factor was at 18.8% in August 2020, lower than July 2020’s 21.6% (August 2019: 86.4%).
- Capacity in millions seat kilometres on a group airlines basis had declined 92.2% y/y to 1,190.1 million seat-kilometres in August 2020, though higher than the 867.7 million seat-kilometre in July 2020.
- SIA cargo load factor was at 81.8% in August 2020, lower versus 84.6% in July 2020.
- Per SIA, the Singapore government has opened up more destinations from which passengers can transfer through Singapore to other destinations in SIA’s network. Passengers from Brunei and New Zealand who test negative for COVID-19 upon arrival to Singapore would also not have to undergo quarantine.
- However, demand for air travel continues to be curtailed. SIA has announced difficult retrenchment plans and is in the midst of reviewing its fleet and network plans. As yet there are no updates on its capex deferral discussions. (Company, OCBC)

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Key Market Movements

	16-Sep	1W chg (bps)	1M chg (bps)		16-Sep	1W chg	1M chg
iTraxx Asiax IG	58	-2	-8	Brent Crude Spot (\$/bbl)	40.70	-0.22%	-9.15%
iTraxx SovX APAC	32	0	-5	Gold Spot (\$/oz)	1,953.76	0.36%	-1.59%
iTraxx Japan	60	-1	1	CRB	147.76	0.46%	-0.97%
iTraxx Australia	61	-2	-7	GSCI	345.14	2.85%	-2.00%
CDX NA IG	68	1	1	VIX	25.59	-18.66%	16.05%
CDX NA HY	107	1	2	CT10 (%)	0.672%	-2.78	-3.71
iTraxx Eur Main	54	1	0				
iTraxx Eur XO	314	1	-27	AUD/USD	0.730	0.18%	1.14%
iTraxx Eur Snr Fin	62	1	-2	EUR/USD	1.183	0.25%	-0.31%
iTraxx Eur Sub Fin	131	4	-4	USD/SGD	1.362	0.35%	0.46%
iTraxx Sovx WE	13	0	-1	AUD/SGD	0.994	0.17%	-0.66%
USD Swap Spread 10Y	1	1	2	ASX 200	5,938	1.01%	-3.07%
USD Swap Spread 30Y	-36	2	5	DJIA	27,996	1.80%	0.23%
US Libor-OIS Spread	16	-1	-3	SPX	3,401	2.08%	0.84%
Euro Libor-OIS Spread	-1	1	0	MSCI Asiax	729	2.54%	2.10%
				HSI	24,733	0.44%	-1.79%
China 5Y CDS	37	0	-4	STI	2,486	-0.76%	-3.70%
Malaysia 5Y CDS	44	-1	-6	KLCI	1,531	0.79%	-2.13%
Indonesia 5Y CDS	92	2	-13	JCI	5,101	-2.73%	-2.80%
Thailand 5Y CDS	37	-1	-3	EU Stoxx 50	3,332	1.99%	0.82%
Australia 5Y CDS	15	0	0				

Source: Bloomberg

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New Issues

- Hyundai Capital America priced a USD1.1bn 3-year bond at T+112bps, tightening from IPT of T+140-145bps, a USD750mn 5-year bond at T+157bps, tightening from IPT of T+185bps area and another USD650mn 7-year bond at T+192bps, tightening from IPT of T+220bps area respectively.
- Three Gorges Finance I Cayman Islands Ltd (Guarantor: China Three Gorges Corp) priced a USD500mn 5-year bond at T+115bps, tightening from IPT of T+145bps area and another USD500mn 10-year bond at T+150bps, tightening from IPT of T+185bps area.
- Times China Holdings Ltd priced a USD350mn 5.5NC3 bond at 6.2%, tightening from IPT of 6.45% area.
- Bangkok Bank PCL/Hong Kong priced a USD750mn PerpNC5 at 5%, tightening from IPT of 5.4% area.
- Henan Water Conservancy Investment Group Co., Ltd priced a USD500mn 5-year bond at 2.80%, tightening from IPT of 3.35% area.
- Tongyang Life Insurance Co., Ltd. priced a USD300mn 30NC5 hybrid bond at 5.25%, tightening from IPT of 5.375% area.
- AVIC International Finance & Investment Ltd priced a USD300mn 10-year bond at T+283bps, tightening from IPT of T+310bps area.
- Tingyi (Cayman Islands) Holding Corp. has arranged investor calls commencing 15 September 2020 for its proposed USD bond offering.

Date	Issuer	Size	Tenor	Pricing
15-Sep-20	Hyundai Capital America	USD1.1bn	3-year	T+112bps
		USD750mn	5-year	T+157bps
		USD650mn	7-year	T+192bps
15-Sep-20	Three Gorges Finance I Cayman Islands Ltd (Guarantor: China Three Gorges Corp)	USD500mn	5-year	T+115bps
		USD500mn	10-year	T+150bps
15-Sep-20	Times China Holdings Ltd	USD350mn	5.5NC3	6.2%
15-Sep-20	Bangkok Bank PCL/Hong Kong	USD750mn	PerpNC5	5.0%
15-Sep-20	Henan Water Conservancy Investment Group Co., Ltd	USD500mn	5-year	2.80%
15-Sep-20	Tongyang Life Insurance Co., Ltd.	USD300mn	30NC5	5.25%
15-Sep-20	AVIC International Finance & Investment Ltd	USD300mn	10-year	T+283bps
14-Sep-20	The Export-Import Bank of Korea	USD400mn	5-year	T+50bps
		USD500mn	10-year	T+65bps
14-Sep-20	CNAC HK Finbridge Co Ltd (Guarantor: China National Chemical Corp Ltd)	USD600mn	PerpNC3	3.35%

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

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